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, 2017

☐ **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

EnviroStar, 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.)
290 N.E. 68th Street, Miami, Florida	33138
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code 305-754-4551

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

Title of each class	Name of each exchange on which registered
Common Stock, $0.025 par value	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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files).

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 ☐ (Do not check if a smaller reporting company)	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, 2016 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 $48,473,515, based on the closing price of the registrant's common stock on the NYSE American (formerly the NYSE MKT) on that date.

The number of outstanding shares of the registrant's common stock as of September 25, 2017 was 10,467,713.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement relating to its 2017 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

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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 regarding events, conditions and financial trends that may affect the future plans, operations, business, strategies, operating results and financial position of EnviroStar, Inc. (which is referred to within this Report, collectively with its subsidiaries (unless the context otherwise requires), as 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, those associated with: general economic and business conditions in the United States and other countries where the Company operates or where the Company's customers and suppliers are located; industry conditions and trends; technology changes; competition, including the Company's ability to compete effectively and the impact that competition may have on prices which the Company may charge for its products and on the Company's profit margins; 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; changes in, or the failure to comply with, government regulation, including environmental regulations; the Company's ability to implement its business and growth strategies and plans, including changes thereto; the availability, terms and deployment of debt and equity capital if needed for expansion or otherwise; risks relating to the Company's relationships with its principal suppliers and customers, including the impact of the loss of any such relationship; risks relating to the timing of shipments of customers' orders and the Company's recognition of revenue relating thereto; risks and uncertainties associated with the Company's pursuit of acquisitions and other strategic opportunities, including, without limitation, that the Company may not be successful in identifying or consummating acquisitions or other strategic opportunities, integration risks, risks related to indebtedness incurred by the Company in connection with financing acquisitions, dilution experienced by the Company's existing stockholders as a result of the issuance of shares of the Company's common stock in connection with acquisitions, risks that the Company's goals or expectations with respect to acquisitions and other strategic transactions may not be met and acquisitions subject to agreements which have been entered into but which have not yet closed may not be consummated on the contemplated terms, when expected, or at all; 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 (the "SEC"). Many of these risks and factors are beyond the Company's control. In addition, past performance and perceived trends may not be indicative of future results. The Company cautions that the foregoing factors are not exclusive. The Company expressly disclaims any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise, except as 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 under the name Metro-Tel Corp. and changed its name to DRYCLEAN USA, Inc. on November 7, 1999. On December 1, 2009, the Company changed its name to EnviroStar, Inc.

The Company, through its wholly-owned subsidiaries:

- distributes commercial, industrial and vended laundry and dry cleaning equipment and steam and hot water boilers manufactured by others;

- supplies related replacement parts and accessories, and provides installation and maintenance services to its customers; and

- designs and plans turn-key laundry, dry cleaning and boiler systems for its customers, which include institutional, retail, industrial and commercial customers.

These activities are conducted in the United States, Canada, the Caribbean and Latin America. Historically, the Company's operations related to these activities consisted solely of the business and operations of Steiner-Atlantic Corp. ("Steiner-Atlantic"), a wholly-owned subsidiary of the Company.

On October 10, 2016, the Company, through its wholly-owned subsidiary, Western State Design, Inc., ("Western State Design"), completed the acquisition (the "Western State Design Acquisition") of substantially all the assets of Western State Design, LLC, a California-based distributor of commercial and industrial laundry equipment and related parts for new laundry facilities and to the replacement laundry market. In addition, on June 19, 2017, the Company, through its wholly-owned subsidiary, Martin-Ray Laundry Systems, Inc. ("Martin-Ray"), completed the acquisition (the "Martin-Ray Acquisition") of substantially all the assets of Martin-Ray Laundry Systems, Inc., a Colorado-based distributor of commercial and industrial laundry equipment and related parts for new laundry facilities and to the replacement laundry market. See "Buy and Build Growth Strategy" below for additional information regarding these acquisitions.

In addition, the Company, through DRYCLEAN USA License Corp., an indirect wholly-owned subsidiary of the Company, owns the worldwide rights to the name DRYCLEAN USA® and licenses the right to use such name for a fee to retail dry cleaners in the United States, the Caribbean and Latin America.

The Company reports its results of operations through a single reportable segment, which includes the operations of Steiner-Atlantic as well as the operations of Western State Design since the closing of the Western State Design Acquisition on October 10, 2016 and the operations of Martin-Ray since the closing date of the Martin-Ray Acquisition on June 19, 2017.

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 may be read and copied at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. 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 also 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 filed with, or furnished to, the SEC, on the Company's website at http://www.envirostarinc.com.

Products

The Company sells 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 and maintenance 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 coin-operated 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, water reuse systems and air compressors.

The dry cleaning equipment distributed by the Company includes commercial dry cleaning machines, most of which are designed to be environmentally friendly by not using perchloroethylene ("Perc") in the dry cleaning process, and therefore eliminating the health and environmental concerns that Perc poses. This line of products also includes garment presses, finishing equipment, sorting and storage conveyors and accessories.

Boiler products consist of 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, HVAC industry and in other industrial markets for sterilization, product sealing and other purposes.

The Company also sells replacement parts and accessories for the products it sells and provides installation and maintenance services to its customers.

The Company seeks to position and price the products that it sells 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 the portfolio of products that it sells 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.

Buy-and-Build Growth Strategy

The Company intends to grow using a "buy-and-build" strategy. The "buy" component of the strategy includes the consideration and pursuit of acquisitions and other strategic transactions that would complement the Company's existing business or that might 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 seeks to maintain to continue to operate the acquired businesses, with those of our 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.

As previously described, on October 10, 2016, the Company completed the Western State Design Acquisition pursuant to which the Company, through its wholly-owned subsidiary, Western State Design, purchased substantially all the assets of Western State Design, LLC ("WSD"), a California-based distributor of commercial and industrial laundry equipment and related parts for new laundry facilities and to the replacement laundry market, for a purchase price consisting of $18.5 million in cash and 2,044,990 shares of the Company's common stock. The cash consideration, which included $2.8 million which was placed in escrow for no less than 18 months after the closing date (subject to extension in certain circumstances), was financed through $12.5 million of borrowings under the credit facility entered into at the time and $6.0 million of proceeds from the sale of 1,290,323 shares of the Company's common stock to Symmetric Capital II LLC ("Symmetric Capital II") in a private placement transaction. Henry M. Nahmad, the Company's Chairman, Chief Executive Officer, President and controlling stockholder, is the Manager of, and may be deemed to control, Symmetric Capital II. Pursuant to the Asset Purchase Agreement, the Company, indirectly through Western State Design, also assumed certain of the liabilities of WSD.

In addition, on June 19, 2017, the Company completed the Martin-Ray Acquisition pursuant to which the Company, through its wholly-owned subsidiary, Martin-Ray, purchased substantially all of the assets and assumed certain of the liabilities of Martin-Ray Laundry Systems, Inc. ("MRLS"), a Colorado-based distributor of commercial laundry equipment. The consideration for the transaction consisted of $2.0 million in cash, $400,000 of which was placed in escrow for no less than 18 months after the closing

date (subject to extension in certain circumstances), and 98,668 shares of the Company's common stock. The Company funded the cash consideration with cash on hand.

On September 8, 2017, the Company and a newly formed wholly owned subsidiary of the Company entered into an Asset Purchase Agreement pursuant to which the Company would acquire substantially all of the assets and assume certain of the liabilities of Tri-State Technical Services, Inc. ("Tri-State"), a Georgia-based 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 consideration to be paid by the Company in connection with the acquisition consists of $8.25 million in cash (subject to certain working capital and other adjustments), of which $2.1 million will be deposited in an escrow account for no less than 24 months after the closing date (subject to extension in certain circumstances), and 338,115 shares of the Company's common stock. The Company intends to fund the cash consideration with cash on hand and borrowings under the Company's existing credit facility. Consummation of the transaction is subject to certain closing conditions. There is no assurance that the transaction will be consummated on the contemplated terms, when anticipated, or at all.

Customers and Markets

The Company's customer base consists of approximately 9,100 customers in the United States, Canada, the Caribbean and Latin America. The Company's commercial and industrial laundry equipment and boilers are sold primarily to laundry plants, hotels, motels, cruise lines, hospitals, hospital combines, nursing homes, government institutions, distributors, coin laundries and specialized users. Dry cleaning equipment is sold primarily to dry cleaning stores, chains and higher-end hotels.

Sales, Marketing and Customer Support

The Company employs sales personnel to market its products in the United States, Canada, the Caribbean and Latin America. The Company has exclusive and nonexclusive distribution rights to market the products it sells. Sales 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 product sales through its websites and by advertising in trade publications, participating in trade shows and engaging in regional promotions and sales incentive programs.

The Company seeks to establish customer satisfaction by offering:

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

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

For the fiscal year ended June 30, 2017 ("fiscal 2017") and the fiscal year ended June 30, 2016 ("fiscal 2016"), revenues related to foreign sales totaled approximately $5.8 million and $4.6 million, respectively, substantially all of which related to the sale of commercial and industrial laundry and dry cleaning equipment and boilers to customers in Canada, the Caribbean and Latin America.

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 from a number of manufacturers and suppliers. Purchases from four manufacturers accounted for approximately 59% of the Company's purchases for fiscal 2017, while purchases from three manufacturers accounted for approximately 68% of the Company's purchases for fiscal 2016. The major manufacturers of the products sold by the Company are Pellerin Milnor Corporation, Chicago Dryer Company, Dexter Laundry, Inc., Alliance Laundry Systems, LLC, Cleaver Brooks Inc., E-Tech Inc., Fulton Thermal Corp., and Unipress Corporation. 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 has not historically experienced difficulty in purchasing products it distributes and believes that it has good working relationships with its manufacturers and suppliers. The Company further 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. However, there is no assurance that the Company will maintain its relationships with any of its suppliers, and the loss of certain of these relationships, including the loss of a relationship with one of the Company's principal suppliers, could adversely affect the Company's business and results.

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 sold by it after its receipt of orders from its customers. However, 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, dry cleaning equipment and boiler distribution business is highly competitive and fragmented, with over 100 full-line or partial-line equipment distributors in the United States. The Company's management believes that no one distributor has a major share of the market; substantially all distributors are independently owned; and, with the exception of several regional distributors, distributors operate primarily in local markets. In the United States market, the Company's primary competition is from a number of full-line distributors and several manufacturers, which sell direct to the customer. In foreign markets, the Company also competes with several distributors and manufacturers. Competition is based primarily on price, product quality, and delivery and support services provided to the customer. In all geographic areas, the Company seeks to compete by offering an extensive product selection, value-added services, such as product inspection and quality assurance, a toll-free customer support line and technical websites, reliability, warehouse location, price, competitive special features and, with respect to certain products, exclusivity from the manufacturer.

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.

Patents and Trademarks

The Company is the owner of United States service mark registrations for the names EnviroStar® and for the name DRYCLEAN USA®, which is licensed by it to retail dry cleaning establishments. The Company intends to use and protect these or related service marks and tradenames, 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, including with respect to Perc, the primary cleaning agent historically used in the commercial and industrial dry cleaning process. 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 Administration Act ("OSHA"), which regulates exposure to toxic substances and other health and safety hazards in the workplace. 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 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 September 1, 2017, the Company had 138 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.

Acquisitions could result in operating difficulties, dilution, and other consequences that may adversely impact the Company's business and results of operations.

Acquisitions are an important element of the Company's growth strategy and are material to the Company's financial condition and results of operations. 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 candidates;
- the successful operation and / or 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 relationships of the acquired business; and
- exposure to unforeseen liabilities of the acquired businesses.

As a result of these or other problems and risks, businesses the Company may acquire 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 have in the past resulted in, and are expected in the future to 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 harm the Company's financial condition or results.

The Company's revenues increased by approximately 161% in fiscal 2017 compared to fiscal 2016, primarily due to the Western State Design Acquisition in October 2016. Businesses that grow rapidly often have difficulty managing their growth. Such 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. 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.

Further, the Company may not be successful in consummating acquisitions or other strategic transactions, including the proposed acquisition of Tri-State, as expected, whether on the contemplated terms, in the time frame anticipated, or at all. 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.

If the Company fails to collect its accounts receivable or is required to increase its allowance for doubtful accounts, its operating results could be materially adversely affected.

The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. As of June 30, 2017, the Company's accounts receivable were approximately $13.6 million, and its allowance for doubtful accounts was approximately $150,000. Accounts receivable due from a federal government agency accounted for approximately 28.8% of the Company's accounts receivable at June 30, 2017. There is no assurance that the Company will collect its outstanding accounts receivable or that its allowance for doubtful accounts will be adequate. The failure to collect outstanding receivables could have a material adverse effect on the Company's business, prospects, operating results or financial condition. Further, if the Company is required to make additional allowances, including, without limitation, in the event the financial condition of the Company's customers was to deteriorate and, for that reason or based on other factors, their ability to make required payments was impaired, then the Company's operating results for the period in which the determination or allowance is or was made would be adversely affected.

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.

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 flow 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.

The Company has a $20.0 million credit facility (the "Credit Facility"), consisting of a $15.0 million revolving line of credit, subject to certain adjustments, and a $5.0 million term loan. At June 30, 2017, no amounts were outstanding under the revolving line of credit and approximately $4.5 million was outstanding under the term loan. The Credit Facility contains affirmative covenants which require the Company to meet certain financial criteria, including a fixed charge coverage ratio, an asset coverage ratio, a senior leverage ratio and a total leverage ratio, as well as other covenants which may restrict, among other things, the Company's ability to pay dividends, complete merger, acquisition or similar transactions, make certain capital expenditures, incur certain operating lease expenditures or repurchase shares of its common stock. See Note 12 to the Consolidated Financial Statements included in this Report for additional information regarding the Credit Facility.

The Company may incur additional debt financing as determined to be appropriate by management, including in connection with the financing of acquisitions, 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 current Credit Facility. In addition, the Company may not be able to obtain additional debt financing 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.

The products the Company sells could fail to perform according to specifications or prove to be unreliable, which could damage 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 sales and business. Further, the Company may be

subject to lawsuits if 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 its significant suppliers or customers.

The Company purchases the products it distributes from a number of manufacturers and suppliers. Purchases from four of these manufacturers accounted for a total of approximately 59% of the Company's product purchases for fiscal 2017, and purchases from three manufacturers accounted for a total of approximately 68% of the Company's product purchases for fiscal 2016. While 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, if such relationships deteriorate or the Company is unable to maintain such relationships, including with any of its principal manufacturers, the Company's business and results could be materially and adversely impacted. Further, other than contracts with six manufacturers, including four of the Company's principal manufacturers, the Company has no contractual basis for maintaining its relationships with its manufacturers and suppliers. In addition, third parties may not comply with the terms of any agreements to which the Company is a party or may choose to terminate such agreements, allow such agreements to expire 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 sells its products to various users, including independent and franchise dry cleaning stores and chains, laundry plants, hotels, motels, cruise lines, hospitals, nursing homes, government institutions, coin laundry stores and distributors. Sales to a federal government agency accounted for approximately 22% of the Company's revenues for fiscal 2017; however, no single contract for a federal government facility accounted for more than 10% of the Company's revenues for fiscal 2017. The Company's operating results and financial condition could be materially adversely impacted if the Company loses a significant customer, fails to meet its customers' expectations or otherwise realizes a decrease in its sales.

The Company faces substantial competition.

The commercial and industrial laundry, dry cleaning equipment and boiler distribution business is highly competitive and fragmented, with over 100 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 distributors 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 full line distributors and several manufacturers, which sell direct to the customer. In foreign markets, the Company also competes with distributors and manufacturers. 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 more of their cash may be potentially 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.

Inability to protect the Company's service marks and other proprietary rights could adversely impact the Company's competitive position.

The Company is the owner of United States service mark registrations for the names EnviroStar® and for the name DRYCLEAN USA®, which is licensed by the Company to retail dry cleaning establishments. While the Company intends to and has taken steps to protect its service marks and other proprietary rights, the Company may not be successful in doing so and third parties may infringe or

misappropriate the Company's intellectual property and proprietary rights. Any infringement or misappropriation of the Company's intellectual property and proprietary rights could damage their value and could have a material adverse effect on the Company's business, results and financial condition. Further, the Company may have to engage in litigation to protect the rights to its intellectual property and proprietary rights, which could result in significant litigation expenses and require a significant amount of management's time.

Damages to or disruptions at the Company's facilities could adversely impact the Company's business, operating results and financial 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. The Company's executive offices and one of its distribution centers for the products it distributes are housed in two leased adjacent facilities totaling approximately 38,000 square feet in Miami, Florida, which is an area subject to hurricane casualty and flood risk. Additionally, the distribution centers for Western State Design are located in California, which is an area 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 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 the laws and regulations applicable to the Company.

The Company faces risks related to its foreign operations.

For fiscal 2017, the Company's revenues from foreign operations totaled approximately $5.8 million, which represented approximately 6% of the Company's total revenues for such fiscal year. For fiscal 2016, the Company's revenues from foreign operations totaled approximately $4.6 million, which represented approximately 13% of the Company's total revenues for such fiscal year. Revenues from foreign operations related principally to the Company's sales of commercial and industrial laundry and dry cleaning equipment and boilers to Canada, the Caribbean and Latin America. 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 67.6% of the issued and outstanding shares of the Company's common stock. 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 ("Symmetric Capital") and Symmetric Capital II, 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 Stockholders Agreements entered into with Michael S. Steiner, a director and Executive Vice President and Chief Operating Officer of the Company, and his brother, Robert M. Steiner, and with WSD, Dennis Mack, a director and Executive Vice President of the Company, and Tom Marks, an Executive Vice President of the Company. Copies of such Stockholder Agreements are filed as exhibits 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, as the Manager of Symmetric, without the consent or vote of any other stockholders of the Company, has the voting power to approve actions that require stockholder approval and elect directors acceptable to him. Mr. Nahmad's interests may conflict with the interests of the Company's other stockholders. In addition, Mr. Nahmad' control could have the effect of delaying or preventing a change in control or changes in management, deprive the Company's other stockholders of an opportunity to receive a premium for their shares in connection with any sale of the Company, or otherwise adversely impact the market price of the Company's common stock.

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 to comply with certain corporate governance requirements set forth in the listing standards of the NYSE American, 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 the Company's 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, including for portions of fiscal 2017 and 2016, 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 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 the Company's common stock less attractive to investors.

Because the market value of the Company's common stock as of the end of its most recently completed second fiscal quarter was less than $75 million, the Company is a "smaller reporting company" under applicable SEC rules and regulations. 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, reduced disclosure obligations regarding executive compensation, and not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002. 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 the Company's common stock or the trading market thereof.

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, Michael S. Steiner, 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.

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

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 10.5 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 2015 Equity Incentive Plan (the "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 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 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.

There are inherent uncertainties involved in estimates, judgments and assumptions used in the preparation of financial statements in accordance with GAAP. Any changes in estimates, judgments and assumptions used could have a material adverse effect on the Company's business, financial condition and operating results.

The consolidated financial statements included in the periodic reports the Company files with the SEC, including those included as part of this Report, are prepared in accordance with accounting principles generally accepted in the United States of America, or GAAP. The preparation of financial statements in accordance with GAAP involves making estimates, judgments and assumptions that affect reported amounts of assets (including goodwill and other intangible assets), liabilities and related reserves, revenues, expenses and income. This includes estimates, judgments and assumptions for assessing the recoverability of intangible assets pursuant to applicable accounting guidance. If any estimates, judgments or assumptions change in the future, the Company may be required to record additional expenses or impairment charges, which would be recorded as a charge against earnings, and any such changes could result in corresponding changes to the amounts of assets (including goodwill and other intangible assets), liabilities, revenues, expenses and income, any of which could have a material adverse effect on the Company's financial condition and operating results.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

The Company's executive offices and one of the main distribution centers for its products are housed in two adjacent leased facilities totaling approximately 38,000 square feet in Miami, Florida. The Company also has other facilities and distribution centers, all of which are leased, as set forth in the table below. The Company believes its facilities are in satisfactory condition and are adequate for its present and anticipated future needs.

The following table sets forth certain information concerning the leases at these facilities:

Facility	Approximate Sq. Ft.	Expiration
Miami, Florida (1)	27,000	October 2017
Miami, Florida	11,000	December 2017 (2)
Hayward, California (3)	18,000	October 2021
Cerritos, California	17,000	June 2020
Denver, Colorado (4)	10,000	June 2020
Albuquerque, New Mexico	3,000	November 2021

(1) This facility is leased from 290 NE 68 Street, LLC, an affiliate of Michael S. Steiner. Mr. Steiner is a director and Executive Vice President and Chief Operating Officer of the Company. See "Transactions with Related Parties" under Part II, Item 7 of this Report for additional information regarding this lease.

(2) The Company has one three-year renewal option.

(3) This facility is leased from an affiliate of Dennis Mack, a director and Executive Vice President of the Company, and Tom Marks, an Executive Vice President of the Company, pursuant to a lease agreement dated October 10, 2016. See "Transactions with Related Parties" under Part II, Item 7 of this Report for additional information regarding this lease.

(4) This facility is leased from an affiliate of Jim Hohnstein, President of Martin-Ray, a subsidiary of the Company, and Bill Mann, a Vice President of Martin-Ray, pursuant to a lease agreement dated June 19, 2017. See "Transactions with Related Parties" under Part II, Item 7 of this Report for additional information regarding this lease.

Item 3. Legal Proceedings.

From time to time, the Company is involved in legal and regulatory claims and proceedings arising in the ordinary course of business. While it is not possible to predict or determine the outcome of legal or regulatory proceedings, any losses resulting from any currently pending proceedings would not be expected to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

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 (formerly the NYSE MKT) under the symbol "EVI." The following table sets forth the high and low per share sales prices of the Company's common stock on the NYSE American for the periods reflected below.

	High	Low
Fiscal 2017		
First Quarter	$ 8.17	$ 3.83
Second Quarter	17.00	6.66
Third Quarter	25.00	14.05
Fourth Quarter	32.50	18.85
Fiscal 2016		
First Quarter	$ 5.65	$ 3.80
Second Quarter	4.50	3.05
Third Quarter	4.17	3.00
Fourth Quarter	4.18	3.05

As of September 22, 2017, there were approximately 242 holders of record of the Company's common stock.

The following table sets forth information concerning cash dividends declared by the Company's Board of Directors during the last two fiscal years.

Declaration Date	Record Date	Payment Date	Per Share Amount
November 30, 2016	December 21, 2016	January 6, 2017	$0.10

November 13, 2015	December 4, 2015	December 18, 2015	$0.20

The future declaration and payment of cash dividends with respect to the Company's common stock, if any, will be determined by the Company's Board of Directors in light of the Company's then-current 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 in further detail under "Liquidity and Capital Resources" in Item 7 of this Report, the Company has a Credit Facility with Wells Fargo, which requires the Company to comply with certain covenants and may restrict the Company's ability to pay dividends. However, the Company's management does not believe that such covenants currently materially limit 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 compensation plan.

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, distributes commercial and industrial laundry and dry cleaning equipment and steam and hot water boilers, supplies replacement parts and accessories, provides maintenance and installation services, and designs and plans turn-key laundry, dry cleaning and boiler systems for its customers, which include institutional, retail, industrial and commercial customers. These activities are conducted in the United States, Canada, the Caribbean and Latin America. Historically, the Company's operations related to these activities consisted solely of the business and operations of Steiner-Atlantic Corp., a wholly-owned subsidiary of the Company ("Steiner-Atlantic").

On October 10, 2016, the Company, through its wholly-owned subsidiary, Western State Design, Inc. ("Western State Design"), completed the acquisition (the "Western State Design Acquisition") of substantially all the assets of Western State Design, LLC ("WSD"), a California-based distributor of commercial and industrial laundry equipment and related parts for new laundry facilities and to the replacement laundry market, for a purchase price consisting of $18.5 million in cash and 2,044,990 shares of the Company's common stock. The cash consideration, which included $2.8 million which was placed in escrow for no less than 18 months after the closing date (subject to extension in certain circumstances), was financed through $12.5 million of borrowings under the credit facility entered into at the time (the "Credit Facility) and $6.0 million of proceeds from the sale of 1,290,323 shares of the Company's common stock to Symmetric Capital II LLC ("Symmetric Capital II") in a private placement transaction (the "Private Placement Transaction"). Henry M. Nahmad, the Company's Chairman, Chief Executive Officer, President and controlling stockholder, is the Manager of, and may be deemed to control, Symmetric Capital II. Pursuant to the Asset Purchase Agreement, the Company, indirectly through Western State Design, also assumed certain of the liabilities of WSD. The financial condition, including assets and liabilities, and results of operations of the acquired business following the October 10, 2016

closing date are included in the Company's consolidated financial statements as of, and for the fiscal year ended, June 30, 2017.

In addition, on June 19, 2017, the Company, through its wholly owned subsidiary, Martin-Ray Laundry Systems Inc. ("Martin-Ray"), completed the acquisition of substantially all of the assets of Martin-Ray Laundry Systems, Inc. ("MRLS"), a Colorado-based distributor of commercial laundry equipment. The consideration for the transaction consisted of $2.0 million in cash, $400,000 of which was placed in escrow for no less than 18 months after the closing date (subject to extension in certain circumstances), and 98,668 shares of the Company's common stock. The Company funded the cash consideration with cash on hand. Pursuant to the Asset Purchase Agreement, the Company, indirectly through Martin-Ray, also assumed certain of the liabilities of MRLS. The financial condition, including assets and liabilities, and results of operations of the acquired business following the June 19, 2017 closing date are included in the Company's consolidated financial statements as of, and for the fiscal year ended, June 30, 2017.

See Note 3 to the Consolidated Financial Statements included in Item 8 of this Report for additional information about the Western State Design Acquisition and Martin-Ray Acquisition.

On September 8, 2017, the Company and a newly formed wholly owned subsidiary of the Company entered into an Asset Purchase Agreement pursuant to which the Company would acquire substantially all of the assets and assume certain of the liabilities of Tri-State Technical Services, Inc. ("Tri-State"), a Georgia-based 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 consideration to be paid by the Company in connection with the acquisition consists of $8.25 million in cash (subject to certain working capital and other adjustments), of which $2.1 million will be deposited in an escrow account for no less than 24 months after the closing date (subject to extension in certain circumstances), and 338,115 shares of the Company's common stock. The Company intends to fund the cash consideration with cash on hand and borrowings under the Company's existing credit facility. Consummation of the transaction is subject to certain closing conditions. There is no assurance that the transaction will be consummated on the contemplated terms, when anticipated, or at all.

In addition, the Company, through an indirect wholly-owned subsidiary, owns the worldwide rights to the name DRYCLEAN USA® and licenses the right to use such name for a fee to retail dry cleaners in the United States, the Caribbean and Latin America.

Total revenues for the fiscal year ended June 30, 2017 ("fiscal 2017") increased by 161% compared to the fiscal year ended June 30, 2016 ("fiscal 2016"). Net income for fiscal 2017 increased by 82% from fiscal 2016. The increases in revenues and net income during fiscal 2017 are primarily attributable to the results of operations of Western State Design following the Western State Design Acquisition.

Consolidated Financial Condition

The Company's total assets increased from $10.2 million at June 30, 2016 to $57.4 million at June 30, 2017. The Company's total liabilities increased from $5.1 million at June 30, 2016 to $25.2 million at June 30, 2017. The increase in total assets and liabilities was primarily attributable to the assets acquired and liabilities assumed by the Company in connection with the Western State Design Acquisition and, to a lesser degree, the Martin-Ray Acquisition.

Liquidity and Capital Resources

The Company had cash and cash equivalents of approximately $727,000 at June 30, 2017 compared to $3.9 million at June 30, 2016. The decrease in cash was primarily due to cash used to fund

the cash consideration paid in connection with the Martin-Ray Acquisition, expenses incurred in connection with such transaction and the Western State Design Acquisition and a $1.0 million dividend paid during January 2017. The following table summarizes the Company's Consolidated Statements of Cash Flows (in thousands):

	Fiscal Years Ended June 30,	
Net cash (used) provided by:	2017	2016
Operating activities	$ 2,594	$ 1,441
Investing activities	$ (14,954)	$ (1)
Financing activities	$ 9,145	$ (1,407)

For the fiscal year ended June 30, 2017, operating activities provided cash of approximately $2.6 million compared to approximately $1.4 million in fiscal 2016. This $1.2 million increase in cash provided by operating activities was attributable to a $1.4 million increase in net earnings, partially offset by changes in working capital.

Investing activities used cash of approximately $14.7 million (net of cash acquired) during fiscal 2017 in connection with the funding of the cash portion of the consideration paid in connection with the Western State Design Acquisition and Martin-Ray Acquisition.

Financing activities provided cash of approximately $9.1 million in fiscal 2017, which was primarily attributable to borrowings under the Credit Facility of approximately $25.9 million and $6.0 million of proceeds from the issuance and sale of 1,290,323 shares of the Company's common stock in the Private Placement Transaction. $12.5 million of borrowings under the Credit Facility and the $6.0 million of proceeds from the Private Placement Transaction were used to finance the Cash Consideration for the Western State Design Acquisition. The balance of the Credit Facility borrowings were used for general corporate purposes. These sources of cash were partially offset by $21.7 million of repayments of amounts borrowed under the Revolving Line of Credit (as defined below) portion of the Credit Facility, the payment of approximately $88,000 in financing fees in connection with the Credit Facility and $1.0 million of dividend payments. Financing activities used cash of approximately $1.4 million in fiscal 2016 related to the Company's payment of a cash dividend to its stockholders.

In connection with the Western State Design Acquisition, on October 7, 2016, the Company entered into a $20.0 million Credit Facility, consisting of a $15.0 million revolving line of credit, subject to adjustment as described below (the "Revolving Line of Credit"), and a $5.0 million term loan (the "Term Loan"). The Company used a total of approximately $12.6 million of borrowings under the Revolving Line of Credit and Term Loan, including approximately $88,000 of fees, costs and expenses arising in connection with entering into the Credit Facility, to finance a portion of the cash consideration paid in connection with the Western State Design Acquisition. At June 30, 2017, no amounts were outstanding under the Revolving Line of Credit and $4.5 million was outstanding under the Term Loan. The Credit Facility replaced the Company's previous credit facility which allowed for borrowings of up to $2.25 million. No amounts were outstanding under such prior credit facility at June 30, 2016 or at any time during the period from July 1, 2016 through October 7, 2016, when it was replaced by the Credit Facility.

The Credit Facility has a term of five years and matures on October 10, 2021. Interest on the outstanding principal amount of borrowings under the Credit Facility accrues at an annual rate equal to the daily one-month LIBOR, plus (i) 2.25% in the case of borrowings under the Revolving Line of Credit and (ii) 2.85% in the case of borrowings under the Term Loan. In addition to interest payments, borrowings under the Term Loan require monthly principal payments of approximately $60,000 over the five-year term, with the balance due upon maturity.

The obligations of the Company under the Credit Facility are secured by substantially all of the assets of the Company and its subsidiaries. In addition, the Company's subsidiaries have jointly and

severally guaranteed the performance of the Company's payment and other obligations under the Credit Facility. The Credit Facility also contains affirmative covenants which require the Company to meet certain financial criteria, including a fixed charge coverage ratio, an asset coverage ratio, a senior leverage ratio and a total leverage ratio, as well as other covenants which may restrict, among other things, the Company's ability to pay dividends, complete merger, acquisition or similar transactions, make certain capital expenditures, incur certain operating lease expenditures or repurchase shares of its common stock. Additionally, the amount available to borrow under the Revolving Line of Credit is determined in accordance with an asset-based formula, which may restrict the amount available for borrowing under the Revolving Line of Credit to an amount less than $15.0 million. At June 30, 2017, the Company was in compliance with all Credit Facility covenants and based on the asset-based formula, $11.5 million was available to borrow under the Revolving Line of Credit.

The Company believes that its existing cash, cash equivalents, net cash from operations, and funds available under the Company's Credit Facility 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 additional funds through other issuances of equity securities, issuances of debt securities and/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, 2017, 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 2017 increased by approximately $58.0 million (161%) from fiscal 2016, primarily as a result of the Western State Design Acquisition on October 10, 2016.

Operating Expenses

	Fiscal Year Ended June 30,	
	2017	2016
As a percentage of revenues:		
Cost of sales, net	78.4%	77.2%
As a percentage of revenues:		
Selling, general and administrative expenses	15.9%	15.1%

Cost of sales, expressed as a percentage of revenues, increased to 78.4% in fiscal 2017 from 77.2% in fiscal 2016, primarily due to changes in product mix.

Selling, general and administrative expenses increased by approximately $9.6 million (176%) in fiscal 2017 compared to fiscal 2016. As a percentage of revenues, selling, general and administrative expenses increased to 15.9% in fiscal 2017 from 15.1% in fiscal 2016. These increases were primarily due to the consolidation of Western State Design following the Western State Design Acquisition, including administrative expenses of Western State Design, and $559,000 of transaction costs related to the Western State Design Acquisition and Martin-Ray Acquisition.

Interest expense, net was approximately $160,000 in fiscal 2017 compared to approximately $2,000 of interest income, net in fiscal 2016, and represents interest on borrowings under the Credit Facility entered into in connection with the financing of the Western State Design Acquisition.

The Company's effective income tax rate was 38.9% for fiscal 2017 compared to 37.7% in fiscal 2016. The increase in the effective income tax rate in fiscal 2017 reflects higher state taxes in additional operating jurisdictions following the Western State Design Acquisition.

Inflation

Inflation did not have a significant effect on the Company's operations during either of fiscal 2017 or 2016.

Transactions with Related Parties

The Company's wholly-owned subsidiary, Steiner-Atlantic, leases 27,000 square feet of warehouse and office space from an affiliate of Michael S. Steiner, a director and Executive Vice President and Chief Operating Officer of the Company, pursuant to a lease agreement dated November 1, 2014. Under the lease, which has a term of three years, monthly base rental payments were $10,275 during the first year of the lease and $10,580 during the second year of the lease, and are $10,900 during the third year of the lease. 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 $139,000 and $133,000 in during the fiscal year ended 2017 and 2016, respectively.

Since October 10, 2016, the Company's wholly-owned subsidiary, Western State Design, has leased 17,600 square feet of warehouse and office space from an affiliate of Dennis Mack, a director and Executive Vice President of the Company, and Tom Marks, an Executive Vice President of the Company. Under the lease, 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 Western State Design. Payments under this lease totaled approximately $88,000 in the period from October 10, 2016 through June 30, 2017.

On June 19, 2017, the Company's wholly-owned subsidiary, Martin-Ray, entered into a lease agreement, pursuant to which it leases 10,000 square feet of warehouse and office space from an affiliate of Jim Hohnstein, President of Martin-Ray, and Bill Mann, a Vice President of Martin-Ray. Under the lease, monthly base rental payments are $6,000 during the initial term of the lease. In addition to base rent, Martin-Ray is responsible under the lease for costs related to real estate taxes, utilities, maintenance, repairs and insurance. The lease has an initial term of three years and provides for two successive three-year renewal terms at the option of Martin-Ray.

See also "Overview" above and Note 17 to the Consolidated Financial Statements included in Item 8 of this Report for a description of the Private Placement Transaction between the Company and an affiliate of Henry M. Nahmad, the Company's Chairman, Chief Executive Officer and President, which was completed on October 10, 2016.

Critical Accounting Policies

Use of Estimates

In connection with the preparation of its financial statements, 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

Products are generally shipped Free on Board ("FOB") from the Company's warehouses or drop shipped from the Company's vendor as FOB, at which time risk of loss and title passes to the purchaser. Revenue is recognized when there is persuasive evidence that the arrangement, shipment or delivery has occurred, the price is fixed and determinable, and collectability is reasonably assured. Installation revenues are recognized when the installation of the equipment has occurred.

There are also instances where the Company enters into longer termed contracts where the price to the customer includes the sale of the equipment and the related installation. The installation on these types of contracts is usually completed within six to twelve months. Revenues from these contracts are recognized under the percentage-of-completion method of accounting, measured by the percentage of costs incurred to date against the estimated total costs for each contract. This method is used for revenue from these contracts because management considers the total cost to be the best available measure of progress on such contracts. Due to the inherent uncertainties in estimating costs, it is possible that the estimates used may change in the near term.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tolls and insurance. Selling, general and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability may result in revisions to costs and income which would be recognized in the period during which the revisions are determined.

Costs and estimated earnings in excess of billings are classified as other current assets. Billings in excess of costs on uncompleted contracts are classified as current liabilities. Contract retentions billed are included in accounts receivable.

Revenues from part sales are recognized when the part is shipped and service revenues are recognized when the service is completed.

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. The Company tests goodwill for impairment by first comparing the fair value of the reporting unit to its carrying 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 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 are amortized on a straight-line basis over the estimated future periods to be benefited (5-10 years). 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 should 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") Accounting Standards Codification ("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.

The Company follows ASC Topic 740-10-25, "Accounting for Uncertainty in Income Taxes," which contains 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 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 anticipate actual outcomes. At June 30, 2017 and 2016, the Company does not believe that there are any unrecognized tax benefits 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 Company's consolidated statements of operations. The Company is subject to examination by U.S. federal and state authorities for the tax years including and subsequent to 2013.

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 risks are interest rate risk and foreign currency exchange rate risk.

The Company's indebtedness may subject 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 and restrictions on its operations and activities, including its ability to pay dividends and take certain other actions. As of June 30, 2017, the Company had approximately $4.5 million of outstanding borrowings, all of which was borrowed under the Term Loan portion of the Credit Facility and accrues interest at an annual rate equal to the daily one-month LIBOR plus 2.85%. See "Liquidity and Capital Resources" under Item 7 above for additional information regarding the Term Loan. Based on the amounts outstanding under Term Loan at June 30, 2017, a hypothetical 1% increase in daily one-month LIBOR would increase the Company's annual interest expense by approximately $45,000.

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, 2017 or 2016.

The Company's cash and cash equivalents are maintained in bank accounts, including a bank money market account, which bear interest at prevailing interest rates. At June 30, 2017, bank deposits exceeded Federal Deposit Insurance Corporation insured limits.

Item 8. Financial Statements and Supplementary Data.

EnviroStar, Inc. and Subsidiaries

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To Board of Directors and Stockholders of
EnviroStar, Inc. and Subsidiaries:

We have audited the accompanying consolidated balance sheets of EnviroStar, Inc. and Subsidiaries (the "Company") as of June 30, 2017 and 2016, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the years then ended. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of EnviroStar, Inc. and Subsidiaries as of June 30, 2017 and 2016 and the consolidated results of their operations and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ EisnerAmper LLP

Fort Lauderdale, Florida
September 28, 2017

EnviroStar, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except share and per share data)

ASSETS

	June 30, 2017	June 30, 2016
Current assets		
Cash and cash equivalents	$ 727	$ 3,942
Accounts receivable, net of allowance for doubtful accounts of $150 and $160, respectively	13,638	1,833
Inventories, net	7,677	2,627
Vendor deposits	1,393	803
Other current assets	365	673
Total current assets	23,800	9,878
Equipment and improvements, net	1,272	135
Intangible assets, net	7,160	27
Goodwill	24,753	—
Deferred income tax assets, net	124	121
Other assets	26	—
Total assets	$ 57,135	$ 10,161

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

EnviroStar, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except share and per share data)

LIABILITIES AND
SHAREHOLDERS' EQUITY

	June 30, 2017	June 30, 2016
Current liabilities		
Accounts payable and accrued expenses	$ 12,317	$ 2,898
Accrued employee expenses	1,546	961
Customer deposits	4,457	1,213
Billings in excess of costs on uncompleted contracts	2,146	—
Current portion of long-term debt	714	—
Total current liabilities	21,180	5,072
Long-term debt, net	3,731	—
Total liabilities	24,911	5,072
Commitments and contingencies		
Shareholders' equity		
Preferred stock, $1.00 par value; authorized shares – 200,000; none issued and outstanding	—	—
Common stock, $.025 par value; 20,000,000 shares authorized at June 30, 2017 and 15,000,000 shares authorized at June 30, 2016; 10,499,481 shares issued at June 30, 2017 and 7,065,500 shares issued at June 30, 2016, including shares held in treasury	262	177
Additional paid-in capital	27,018	2,095
Retained earnings	4,948	2,821
Treasury stock, 31,768 shares, at cost	(4)	(4)
Total shareholders' equity	32,224	5,089
Total liabilities and shareholders' equity	$ 57,135	$ 10,161

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

EnviroStar, Inc. and Subsidiaries

Consolidated Statements of Operations

(in thousands, except per share data)

	For the year ended June 30,	
	2017	2016
Revenues	$ 93,978	$ 36,016
Cost of sales	73,639	27,804
Gross profit	20,339	8,212
Selling, general and administrative expenses	14,989	5,421
Operating income	5,350	2,791
Interest expense (income), net	160	(2)
Income before provision for income taxes	5,190	2,793
Provision for income taxes	2,023	1,053
Net income	$ 3,167	$ 1,740
Net earnings per share – basic	$ 0.31	$ 0.25
Net earnings per share – diluted	$ 0.31	$ 0.25

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

EnviroStar, Inc. and Subsidiaries

Consolidated Statements of Shareholders' Equity

(In thousands, except share data)

	Common Stock		*Additional Paid-in*	*Treasury Stock*		*Retained*	
	Shares	*Amount*	*Capital*	*Shares*	*Cost*	*Earnings*	*Total*
Balance at June 30, 2015	7,065,500	$ 177	$ 2,095	31,768	$ (4)	$ 2,488	$ 4,756
Dividends paid ($.20 per share)	—	—	—	—	—	(1,407)	(1,407)
Net income	—	—	—	—	—	1,740	1,740
Balance at June 30, 2016	7,065,500	177	2,095	31,768	(4)	2,821	5,089
Dividends paid ($.10 per share)	—	—	—	—	—	(1,040)	(1,040)
Issuance of shares in connection with Western State Design Acquisition	2,044,990	51	16,002	—	—	—	16,053
Issuance of shares to Symmetric Capital II	1,290,323	32	5,968	—	—	—	6,000
Issuance of shares in connection with Martin-Ray Acquisition	98,668	2	2,532	—	—	—	2,534
Stock compensation	—	—	421	—	—	—	421
Net income	—	—	—	—	—	3,167	3,167
Balance at June 30, 2017	10,499,481	$ 262	$ 27,018	31,768	$ (4)	$ 4,948	$ 32,224

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

EnviroStar, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(In Thousands)

Years ended June 30,	2017	2016
Operating activities:		
Net income	$ 3,167	$ 1,740
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:		
Depreciation and amortization	576	61
Amortization of debt discount	10	—
(Recovery of) bad debt expense	61	26
Share-based compensation	421	—
Inventory reserve	52	(5)
(Benefit) provision for deferred income taxes	(3)	5
Gain on sale of assets	15	—
(Increase) decrease in operating assets:		
Accounts receivable	(2,390)	66
Inventories	(838)	186
Vendor deposits	1,356	(803)
Other assets	969	(380)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	2,040	1,483
Accrued employee expenses	335	337
Deferred income	—	(9)
Customer deposit	(1,439)	(1,266)
Billings in excess of costs on uncompleted contracts	(1,742)	—
Net cash provided by operating activities	2,590	1,441
Investing activities:		
Capital expenditures	(237)	(1)
Cash paid for acquisitions, net of cash acquired	(14,708)	—
Net cash used in investing activities	(14,945)	(1)
Financing activities:		
Dividends paid	(1,040)	(1,407)
Proceeds from borrowings	25,934	—
Debt repayments	(21,666)	—
Payment of debt issuance costs	(88)	—
Proceeds from issuance of common shares to related party	6,000	—
Net cash provided (used) by financing activities	9,140	(1,407)
Net (decrease) increase in cash and cash equivalents	(3,215)	33
Cash and cash equivalents at beginning of year	3,942	3,909
Cash and cash equivalents at end of year	$ 727	$ 3,942
Supplemental information:		
Cash paid for interest	$ 152	$ —
Cash paid for income taxes	$ 1,843	$ 913
Supplemental disclosure of non-cash financing activities		
Common stock issued for acquisitions	$ 18,587	$ —

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

EnviroStar, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. General

Nature of Business

EnviroStar, Inc., indirectly through its subsidiaries (collectively, the "Company"), distributes commercial and industrial laundry and dry cleaning equipment and steam and hot water boilers manufactured by others, supplies related replacement parts and accessories, provides installation and maintenance services to its customers and designs turn-key, laudry, dry cleaning and boiler systems for its customers, which include institutional, retail, industrial and commercial customers. The Company reports its results of operations through a single operating and reportable segment.

Historically, the Company's operations related to these activities consisted solely of the business and operations of Steiner-Atlantic Corp. ("Steiner-Atlantic"), a wholly-owned subsidiary of the Company. On October 10, 2016, the Company, through its wholly-owned subsidiary, Western State Design, Inc. ("Western State Design"), completed the acquisition (the "Western State Design Acquisition") of substantially all the assets of Western State Design, LLC ("WSD"), a California-based distributor of commercial and industrial laundry equipment and related parts for new laundry facilities and to the replacement laundry market, for a purchase price consisting of $18.5 million in cash and 2,044,990 shares of the Company's common stock. The financial condition, including assets and liabilities, and results of operations of the acquired business following the October 10, 2016 closing date are included in the Company's consolidated financial statements as of, and for the fiscal year ended, June 30, 2017. In addition, on June 19, 2017, the Company, through its wholly owned subsidiary, Martin-Ray Laundry Systems Inc. ("Martin-Ray"), completed the acquisition (the "Martin-Ray Acquisition") of substantially all of the assets of Martin-Ray Laundry Systems, Inc. ("MRLS"), a Colorado-based distributor of commercial laundry equipment for a purchase price consisting of $2.0 million in cash and 98,668 shares of the Company's common stock. The financial condition, including assets and liabilities, and results of operations of the acquired business following the June 19, 2017 closing date are included in the Company's consolidated financial statements as of, and for the fiscal year ended, June 30, 2017. See Note 3 for additional information regarding the Western State Design Acquisition and the Martin-Ray Acquisition. See also Note 19 for information regarding the contemplated acquisition of substantially all of the assets of Tri-State Technical Services, Inc. ("Tri-State"), a Georgia-based 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.

In addition, the Company, through an indirect wholly-owned subsidiary, owns the worldwide rights to the name DRYCLEAN USA® and licenses the right to use such name for a fee to retail dry cleaners in the United States, the Caribbean and Latin America.

2. Summary of Significant Accounting Policies

Principles of Consolidation

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

Revenue Recognition

Products are generally shipped Free on Board ("FOB") from the Company's warehouses or drop shipped from the Company's vendor as FOB, at which time risk of loss and title passes to the purchaser. Revenue is recognized when there is

persuasive evidence that the arrangement, shipment or delivery has occurred, the price is fixed and determinable, and collectability is reasonably assured. Installation revenues are recognized when the installation of the equipment has occurred.

There are also instances where the Company enters into longer termed contracts where the price to the customer includes the sale of the equipment and the related installation. The installation on these types of contracts is usually completed within six to twelve months. Revenues from these contracts are recognized under the percentage-of-completion method of accounting, measured by the percentage of costs incurred to date against the estimated total costs for each contract. This method is used for revenue from these contracts because management considers the total cost to be the best available measure of progress on such contracts. Due to the inherent uncertainties in estimating costs, it is possible that the estimates used may change in the near term.

Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tolls and insurance. Selling, general and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions and estimated profitability may result in revisions to costs and income, which would be recognized in the period during which the revisions are determined.

Costs and estimated earnings in excess of billings are classified in other current assets. Billings in excess of costs on uncompleted contracts are classified as current liabilities. Contract retentions billed are included in accounts receivable.

Revenues from part sales are recognized when the part is shipped and service revenues are recognized when the service is completed.

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. The Company tests goodwill for impairment by first comparing the fair value of the reporting unit to its carrying 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 Company performed its annual impairment test on April 1, 2017 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 laundry plants, hotels, motels, cruise lines, hospitals, nursing homes, government institutions, coin laundry stores 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 if any amounts will potentially be uncollectible. The Company includes any balances that are determined to be uncollectible in its overall allowance for doubtful accounts. After customary attempts to collect a receivable have failed, the receivable is written off. The Company's allowance for doubtful accounts was $150,000 at June

30, 2017 and $160,000 at June 30, 2016. Actual write-offs might vary from the recorded allowance.

Cash and Cash Equivalents

The Company considers all short term instruments with an original maturity of three months or less to be cash equivalents.

Inventories

Inventories consist principally of equipment inventories and spare parts inventories. Equipment inventories are valued at the lower of cost, determined on the specific identification method, or market. Spare part inventories are valued at the lower of average cost or market.

Equipment, Improvements and Depreciation

Property and equipment are stated at cost. Depreciation and amortization are calculated on straight-line methods over useful lives of five to seven years for furniture and equipment and the shorter of ten years or remaining lease term (including renewal periods that are deemed reasonably assured) for leasehold improvements. Repairs and maintenance costs are expensed as incurred.

Customer-Related Intangibles, Tradenames and Other Intangible Assets

The Company follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350, "Intangibles – Goodwill and Other" ("ASC 350"), which requires that finite-lived intangibles be amortized over their estimated useful life while indefinite-lived intangibles and goodwill not be 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 Company performed its annual impairment test on April 1, 2017 and determined there was no impairment related to indefinite-lived intangible assets.

Asset Impairments

ASC Topic 360, "Property, Plant, and Equipment" ("ASC 360") and ASC 350 require the Company to periodically review 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 fiscal 2017 or fiscal 2016.

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, the recoverability of deferred income tax assets, allowances for doubtful accounts, intangible assets, estimates of contract percentage of completion, 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 the fiscal year ended June 30, 2017 ("fiscal 2017") the Company issued awards of 890,576 shares of restricted stock under the EnviroStar, Inc. 2015 Equity Incentive Plan (see Note 18). Such shares are deemed to constitute a second class of stock for accounting purposes. Prior to fiscal 2017, the Company did not have any outstanding restricted stock awards. Basic and diluted earnings per share for fiscal 2017 and the fiscal year ended June 30, 2016 ("fiscal 2016") are computed as follows (in thousands except per share data):

	For the years ended June 30,	
	2017	2016
Net income	$ 3,167	$ 1,740
Less: distributed and undistributed income allocated to non-vested restricted common stock	248	—
Net income allocated to EnviroStar, Inc. shareholders	$ 2,919	$ 1,740
Weighted average shares outstanding used in basic earnings per share	9,449	7,034
Dilutive common share equivalents	88	—
Weighted average shares outstanding used in dilutive earnings per share	9,537	7,034
Basic earnings per share	$ 0.31	$ 0.25
Diluted earnings per share	$ 0.31	$ 0.25

At June 30, 2017, other than 88,000 shares subject to the restricted stock awards discussed above, there were no potentially dilutive securities outstanding. The remaining 802,576 shares of restricted common stock were not included in the calculation of diluted earnings per share because their impact was anti-dilutive. There were no potentially dilutive securities outstanding at June 30, 2016.

Supplier Concentration

The Company purchases laundry, dry cleaning equipment, boilers and other products from a number of manufacturers and suppliers. Purchases from four of these manufacturers accounted for a total of approximately 59% of the Company's purchases for fiscal 2017. Purchases from three manufacturers accounted for a total of approximately 68% of the Company's purchases for fiscal 2016.

Advertising Costs

The Company expenses the cost of advertising as of the first date an advertisement is run. The Company expensed approximately $60,000 and $37,200 of advertising costs for fiscal 2017 and 2016, respectively, and are included in selling, general and administrative expenses in the consolidation statements of operations.

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 2017 or 2016.

Cash and cash equivalents is 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 instruments using applicable interest rates as of June 30, 2017 and approximate the carrying value of such debt because it accrues interest at variable rates that are repriced frequently.

Customer Deposits

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

Income Taxes

The Company follows 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 the valuation allowance when it believes that it is more likely than not that the asset will not be realized. There were no valuation allowances during fiscal 2017 or fiscal 2016.

The Company follows ASC Topic 740-10-25 "Accounting for Uncertainty in Income," which contains 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 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.

Recently Issued Accounting Guidance

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers ("ASU No. 2014-09"). The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that "an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2017 (fiscal 2019 for the Company). The Company is evaluating the impact, if any, that adopting this standard may have on its consolidated financial statements.

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory (Topic 330) ("ASU 2015-11"). ASU 2015-11 requires that inventory within the scope of its guidance be measured at the lower of cost and net realizable value instead of lower of cost or market (with market being defined as replacement cost and having a ceiling of net realizable value and floor of net realizable value less a normal profit margin). For a public entity, the amendments in ASU 2015-11 are effective, in a prospective manner, for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period (the first quarter of fiscal 2018 for the Company). The Company does not expect this standard will have a material impact on its consolidated financial statements.

In December 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes" ("ASU No. 2015-17"). The amendments in ASU No. 2015-17 eliminate the current requirement for

organizations to separate deferred tax assets and liabilities into current and noncurrent amounts in a classified balance sheet. Instead, organizations will be required to classify all deferred tax assets and liabilities as noncurrent. The standard is effective for annual reporting periods beginning after December 15, 2016. The amendments were applied prospectively to all deferred tax liabilities and assets. Accordingly, the Company retrospectively reclassified $108,000 of deferred tax assets from other current assets to other assets at June 30, 2016. The Company's adoption of this standard did not have a material impact on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" ("ASU No. 2016-02"), which is designed to increase transparency and comparability by requiring the recognition of lease assets and lease liabilities on the balance sheet and the disclosure of key information about leasing arrangements. The new standard will require an entity to recognize the following for all leases (with the exception of short-term leases) at the commencement date (i) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (ii) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company is evaluating the impact, if any, that adopting this standard may have on its consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" ("ASU No. 2016-09"), which requires that all income tax effects of awards be recognized in the statement of operations when the awards vest or settle. The standard also requires presentation of excess tax benefits as an operating activity on the statement of cash flows rather than as a financing activity. The standard increases the amount companies can withhold to cover income taxes on awards without triggering liability classification for shares used to satisfy statutory income tax withholding obligations and requires application of a modified retrospective transition method. ASU No. 2016-09 is effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period (the first quarter of fiscal 2018 for the Company). The Company does not expect this standard will have a material impact on its consolidated financial statements.

In January 2017, the FASB issued ASU 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 which was 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. An entity should recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value, however, the loss 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 measuring the goodwill impairment loss. 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 with early adoption permitted after January 1, 2017. The Company is currently evaluating the

impact, if any, that adoption of this guidance may have on the Company's consolidated financial statements.

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

Reclassifications

Certain prior year amounts in the consolidated financial statements have been reclassified to conform to the current year's presentation.

3. Acquisitions

As previously described, on October 10, 2016, the Company completed the Western State Design Acquisition pursuant to which the Company, through its wholly-owned subsidiary, Western State Design, purchased substantially all the assets of WSD, a California-based distributor of commercial and industrial laundry equipment and related parts for new laundry facilities and to the replacement laundry market, for a purchase price consisting of $18.5 million in cash and 2,044,990 shares of the Company's common stock. The cash consideration, which included $2.8 million which was placed in escrow for no less than 18 months after the closing date (subject to extension in certain circumstances), was financed through $12.5 million of borrowings under the credit facility entered into at the time and $6.0 million of proceeds from the sale of 1,290,323 shares of the Company's common stock to Symmetric Capital II LLC ("Symmetric Capital II") in a private placement transaction. Henry M. Nahmad, the Company's Chairman, Chief Executive Officer, President and controlling stockholder, is the Manager of, and may be deemed to control, Symmetric Capital II. Pursuant to the Asset Purchase Agreement, the Company, indirectly through Western State Design, also assumed certain of the liabilities of WSD.

Fees and expenses related to the Western State Design Acquisition, consisting primarily of legal and other professional fees, totaled approximately $478,000 and are classified as selling, general and administrative expenses in the Company's consolidated statement of operations for the fiscal year ended June 30, 2017. The total purchase price for accounting purposes was $34.6 million, which included cash acquired of $5.1 million.

The Western State Design Acquisition was treated for accounting purposes as a purchase of WSD using the acquisition method of accounting in accordance with ASC 805, *Business Combinations*. Under the acquisition method of accounting, the aggregate consideration, or "purchase price consideration," in the Western State Design 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 allocation thereof to the net assets acquired are presented in the following tables (in thousands):

Purchase price consideration:

Cash consideration, net of cash acquired[(a)]	$ 13,394
Stock consideration[(b)]	16,053
Total purchase price consideration, net of cash acquired	$ 29,447

[(a)]Includes $18.5 million, net of $5.1 million of cash acquired.

[(b)]Calculated as 2,044,990 shares of common stock, multiplied by $7.85, the closing price of the Company's common stock on the closing date.

Allocation of purchase price consideration (in thousands):	
Accounts receivable	$ 8,597
Inventory	3,429
Other assets	2,623
Property, plant and equipment	879
Intangible assets	6,464
Accounts payable and accrued expenses	(6,549)
Customer deposits	(4,247)
Billings in excess of costs on uncompleted contracts	(3,888)
Total identifiable net assets	7,308
Goodwill	22,139
Total	$ 29,447

The purchase price allocation reflects preliminary fair value estimates based on preliminary work and analyses performed by management and is subject to change as additional information to assist in determining the fair value of the net assets acquired at the closing date is obtained during the one year post-closing measurement period.

Intangible assets consist of $2.4 million allocated to the Western State Design trade name, $3.6 million allocated to customer-related intangible assets and $0.4 million allocated to covenants not to compete. The Western State Design trade name is indefinite-lived and therefore not subject to amortization. Customer-related intangible assets and covenants not to compete will be amortized over 10 years and 5 years, respectively.

Goodwill is expected to be amortized and deductible for tax purposes over 15 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 Western State Design Acquisition.

On June 19, 2017, the Company completed the Martin-Ray Acquisition pursuant to which the Company, through its wholly owned subsidiary, Martin-Ray, purchased substantially all of the assets and assumed certain of the liabilities of MRLS, a Colorado distributor of commercial laundry equipment. The consideration for the transaction consisted of $2.0 million in cash, $400,000 of which was placed in escrow for no less than 18 months after the closing date (subject to extension in certain circumstances), and 98,668 shares of the Company's common stock. The Company funded the cash consideration with cash on hand. The Martin-Ray Acquisition was treated for accounting purposes as a purchase of MRLS 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 cash portion of the consideration was funded from the Company's operating cash. The Company allocated $2.6 million to goodwill, $0.6 million to customer-related intangibles, $0.3 million to the Martin-Ray trade name and $0.1 million to a covenant not to compete. The purchase price allocation reflects preliminary fair value estimates based on preliminary work and analyses performed by management and is subject to change as additional information to assist in determining the fair value of the net assets acquired at the closing date is obtained during the one year post-closing measurement period.

The results of operations of Martin-Ray have been included in the Company's Consolidated Financial Statements subsequent to the June 19, 2017 closing date. The goodwill is deductible for tax purposes.

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 Western State Design Acquisition and Martin-Ray Acquisition, as if the Company had completed the Western State Design Acquisition and related financing transactions and Martin-Ray Acquisition on July 1, 2015, 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 Western State Design Acquisition and Martin-Ray Acquisition had occurred on the date assumed, nor are they indicative of future results of operations.

	For the year ended June 30,	
(in thousands)	2017 (Unaudited)	2016 (Unaudited)
Revenues	$ 120,012	$ 113,012
Net income	4,139	3,879

The unaudited supplemental proforma net income for the year ended June 30, 2016 was adjusted to include a total of $868,000 of transaction costs incurred by the Company and WSD.

4. Accounts Receivable

Accounts receivable as of June 30, 2017 and 2016 consisted of the following (in thousands):

June 30,	2017	2016
A/R - trade	$ 5,889	$ 1,993
Contract receivables	5,592	—
Retention receivables	2,307	—
	13,788	1,993
Allowance for doubtful accounts	(150)	(160)
	$ 13,638	$ 1,833

Costs, estimated earnings and billings on percentage of completion contracts consisted of the following (in thousands):

June 30,	2017	2016
Costs incurred on uncompleted contracts	$ 20,088	$ —
Estimated earnings	6,031	—
Less: billings to date	(28,179)	—
Ending balance	$ (2,060)	$ —

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

June 30,	2017	2016
Costs and estimated earnings in excess of billings (Other current assets)	$ 86	$ —
Billings in excess of costs on uncompleted contracts	(2,146)	—
Ending balance	$ (2,060)	$ —

5. Inventories Inventories are comprised of (in thousands):

June 30,	2017	2016
Equipment and parts	$ 7,961	$ 2,676
Reserve	(284)	(49)
	$ 7,677	$ 2,627

The Company established reserves of approximately $284,000 and $49,000 as of June 30, 2017 and 2016, 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 are comprised of (in thousands):

June 30,	2017	2016
Other receivables	$ —	$ 485
Prepaid insurance	179	49
Costs in excess of billings	86	—
Refundable income taxes	—	62
Other current assets	100	77
	$ 365	$ 673

Approximately $470,000 of other receivables at June 30, 2016 related to a receivable collected by a vendor that was due the Company at June 30, 2016. This receivable was collected by the Company in August 2016.

8. Equipment and Improvements Major classes of equipment and improvements consist of the following (in thousands):

June 30,	2017	2016
Furniture and equipment	$ 686	$ 452
Leasehold improvements	660	430
Vehicles	904	—
	2,250	882
Accumulated depreciation and amortization	(978)	(747)
	$ 1,272	$ 135

Depreciation and amortization of equipment and improvements amounted to approximately $231,000 and $54,000 for fiscal 2017 and 2016, respectively.

9. Intangible Assets, Net

Customer-related intangibles, tradenames and other intangible assets consist of the following (in thousands):

June 30,	*Estimated Useful Lives (in years)*	2017	2016
Customer-related intangibles	10	$ 4,180	$ —
Tradenames	Indefinite	2,755	—
Covenants not to compete	5	543	—
License agreements	10	529	529
Trademarks and patents	10-15	226	226
		8,233	755
Accumulated amortization		(1,073)	(728)
		$ 7,160	$ 27

Amortization expense was approximately $345,000 in fiscal 2017 and $6,800 in fiscal 2016.

Based on the carrying amount of intangible assets as of June 30, 2017, and assuming no future impairment of the underlying assets, the estimated future amortization at the end of each fiscal year is as follows (in thousands):

Fiscal years ending June 30,	
2018	$ 533
2019	533
2020	532
2021	526
2022	460
Thereafter	1,821
Total	$ 4,405

10. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses are comprised of (in thousands):

June 30,	2017	2016
Accounts payable	$ 7,715	$ 2,669
Accrued expenses	4,338	135
Sales tax accruals	264	94
	$ 12,317	$ 2,898

11. Income Taxes

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

Fiscal years ended June 30,	2017	2016
Current		
Federal	$ 1,712	$ 895
State	314	153
	2,026	1,048

Fiscal years ended June 30,	2017	2016
Deferred		
Federal	(2)	4
State	(1)	1
	(3)	5
	$ 2,023	$ 1,053

The reconciliation of income tax expense computed at the federal statutory tax rate of 34% to the provision for income taxes is as follows (in thousands):

Fiscal years ended June 30,	2017	2016
Tax at the statutory rate	$ 1,765	$ 950
State income taxes, net of federal benefit	196	101
Other	62	2
	$ 2,023	$ 1,053
Effective tax rate	38.9%	37.7%

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

Fiscal years ended June 30,	2017	2016
Deferred tax assets:		
Allowance for doubtful accounts	$ 39	$ 60
Inventory capitalization	94	30
Stock compensation	159	—
Other	86	31
	378	121
Deferred tax liabilities:		
Goodwill Amortization	(101)	—
Depreciation	(153)	—
	(254)	—
Net deferred income tax assets	$ 124	$ 121

As of June 30, 2017, the Company was subject to potential federal and state tax examinations for the tax years including and subsequent to 2013.

12. Debt

The Company's long-term debt as of June 30, 2017 and 2016 was as follows (in thousands):

	June 30, 2017	June 30, 2016
Term Loan	$ 4,523	$ —
Revolving Line of Credit	—	—
Less: unamortized discount and deferred financing costs	(78)	—
Total debt, net	4,445	—
Less: current maturities of long-term debt	(714)	—
Total long-term debt	$ 3,731	$ —

In connection with the Western State Design Acquisition, on October 7, 2016, the Company entered into a $20.0 million credit agreement (the "Credit Facility"), consisting of a $15.0 million revolving line of credit, subject to adjustment as described below (the "Revolving Line of Credit"), and a $5.0 million term loan (the "Term Loan"). The Company used a total of approximately $12.6 million of borrowings under the Revolving Line of Credit and Term Loan to finance a portion of the cash consideration paid in connection with the Western State Design Acquisition, and to pay approximately $88,000 of fees, costs and expenses arising in connection with entering into the Credit Facility. At June 30, 2017, no amounts were outstanding under the Revolving Line of Credit and $4.5 million was outstanding under the Term Loan. The Credit Facility replaced the Company's previous credit facility which allowed for borrowings of up to $2.25 million. No amounts were outstanding under such prior credit facility at June 30, 2016 or at any time during the period from July 1, 2016 through October 7, 2016, when it was replaced by the Credit Facility.

The Credit Facility has a term of five years and matures on October 10, 2021. Interest on the outstanding principal amount of borrowings under the Credit Facility accrues at an annual rate equal to the daily one-month LIBOR, plus (i) 2.25% in the case of borrowings under the Revolving Line of Credit and (ii) 2.85% in the case of borrowings under the Term Loan. In addition to interest payments, borrowings under the Term Loan require principal payments of approximately $714,000 in each year between fiscal 2018 and fiscal 2021, with the balance of approximately $1.7 million due upon maturity in fiscal 2022.

The obligations of the Company under the Credit Facility are secured by substantially all of the assets of the Company and its subsidiaries. In addition, the Company's subsidiaries have jointly and severally guaranteed the performance of the Company's payment and other obligations under the Credit Facility. The Credit Facility also contains affirmative covenants which require the Company to meet certain financial criteria, including a fixed charge coverage ratio, an asset coverage ratio, a senior leverage ratio and a total leverage ratio, as well as other covenants which may restrict, among other things, the Company's ability to pay dividends, complete merger, acquisition or similar transactions, make certain capital expenditures, incur certain operating lease expenditures or repurchase shares of its common stock. Additionally, the amount available to borrow under the Revolving Line of Credit is determined in accordance with an asset-based formula, which may restrict the amount available for borrowing under the Revolving Line of Credit to an amount less than $15.0 million. At June 30, 2017, the Company was in compliance with all Credit Facility covenants and based on the asset-based formula $11.5 million was available to borrow under the Revolving Line of Credit.

13. Related Party Transactions

The Company's wholly-owned subsidiary, Steiner-Atlantic, leases 27,000 square feet of warehouse and office space from an affiliate of Michael S. Steiner, a director and Executive Vice President and Chief Operating Officer of the Company, pursuant to a lease agreement dated November 1, 2014. Under the lease, which has a term of three years, monthly base rental payments were $10,275 during the first year of the lease and $10,580 during the second year of the lease, and are $10,900 during the third year of the lease. 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 $139,000 and $133,000 in fiscal 2017 and 2016, respectively.

Since October 10, 2016, the Company's wholly-owned subsidiary, Western State Design, has leased 17,600 square feet of warehouse and office space from an affiliate of Dennis Mack, a director and Executive Vice President of the Company, and Tom Marks, an Executive Vice President of the Company. Under the lease, 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 Western State Design. Payments under this lease totaled approximately $88,000 in the period from October 10, 2016 through June 30, 2017.

One June 19, 2017, the Company's wholly-owned subsidiary, Martin-Ray, entered into a lease agreement, pursuant to which it leases 10,000 square feet of warehouse and office space from an affiliate of Jim Hohnstein, President of Martin-Ray, and Bill Mann, a Vice President of Martin-Ray. Under the lease, monthly base rental payments are $6,000 during the initial term of the lease. In addition to base rent, Martin-Ray is responsible under the lease for costs related to real estate taxes, utilities, maintenance, repairs and insurance. The lease has an initial term of three years and provides for two successive three-year renewal terms at the option of Martin-Ray.

See also Note 17 for a description of the Private Placement Transaction between the Company and Symmetric Capital II, an affiliate of Henry M. Nahmad, the Company's Chairman, Chief Executive Officer and President, which was completed on October 10, 2016.

14. Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts and trade receivables. The Company maintains its cash and cash equivalents, including a money market account, at a large bank. At June 30, 2017, bank deposits exceeded Federal Deposit Insurance Corporation insured limits. Concentrations of credit risk with respect to trade receivables are limited due to a 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 22% of the Company's revenues for fiscal 2017; however no single contract for a federal government facility accounted for more than 10% of the Company's revenues for fiscal 2017. Sales to one customer accounted for 12% of the Company's revenues in fiscal 2016. Accounts receivable due from a federal government agency accounted for 29% and of the Company's accounts receivable at June 30, 2017 and accounts receivable from two customers accounted for 18% of the Company's accounts receivable at June 30, 2016.

15. Commitments

In addition to the leased warehouse and office space described in Note 13 above, the Company leases additional warehouse facilities from unrelated third parties under operating leases.

Minimum future rental commitments for all of the Company's real property leases approximate the following (in thousands):

Fiscal years ending June 30,	
2018	$ 636
2019	418
2020	472
2021	171
2022	49
Total	$ 1,746

Rent expense under these leases totaled approximately $381,000 and $190,000 for fiscal 2017 and 2016, respectively.

The Company, through its manufacturers, provides parts warranties for products sold. These warranties are mainly the responsibility of the manufacturer. As such, warranty-related expenses are insignificant to the Company's consolidated financial statements.

16. Retirement Plan

The Company has participatory deferred compensation plans under which it matches employee contributions up to 3% 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 $58,000 and $28,000 to the plans during fiscal 2017 and fiscal 2016, respectively. The plans are qualified under Section 401(k) of the Internal Revenue Code.

17. Shareholders' Equity

In connection with the Western State Design Acquisition (see Note 3), the Company issued 2,044,990 shares of its common stock to WSD as stock consideration, of which 1,656,486 shares were issued on the October 10, 2016 closing date and 388,504 shares were then issuable, subject to stockholder approval, and subsequently issued during the quarter ended March 31, 2017 following receipt of stockholder approval. Additionally, on October 10, 2016, the Company completed a Private Placement Transaction pursuant to which it issued and sold 1,290,323 shares of its common stock to Symmetric Capital II for a total purchase price of $6.0 million. The Company used the $6.0 million of proceeds received from the Private Placement Transaction to fund a portion of the cash consideration for the Western State Design Acquisition. Henry M. Nahmad, the Company's Chairman, Chief Executive Officer and President, is the Manager of Symmetric Capital II and has voting power over the shares of the Company's common stock held by Symmetric Capital II as well as the shares issued to WSD in connection with the Western State Design Acquisition as a result of the Stockholders Agreement entered into at that time.

On November 30, 2016, the Company's Board of Directors declared a $.10 per share cash dividend (an aggregate of $1.0 million), which was paid on January 6, 2017 to stockholders of record at the close of business on December 21, 2016.

On November 13, 2015, the Company's Board of Directors declared a $.20 per share cash dividend (an aggregate of $1.4 million), which was paid on December 18, 2015 to stockholders of record at the close of business on December 4, 2015.

18. Equity Plan

In November 2015, the Company's stockholders approved the EnviroStar, Inc. 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, which totaled $421,000 in fiscal 2017, is included in selling, general and administrative expenses in the Company's consolidated statement of operations for such fiscal year. During fiscal 2017, the Company granted a total of 890,576 shares of restricted stock, a portion of which is scheduled to vest ratably over four years and the remainder of which is scheduled to vest in 10 to 24 years. The total grant date fair value of such restricted stock was $15.1 million. The fair value of the restricted stock was determined using the closing price of the Company's common stock on the applicable grant date. Prior to those grants, the Company had not granted any awards under the Plan. As of June 30, 2017, the Company had $14.7 million of total unrecognized compensation expense, net of estimated forfeitures, related to non-vested restricted stock, which is recognized over the weighted-average period of 11.4 years after the respective dates of grant.

19. Subsequent Events

On September 8, 2017, the Company and a newly formed wholly owned subsidiary of the Company entered into an Asset Purchase Agreement pursuant to which the Company would acquire substantially all of the assets and assume certain of the liabilities of Tri-State, a Georgia-based 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 consideration to be paid by the Company in connection with the acquisition consists of $8.25 million in cash (subject to certain working capital and other adjustments), of which $2.1 million will be deposited in an escrow account for no less than 24 months after the closing date (subject to extension in certain circumstances), and 338,115 shares of the Company's common stock. The Company intends to fund the cash consideration with cash on hand and borrowings under the Credit Facility. Consummation of the transaction is subject to certain closing conditions. There is no assurance that the transaction will be consummated on the contemplated terms, when anticipated, or at all.

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, 2017, 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 accounting principles generally accepted in the United States of America ("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, 2017. 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, 2017.

This Report does not include an attestation report of the Company's independent registered public accounting firm regarding the Company's internal control over financial reporting. Management's report on internal control over financial reporting was not subject to attestation by the Company's independent registered public accounting firm pursuant to the rules and regulations of the SEC that permit the Company to provide only its management's report on internal control over financial reporting in this Report.

Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2017, 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.

Item 9B. Other Information.

None.

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 2017 Annual Meeting of Stockholders to be filed with the SEC no later than 120 days after the end of the fiscal year covered by this Report, or, alternatively, by amendment to this Report 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 2017 Annual Meeting of Stockholders to be filed with the SEC no later than 120 days after the end of the fiscal year covered by this Report, or, alternatively, by amendment to this Report 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, 2017, 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	$ —	609,424
Equity compensation plans not approved by security holders	0	$ —	0
Total	0	$ —	609,424

Other Information

The remaining information required by Item 12 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 2017 Annual Meeting of Stockholders to be filed with the SEC no later than 120 days after the end of the fiscal year covered by this Report, or, alternatively, by amendment to this Report 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 2017 Annual Meeting of Stockholders to be filed with the SEC no later than 120 days after the end of the fiscal year covered by this Report, or, alternatively, by amendment to this Report under cover of Form 10-K/A no later than the end of such 120-day period.

Item 14. Principal Accountant 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 2017 Annual Meeting of Stockholders to be filed with the SEC no later than 120 days after the end of the fiscal year covered by this Report, or, alternatively, by amendment to this Report under cover of Form 10-K/A no later than the end of such 120-day period.

PART IV

Item 15. Exhibits and 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, 2017 and 2016

Consolidated Statements of Operations for the years ended June 30, 2017 and 2016

Consolidated Statements of Shareholders' Equity for the years ended June 30, 2017 and 2016

Consolidated Statements of Cash Flows for the years ended June 30, 2017 and 2016

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
2(a)*	Asset Purchase Agreement, dated as of September 7, 2016, by and among the Company and Western State Design, Inc., a wholly owned subsidiary of the Company, on the one hand, and Dennis Mack, Tom Marks and Western State Design, LLC, on the other hand (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on September 9, 2016)

2(b)*	Asset Purchase Agreement, dated as of June 2, 2017, by and among the Company and Martin-Ray Laundry Systems, Inc., a wholly owned subsidiary of the Company, on the one hand, and William Mann, Jim Hohnstein, Timm Mullen, and Martin-Ray Laundry Systems, Inc., a Colorado corporation, on the other hand (Filed herewith)
2(c)*	Asset Purchase Agreement, dated as of September 8, 2017, by and among the Company and Tri-State Technical Services, Inc., a wholly owned subsidiary of the Company, on the one hand, and Matt Stephenson and Tri-State Technical Services, Inc., on the other hand (Incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on September 11, 2017)
3(a)(1)	Certificate of Incorporation of the Company, as filed with the Secretary of State of the State of Delaware on June 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 of State 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 of State 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 of State 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 of the 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 State of 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 State of 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 State of 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 State of 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(b)	By-Laws of the Company, as amended (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on November 13, 2007)
4(a)	Specimen Common Stock Certificate (Incorporated by reference to Exhibit 4 to the Company's Annual Report 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 March 6, 2015, by and among Michael S. Steiner, Robert M. Steiner, Henry Nahmad and Symmetric Capital LLC (Incorporated by reference to Exhibit 99.6(c) to Amendment No. 11 to Schedule 13D/A relating to the Company's Common Stock filed by Michael S. Steiner with the SEC on March 9, 2015)
4(c)	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(d)	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)
10(a)(1)	Credit Agreement, dated as of October 7, 2016, between the Company and Wells Fargo Bank, National Association (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 14, 2016)
10(a)(2)	Revolving Line of Credit Promissory Note, dated as of October 7, 2016, executed by the Company in favor of Wells Fargo Bank, National Association (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on October 14, 2016)
10(a)(3)	Term Loan Promissory Note, dated as of October 7, 2016, executed by the Company in favor of Wells Fargo Bank, National Association (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on October 14, 2016)
10(a)(4)	Security Agreement, dated as of October 7, 2016, by and among the Company, Steiner-Atlantic Corp., DryClean USA License Corp. and Western State Design, Inc., on the one hand, and Wells Fargo Bank, National Association, on the other hand (Incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on October 14, 2016)
10(a)(5)	Continuing Guaranty, dated October 7, 2016, of Steiner-Atlantic Corp. in favor of Wells Fargo Bank, National Association (Incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on October 14, 2016)

10(a)(6)	Continuing Guaranty, dated October 7, 2016, of DryClean USA License Corp. in favor of Wells Fargo Bank, National Association (Incorporated by reference to Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the SEC on October 14, 2016)
10(a)(7)	Continuing Guaranty, dated October 7, 2016, of Western State Design, Inc. in favor of Wells Fargo Bank, National Association (Incorporated by reference to Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the SEC on October 14, 2016)
10(a)(8)	Amendment and Ratification of Credit Agreement and Other Loan Documents, dated as of June 23, 2017, by and among the Company, Steiner-Atlantic Corp., DryClean USA License Corp., Western State Design, Inc., Martin-Ray Laundry Systems, Inc. and Wells Fargo Bank, National Association (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 23, 2017)
10(a)(9)	Security Agreement, dated as of June 23, 2017, by and among Martin-Ray Laundry Systems, Inc. and Wells Fargo Bank, National Association (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on June 23, 2017)
10(a)(10)	Continuing Guaranty, dated June 23, 2017, of Martin-Ray Laundry Systems, Inc. in favor of Wells Fargo Bank, National Association (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on June 23, 2017)
10(b)(1)	Subcontract Agreement Pending Novation, dated as of October 10, 2016, between the Company and Western State Design, Inc., on the one hand, and Western State Design, LLC, on the other hand (Incorporated by reference to Exhibit 10.8 to the Company's Current Report on Form 8-K filed with the SEC on October 14, 2016)
10(c)(1)	Securities Purchase Agreement, dated as of September 7, 2016, between EnviroStar, Inc. and Symmetric Capital II LLC (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on September 9, 2016)
10(d)(1)	Non-Competition and Non-Solicitation Agreement, dated as of March 6, 2015, by and among the Company, Symmetric Capital LLC and Michael S. Steiner (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 9, 2015)
10(e)(1)**	EnviroStar, Inc. 2015 Equity Incentive Plan (Incorporated by reference to Appendix A of the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on October 14, 2015)
10(e)(2)**	Form of Notice of Grant and Restricted Stock Agreement under EnviroStar, Inc. 2015 Equity Incentive Plan (Filed herewith)

10(e)(3)**	Form of Notice of Grant and Stock Option Agreement under EnviroStar, 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 EisnerAmper 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

* The schedules and exhibits to this agreement are omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the SEC, upon request, a copy of any omitted schedule or exhibit.

** Indicates management contract or compensatory plan or arrangement.

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.

Envirostar, Inc.

Dated: September 28, 2017

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 28, 2017
/s/ Michael S. Steiner Michael S. Steiner	Executive Vice President, Chief Operating Officer and Director	September 28, 2017
/s/ Dennis Mack Dennis Mack	Executive Vice President and Director	September 28, 2017
/s/ Robert H. Lazar Robert H. Lazar	Chief Financial Officer (Principal Financial and Accounting Officer)	September 28, 2017
/s/ David Blyer David Blyer	Director	September 28, 2017
/s/ Alan M. Grunspan Alan M. Grunspan	Director	September 28, 2017
/s/ Hal M. Lucas Hal M. Lucas	Director	September 28, 2017
/s/ Todd Oretsky Todd Oretsky	Director	September 28, 2017

ASSET PURCHASE AGREEMENT

by and among

ENVIROSTAR, INC.

and

MARTIN-RAY LAUNDRY SYSTEMS, INC.
on the one hand,
and

WILLIAM MANN, JIM HOHNSTEIN AND TIMM MULLEN

and

MARTIN-RAY LAUNDRY SYSTEMS, INC.
on the other hand

Dated as of June 2, 2017

TABLE OF CONTENTS

EXHIBITS

SCHEDULES

This **ASSET PURCHASE AGREEMENT**, dated as of June 2, 2017 (this "Agreement"), by and among EnviroStar, Inc., a Delaware corporation (the "Parent"), Martin-Ray Laundry Systems, Inc., a Delaware corporation and a wholly owned subsidiary of Parent (the "Buyer"), on the one hand, and William Mann, Jim Hohnstein and Timm Mullen (collectively, the "Stockholders") and Martin-Ray Laundry Systems, Inc., a Colorado corporation (the "Company"), on the other hand. The Stockholders and the Company are sometimes collectively referred to as the "Seller Group."

RECITALS

A. The Stockholders own all of the issued and outstanding capital stock of the Company.

B. The Company (a) sells, distributes, brokers, leases, finances and supplies equipment, parts, accessories and supplies and provides installation, maintenance, service and repairs with respect to commercial, industrial, and vended laundry and dry-cleaning equipment, rail and conveyor equipment, steam and hot water boilers and heaters, and water reuse and recycling systems, (b) designs and plans commercial, industrial and vended laundry, dry-cleaning, rail, boiler and water systems, and (c) constructs, builds, and installs turnkey industrial, commercial and vended laundries, dry-cleaning plants and facilities (collectively the "Business");

C. The parties to this Agreement wish to effect certain purchases and sales and related transactions with respect to the Assets of the Company (collectively, the "Transactions") consisting of: (i) the sale to the Buyer by the Company of the Acquired Assets and the transfer to the Buyer by the Company of the Assigned Contracts; and in consideration for the foregoing, (ii) the payment of the Purchase Price by the Buyer to the Company and the assumption by the Buyer of the Assumed Liabilities.

D. Capitalized terms used but not otherwise defined in this Agreement have the meanings given them in the Appendix hereto (the "Appendix"), which is incorporated into, and made part of, this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1 Purchase and Sale of Assets.

Section 1.01. Purchase and Sale of the Acquired Assets; Transfer of Assigned Contracts.

(a) At the Closing, the Stockholders shall cause the Company to and the Company shall sell, transfer, convey, deliver and assign to the Buyer and the Buyer shall purchase, accept and assume all of the Assets (other than the Excluded Assets) of the Company, including, without limitation, the Assets described on Schedule 1.01(a) attached hereto and incorporated herein (as may be updated by the mutual agreement of the Buyer and the Seller Group from time to time from the date hereof through the Closing), as the same shall exist on the Closing Date, free and clear of any and all Liens other than Permitted Liens and exclusive of any and all

Excluded Liabilities, including, without limitation, the Existing and Prior Liabilities of the Company (collectively, the " Acquired Assets"). The Acquired Assets shall include, without limitation, any Assumed Benefit Plan and any assets that are set aside in trust or otherwise, or insurance policies or other funding vehicles to be used, for the purpose of paying any liabilities relating to any such Assumed Benefit Plan.

(b) The Company is not selling and the Buyer is not purchasing pursuant to this Agreement, and the Acquired Assets shall not include, the Assets specifically listed on Schedule 1.01(b) (collectively, the "Excluded Assets"). The Excluded Assets shall include, without limitation, any Benefit Plan that is not an Assumed Benefit Plan and any assets that are set aside in trust or otherwise, or insurance policies or other funding vehicles to be used, for the purpose of paying any liabilities relating to any such Benefit Plan that is not an Assumed Benefit Plan.

(c) At the Closing, the Stockholders shall cause the Company to and the Company shall transfer and assign to the Buyer and the Buyer shall accept and assume the contracts of the Company described on Schedule 1.01(c) attached hereto and incorporated herein (as may be updated by the mutual agreement of the Buyer and the Seller Group from time to time from the date hereof through the Closing), as the same shall exist on the Closing Date, free and clear of any and all Liens, other than Permitted Liens and exclusive of any and all Excluded Liabilities (collectively, the "Assigned Contracts"). The Assigned Contracts shall include, without limitation, any contracts or similar arrangements with vendors and other providers relating to any Assumed Benefit Plan.

(d) At the Closing, the Parent on behalf of the Buyer shall pay the Purchase Price referred to in Section 1.03 (subject to adjustment as provided for in Section 1.03) to the Company or its designee, as specified in writing by the Seller Group to the Parent at least two (2) business days prior to the Closing.

Section 1.02. Liabilities. At the Closing, the Buyer shall assume, and agree to pay, perform and discharge only the liabilities of the Company (collectively, the "Assumed Liabilities") set forth on Schedule 1.02(A). The Assumed Liabilities shall include, without limitation, any liabilities relating to any Assigned Contract or Assumed Benefit Plan but only to the extent such liabilities (x) arise out of or relate to facts, circumstances and conditions first occurring during the period after the Closing or to the extent arising out of any actions or omissions of Buyer after the Closing or (y) arise out of or relate to facts, circumstances and conditions existing during the period before the Closing and are fully satisfied by any assets that are either included in the Acquired Assets, accrued on the Closing Balance Sheet, or set aside in trust or otherwise, or insurance policies or other funding vehicles to be used, for the purpose of paying any such liabilities relating to any such Acquired Asset, Assigned Contract or Assumed Benefit Plan and included within the Acquired Assets. Without modifying the limited scope of the foregoing, the Buyer shall not be assuming, and the Company shall remain responsible for and shall promptly pay, perform and discharge as and when required to be paid, performed or discharged, all of the liabilities and obligations of the Company other than the Assumed Liabilities, including, without limitation, the liabilities set forth on Schedule 1.02(B) and any and all Existing and Prior Liabilities (the "Excluded Liabilities"), such that the Buyer will incur no liability or Loss in connection therewith. The Excluded Liabilities shall include, without limitation, any liabilities relating to (i) any Benefit Plan that is not an Assumed Benefit Plan and

(ii) any Assigned Contract or Assumed Benefit Plan to the extent such liabilities (x) arise out of or relate to facts, circumstances and conditions existing as of or prior to the Closing or otherwise to the extent arising out of any actions or omissions of the Seller Group as of or prior to the Closing and (y) are not satisfied by any assets that are either included in the Acquired Assets, accrued on the Closing Balance Sheet or set aside in trust or otherwise, or insurance policies or other funding vehicles to be used, for the purpose of paying any liabilities relating to any such Acquired Asset, Assigned Contract or Assumed Benefit Plan and included within the Acquired Assets. The Seller Group shall be fully responsible for and hold the Buyer and the Buyer Indemnitees harmless from and against, all of the Existing and Prior Liabilities of the Company in accordance with Article 7 hereof. The Buyer shall be fully responsible for and hold the Seller Group and the Seller Indemnitees harmless from and against, all of the Assumed Liabilities of the Company in accordance with Article 7 hereof.

Section 1.03. Purchase Price. The aggregate purchase price (the "Purchase Price") for the Acquired Assets, including the Assigned Contracts, shall be equal to the following:

(a) $1,600,000 (the "Cash Amount"), payable at the Closing via wire transfer of immediately available funds. The Cash Amount payable to the Company shall be reduced by: (i) any Initial Book Value Adjustment (as defined below) (if less than $0), and (ii) any amounts by which the cash portion of the Acquired Assets is less than the Customer Deposits portion of the Assumed Liabilities. Any adjustments to the Cash Amount pursuant to this subsection by reason of the Initial Book Value Adjustment and any shortfall of the cash portion of the Acquired Assets being less than the Customer Deposits portion of the Assumed Liabilities shall be made in accordance with Section 1.04(a).

(b) $400,000 (the "Escrow Amount"), deposited at the Closing via wire transfer of immediately available funds with Wells Fargo Bank, National Association, a national banking association organized under the laws of the United States, as escrow agent (the "Escrow Agent"), to be held by the Escrow Agent for no less than eighteen (18) months after the Closing Date (subject to and to the extent there are no pending claims thereunder and subject to Buyer's voluntary release of funds to Seller Group Indemnitees pursuant to Section 7.04(b) hereof); provided, that a portion of the Escrow Amount equal to the outstanding Accounts Receivable relating to retentions shall not be released from escrow until such Accounts Receivable relating to retentions have either been paid to Buyer in accordance with their terms or offset against the Escrow Amount if not paid to Buyer in accordance with their terms; provided further that a portion of the Escrow Amount equal to any Losses required to be paid by the Seller Group as of such eighteen (18) month anniversary that have not been paid by the Seller Group as a result of the provisions of Section 7.08(c) shall not be released until such Losses have been paid; in each case pursuant to the terms and conditions of an Escrow Agreement, dated as of even date herewith, among the Escrow Agent, the Parent, and the Seller Group, in the form set forth on Exhibit 1.03(b). In the event that such Accounts Receivable relating to retentions or such Losses are paid to Buyer subsequent to the eighteen (18) month anniversary after the Closing Date, then such amount shall promptly thereafter be released from escrow to the Seller Group. The Escrow Amount shall be subject to any claims for indemnification that Buyer asserts pursuant to the terms of this Agreement or (at the election of Parent) for offset by the Parent for the adjustments set forth in Sections 1.04(c) and 1.05.

(c) 98,668 shares of Parent Common Stock; and

(d) The assumption of the Assumed Liabilities.

Section 1.04. Book Value Adjustment.

(a) Three (3) business days prior to the Closing, the Company shall deliver to the Parent a statement dated as of the Closing Date (the "Initial Statement") setting forth its calculation of the difference between: (i) the value of the Acquired Assets less the value of the Assumed Liabilities; in each case as of the Closing Date and as more fully described on Schedule 1.04(a) (the "Initial Book Value "); and (ii) $1,000,000 (such difference, the "Initial Book Value Adjustment"). In addition, the Company shall deliver to the Parent a statement setting forth the amount of the cash and Customer Deposits being transferred to the Buyer as part of the Acquired Assets and Assumed Liabilities, respectively. At the Closing, the Cash Amount shall be reduced by the amount of the Initial Book Value Adjustment (if less than $0) and the Cash Amount shall be further reduced by the amount, if any, that the cash portion of the Acquired Assets is less than the Customer Deposits portion of the Assumed Liabilities. The adjustments described in this subsection are subject to further adjustment pursuant to the Final Book Value Adjustment and the additional adjustments described in Section 1.05.

(b) Within one hundred twenty (120) days after the Closing Date, the Parent shall prepare and deliver to the Stockholders a statement (the "Post Closing Statement"), setting forth its calculation of the difference between: (i) the value of the Acquired Assets less the value of the Assumed Liabilities; in each case as of the Closing Date and as more fully described on Schedule 1.04(a) (the "Post Closing Book Value"); and (ii) $1,000,000 (such difference, the "Post Closing Book Value Adjustment" and as finally determined pursuant to Section 1.04(e), the "Final Book Value Adjustment "); provided, however, the amount of any reserve or adjustment on the Post Closing Book Value for (1) excess inventory (inventory items exceeding total sales of that item of the Company for the twelve (12) months prior to the Closing Date), (2) obsolete inventory, including equipment (inventory items not listed in price lists or more than five (5) years old or equipment over twelve (12) months old), or (3) damaged inventory, shall not exceed $40,000. The Post Closing Statement may also contain the calculations by the Parent of the additional adjustments, if any, made pursuant to Section 1.05 and the provisions set forth in this Section 1.04 shall be applicable to such calculations.

(c) The Purchase Price shall be decreased by the amount of the Final Book Value Adjustment (if less than $0). If the Final Book Value Adjustment is less than $0, the Seller Group shall, at the sole election of Parent, within ten (10) days after the Post Closing Statement becomes final and binding on the parties, make payment to the Parent by wire transfer in immediately available funds of the amount of the Final Book Value Adjustment or offset such amount against the Escrow Amount; in each case together with interest thereon at a rate equal to the rate of interest from time to time announced publicly by Citibank, N.A., as its prime rate calculated based upon the actual number of days elapsed from the Closing Date to the date of payment.

(d) The Initial Book Value Adjustment, the Post Closing Book Value Adjustment, the Final Book Value Adjustment, and the additional adjustments, if any, set forth in Section 1.05,

shall be calculated in accordance with the past practices of the Company and in accordance with GAAP and in the same manner and using the same methods used in determining the amount of each of such items which compose such values as set forth on the Closing Balance Sheet of the Company, a copy of which is attached as Schedule 2.08(a) prior to the Closing.

(e) During the 30-day period following the Stockholders' receipt of the Post Closing Statement (the " Review Period"), the Stockholders shall have the right to review all relevant documents relating to preparation of the Post Closing Statement. The Post Closing Statement shall become final and binding upon the parties at 5:00 p.m. EST on the 30th day following the Stockholders' receipt of the Post Closing Statement unless the Stockholders give written notice of their disagreement with the Post Closing Statement to the Parent prior to such time (a "Notice of Disagreement"). Any Notice of Disagreement shall specify in reasonable detail the nature of any disagreement so asserted. If a Notice of Disagreement is received by the Parent in a timely manner, then the Post Closing Statement (as it may be revised in accordance with this sentence) shall become final and binding upon the Parent and the Stockholders on the earlier of: (A) the date the Parent and the Stockholders resolve in writing any differences they have with respect to the matters specified in the Notice of Disagreement, and (B) the date any disputed matters are finally resolved in writing by the Accounting Firm (as defined below). During the 30-day period following the Review Period, the Parent and the Stockholders shall meet to resolve any differences that they may have with respect to the matters specified in the Notice of Disagreement. During such period, the Parent and its auditors shall have access to the working papers of the Company and the Stockholders and their auditors (or other advisors) prepared in connection with the Notice of Disagreement and the Stockholders and their auditors shall have access to the working papers of the Parent and their auditors (or other advisors) prepared in connection with the Post Closing Statement. Unless resolved prior thereto, at the end of such 30-day period, the Parent and the Stockholders shall submit to an independent accounting firm (the "Accounting Firm") for arbitration any and all matters that remain in dispute. The Accounting Firm shall be a firm with no business ties to any of the Stockholders, the Company or the Parent, or any of their Affiliates, within the past three (3) years, and shall be mutually agreed to and selected by the Stockholders and the Parent. The Parent and the Stockholders agree to use commercially reasonable efforts to cause the Accounting Firm to render a decision resolving the matters within thirty (30) days after submission of such matters to the Accounting Firm. Judgment may be entered upon the determination of the Accounting Firm in any court having jurisdiction over the party against which such determination is to be enforced. The Stockholders and the Parent shall jointly instruct the Accounting Firm that it (A) shall act as an expert and not as an arbitrator, (B) shall review only the matters that were properly included in the Notice of Disagreement, (C) shall make its determination based upon the terms and conditions set forth in this subsection and Section 1.05 and within the range of (1) the amount of the Post Closing Book Value Adjustment set forth in the Post Closing Statement and (2) the amount of the Book Value Adjustment set forth in the Notice of Disagreement and (D) shall render its decision within 30 days after the referral of the dispute to the Accounting Firm for a decision pursuant hereto. The determination by the Accounting Firm shall be final, binding and conclusive on the parties hereto. The fees and expenses of the Accounting Firm shall be borne equally by the Stockholders and the Parent; provided, however, that each of the Seller Group and the Parent shall be responsible for and shall bear all of their own respective costs and expenses incurred by them in connection with the proceedings before the Accounting Firm.

(f) The scope of the disputes to be resolved by the Accounting Firm shall be limited to whether the Initial Book Value Adjustment, the Post Closing Book Value Adjustment, the Final Book Value Adjustment, and the additional adjustments, if any, set forth in Section 1.05, were calculated in accordance with the provisions of this Section 1.04, and whether there were mathematical errors in such calculations and the Accounting Firm shall not make any other determination.

Section 1.05. Additional Adjustments.

(a) Accounts Receivable. In the event that any Accounts Receivable (other than that portion of the Accounts Receivable relating to retentions) are not collected by the Parent within ninety (90) days after the Closing, then the Purchase Price shall be decreased by such amount of uncollected Accounts Receivable and payment shall be made by the Seller Group to the Parent (at the sole election of the Parent) by wire transfer in immediately available funds or offset against the Escrow Amount; in each case together with interest thereon at a rate equal to the rate of interest from time to time announced publicly by Citibank, N.A., as its prime rate calculated based upon the actual number of days elapsed from the Closing Date to the date of payment. In the event that any portion of the Accounts Receivable relating to retentions are not collected by the Parent within ninety (90) days after the date such are required to be paid in accordance with the terms of the applicable Contract or purchase order to which such retention relates, then the Purchase Price shall be decreased by such amount of uncollected Accounts Receivable and payment shall be made by the Seller Group to the Parent (at the sole election of the Parent) by wire transfer in immediately available funds or offset against the Escrow Amount; in each case together with interest thereon at a rate equal to the rate of interest from time to time announced publicly by Citibank, N.A., as its prime rate calculated based upon the actual number of days elapsed from the Closing Date to the date of payment.

(b) Fixed Assets. In the event that it is ultimately determined in accordance with the procedures set forth in Section 1.04 that the line items "Total Other Assets" and "Total Net Fixed Assets" as represented on the Closing Balance Sheet (with such changes as are made or needed in the normal and ordinary course, at the value indicated therein and consistent with historical depreciation methods) are less than $290,000, then the Purchase Price shall be decreased by such deficiency and payment shall be made by the Seller Group to the Parent (at the sole election of the Parent) by wire transfer in immediately available funds or offset of such amount against the Escrow Amount; in each case together with interest thereon at a rate equal to the rate of interest from time to time announced publicly by Citibank, N.A., as its prime rate calculated based upon the actual number of days elapsed from the Closing Date to the date of payment.

(c) Cash. In the event that it is ultimately determined in accordance with the procedures set forth in Section 1.04 that the cash portion of the Acquired Assets is less than the Customer Deposits portion of the Assumed Liabilities, then the Cash Amount shall be decreased by such deficiency (to the extent it was not already adjusted for such deficiency at the Closing) and payment shall be made by the Seller Group to the Parent (at the sole election of the Parent) by wire transfer in immediately available funds or offset of such amount against the Escrow Amount; in each case together with interest thereon at a rate equal to the rate of interest from time to time announced publicly by Citibank, N.A., as its prime rate calculated based upon the actual number of days elapsed from the Closing Date to the date of payment.

Section 1.06. Assignment and Collection of Accounts Receivable. From the Closing Date through ninety (90) days after the Closing Date or with respect to the portion of the Accounts Receivable relating to retentions, ninety (90) days after the date such are required to be paid in accordance with the terms of the applicable Contract or purchase order (as applicable), Parent shall use its commercially reasonable efforts to collect the Accounts Receivable. Any partial receipts of Accounts Receivable shall be first applied against the oldest outstanding Accounts Receivable of such account debtor. In the event that Parent is unable to collect any part of the Accounts Receivable (the "Uncollected Accounts Receivable") upon the conclusion of such ninety (90) day anniversary, at the Parent's discretion, (1)(i) Buyer shall assign the Uncollected Accounts Receivable to the Company which shall be entitled to collect the Uncollected Accounts Receivable for its sole benefit, and (ii) the Seller Group shall make payment to the Parent for such Uncollected Accounts Receivable in accordance with Section 1.05(a) or (2) the Uncollected Accounts Receivable may be handled in a manner mutually acceptable to the Seller Group and the Parent. The Seller Group shall have the right to pursue the collection of the Uncollected Accounts Receivable prior to the expiration of the applicable statute of limitation for collection of such funds. The Seller Group's collection of such accounts receivable shall be consistent with the past practices of the Company, which include, among other things, commercially reasonable efforts not to injure any customer relationships of the Company or of the Business as it relates to the Parent after the Closing.

Section 1.07. Purchase Price Allocation. The Parent, the Company and the Stockholders agree that the Purchase Price will be allocated among the Acquired Assets as shown on the allocation schedule (the "**Allocation Schedule**"). A draft of the Allocation Schedule shall be prepared by Buyer and delivered to Seller within 150 days following the Closing Date. If the Seller Group notifies the Parent in writing that the Seller Group objects to one or more items reflected in the Allocation Schedule, the Seller Group and the Parent shall negotiate in good faith to resolve such dispute; provided, however, that if the Seller Group and the Parent are unable to resolve any dispute with respect to the Allocation Schedule within 30 days following date the date the Allocation Schedule is delivered to Seller Group, such dispute shall be resolved by the Accounting Firm. The fees and expenses of the Accounting Firm shall be borne equally by Seller Group and the Parent. The Parent, the Company, and the Stockholders shall file all Tax Returns (including amended returns and claims for refund) and information reports in a manner consistent with such values.

Section 1.08. Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Troutman Sanders LLP, counsel to the Parent and the Buyer, at 10:00 a.m., local time, within three (3) business days after the satisfaction or waiver, in writing, of all conditions to Closing set forth in this Agreement, or at such other date, time or place as may be agreed to in writing by the parties hereto (the "Closing Date"). At the election of the parties, the Closing may also take place by delivery of documents in escrow to Troutman Sanders LLP, Attention: Joseph Walsh and wire transfer of funds rather than meeting in one place to accomplish the same. The Closing shall be deemed to take place at 12:01 a.m. on the Closing Date.

Section 1.09. Sales and Use Taxes. Buyer hereby acknowledges and agrees to pay any and all sales and use taxes payable to local or state jurisdictions that may arise as a result of the purchase and sale of the Acquired Assets pursuant to this Agreement.

ARTICLE 2 Representations and Warranties of the Seller Group.

The Company and the Stockholders, jointly and severally, hereby represent and warrant to the Parent and the Buyer, subject to such exceptions as are specifically disclosed in the disclosure schedule supplied by the Company and the Stockholders to the Parent and the Buyer (including the Schedules referenced below in this Article 2, the "Disclosure Schedule") and dated as of the date hereof, as set forth below.

Section 2.01. Authority and Enforceability.

(a) The Stockholders have the full capacity, legal right, power and authority to execute this Agreement, and perform their respective obligations hereunder. This Agreement has been duly and validly executed and delivered by the Stockholders and constitutes a legal, valid and binding obligation of the Stockholders, enforceable against them in accordance with the terms hereof.

(b) The Company has the power and authority to execute this Agreement and perform its obligations hereunder. The execution and delivery by the Company of this Agreement and the performance by the Company of its obligations hereunder have been duly and validly authorized by its board of directors and the Stockholders, and no other action on the part of the Company or the Stockholders is necessary. This Agreement has been duly and validly executed and delivered by the Company and constitutes the legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject in each case to bankruptcy, insolvency, reorganization, or other similar Laws of general application affecting the rights and remedies of creditors, and to general principles of equity.

Section 2.02. Organization of the Company. The Company is a subchapter S corporation duly organized, validly existing and in good standing under the Laws of the State of Colorado and has full corporate power and authority to conduct the Business as and to the extent now conducted and to own, use and lease its Assets. The Company is duly qualified, licensed or admitted to do business and is in good standing in New Mexico, Texas and Wyoming which, other than any jurisdictions where the failure to be so qualified or licensed would not reasonably be expected to have a Material Adverse Effect, are the only jurisdictions in which the Company is required to be qualified, licensed or admitted to do business. The names, titles and other positions of all of the directors and officers of the Company are listed on Schedule 2.02. The Seller Group has, prior to the execution of this Agreement, delivered to the Parent true and complete copies of the Organizational Documents of the Company as in effect on the date hereof.

Section 2.03. Equity Interests; Title.

(a) Schedule 2.03(a) sets forth a complete and correct list of the authorized and issued capital stock of the Company. Such capital stock includes all of the issued and outstanding capital stock of the Company. Such capital stock has been duly authorized and validly issued, is fully paid and non-assessable and was not issued in violation of, and is not subject to, any preemptive rights or other similar rights of any Person. No Person has any right to require the Company (or any Affiliate thereof) to register any securities of the Company (or any Affiliate

thereof) under the Securities Act. The Stockholders own, beneficially and of record, all of the capital stock of the Company, free and clear of any Liens.

(b) The Company has good title to all of the Acquired Assets shown on the Closing Balance Sheet, free and clear of all Liens other than Permitted Liens. The Liens set forth on Schedule 2.03(b) are included as Permitted Liens and shall not be released at the Closing. All of the Acquired Assets are reflected on the Closing Balance Sheet.

Section 2.04. Ownership of Other Equities. The Company does not own, directly or indirectly (or possesses any options or other rights to acquire), any direct or indirect ownership interests in any business, corporation, partnership, limited liability company, association, joint venture, trust, or other entity.

Section 2.05. No Conflicts. The execution and delivery by the Stockholders and the Company of this Agreement and the Operative Agreements, as applicable, and the consummation by the Stockholders and the Company of the transactions contemplated hereby and thereby will not:

(i) conflict with or result in a violation or breach of any of, to the extent applicable, the terms, conditions or provisions of the Organizational Documents of the Company;

(ii) subject to obtaining the consents, approvals and actions, making the filings and giving the notices set forth in Schedule 2.05, conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to the Stockholders or the Company or any of their respective Assets; or

(iii) except as disclosed in Schedule 2.05, (A) conflict with or result in a violation or breach of, (B) constitute (with or without notice or lapse of time or both) a default under, (C) require the Stockholders or the Company to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, (D) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, or (D) result in the creation or imposition of any Lien upon the Acquired Assets, of the Stockholders or the Company under, any Contract or License to which the Stockholders or the Company is a party or by which any of the Stockholders or the Company or any of their Assets are bound.

Section 2.06. Governmental Approvals and Filings. No consent, approval or action of, filing with or notice to any Governmental Authority on the part of any of the Stockholders or the Company is required in connection with the execution, delivery and performance of this Agreement or the Operative Agreements or the consummation of the transactions contemplated hereby or thereby.

Section 2.07. Books and Records. The Company has no Books and Records recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) that (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of the Company.

Section 2.08. Financial Statements.

(a) Complete copies of (1) the reviewed financial statements consisting of the balance sheet of the Business as at December 31, 2016 (the "2016 Balance Sheet"), December 31, 2015 and December 31, 2014, and the related statements of income and retained earnings, stockholders' equity and cash flow for the three years ended December 31, 2016, and (2) the unaudited financial statements consisting of the balance sheet of the Business as at March 31, 2017 and the related statements of income and retained earnings, stockholders' equity and cash flow for the three month period then ended are annexed hereto as Schedule 2.08(a). The Company shall deliver to the Buyer a balance sheet of the Company as of the Closing Date (the "Closing Balance Sheet") which such balance sheet shall be delivered to the Buyer three (3) business days prior to the Closing and attached hereto at Closing as part of Schedule 2.08(a) (all of the documents identified under this Section 2.08(a) and attached hereto as Schedule 2.08(a) collectively, the "Financial Statements").

(b) The Financial Statements fairly present in all material respects the financial condition of the Company at the dates thereof and the results of operations of the Company for fiscal periods reported upon thereon; are generally consistent with the books and records of the Company (which books and records are true, correct and complete in all material respects); and were prepared in accordance with GAAP (as specifically modified by Schedule 2.08(b)) consistently applied throughout the period reflected in each of the Financial Statements, in a manner consistent with past practices in respect of the Company (subject to normal year-end adjustments and the absence of footnotes thereto).

Section 2.09. Absence of Changes. Except as set forth on Schedule 2.09, since December 31, 2016,

(a) the Company has been operated in the ordinary course consistent with past practice and there has not been any Material Adverse Effect with respect to the Company or any event or development that, individually or together with any or all other such events, could reasonably be expected to result in a Material Adverse Effect with respect to the Company;

(b) there has not been any material loss, damage or destruction to, or any material interruption in the use of, any of the assets of the Company used in, held for use in, the operation of the Business (whether or not covered by insurance);

(c) the Company and the Stockholders have not taken any action that would be prohibited by the terms of Sections 4.04 and 4.05 if proposed to be taken after the date of this Agreement.

(d) the Company and the Stockholders have not (i) other than in the ordinary course consistent with past practice, granted bonuses, whether monetary or otherwise, or increased wages, salary, severance, pension or other compensation or benefits in respect of any current or former employees, officers, directors, independent contractors or consultants of the Company or their spouses, dependents or beneficiaries other than as required by Law or as provided for in any existing written agreements as of the date hereof; (ii) other than in the ordinary course consistent with past practice, changed terms of employment or service for any such person (iii) taken any

action to increase the amount of or accelerate the vesting of benefits or payment of any compensation to any such person or under any Benefit Plan, or (iv) made any commitment or agreement to do any of the foregoing; and

(e) the Company and the Stockholders have not adopted, modified or terminated any (i) employment, severance, retention, change in control or other compensation or benefit agreement, plan or arrangement with any current or former employees, officers, directors, independent contractors or consultants of the Company, or (ii) other than as required by Law, Benefit Plan or any plan or arrangement that would constitute a Benefit Plan if in existence on the date hereof.

Section 2.10. Undisclosed Liabilities. Except as set forth on Schedule 2.10, the Company does not have any obligations or liabilities which are material individually or in the aggregate (whether accrued, absolute, contingent, unliquidated or otherwise, whether due or to become due and regardless of when and by whom asserted) at or as of the Closing Date, except (i) liabilities reflected on the 2016 Balance Sheet and (ii) liabilities and obligations which have arisen after the date of the 2016 Balance Sheet in the ordinary course of business and which are not material individually or in the aggregate.

Section 2.11. Tax Matters.

(a) Except as set forth on Schedule 2.11, the Company has filed all Tax Returns that it was required to file. All such Tax Returns were correct and complete in all respects. All Taxes owed by the Company (whether or not shown on any Tax Return) have been paid or properly accrued as a liability on the Closing Balance Sheet and transferred to Seller as an Assumed Liability. The Company currently is not the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where the Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. Other than Permitted Liens, there are no Liens on any of the Assets of the Company that arose in connection with any failure (or alleged failure) to pay any Tax. The Company has withheld and paid or properly accrued as a liability on the Closing Balance Sheet and transferred to Seller as an Assumed Liability all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.

(b) No Stockholder, director or officer (or employee responsible for Tax matters) of the Company expects any authority to assess any additional Taxes for any period for which Tax Returns have been filed. There is no dispute or claim concerning any Tax liability of the Company either (A) claimed or raised by any Tax Authority in writing or (B) as to which the Stockholders and the directors and officers (and employees responsible for Tax matters) of the Company has Knowledge based upon personal contact with any agent of such Tax Authority.

(c) The Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(d) The Company has disclosed on its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the

meaning of Code §6662. The Company is not a party to any Tax allocation or sharing agreement. The Company (A) has not been a member of an affiliated group filing a consolidated federal income Tax Return and (B) has no Liability for the Taxes of any Person (other than of the Company) under Treas. Reg. §1.1502-6 (or any similar provision of state, local, or foreign Law), as a transferee or successor, by contract, or otherwise.

(e) Neither the Company nor the Stockholders intend to participate in an "intermediary transaction tax shelters" described in Internal Revenue Service Notice 2001-16 or Notice 2008-20 or any similar transaction.

(f) None of the Assumed Liabilities is an obligation to make a payment that will not be deductible under Code §280G.

(g) Schedule 2.11 sets forth a list of all jurisdictions in which any Tax Returns have been filed by or on behalf of the Company or with respect to the income, sales, employment, property or the Business of the Company since 2014 and a description of each such Tax Return and the period for which it was filed, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit; and the Stockholders have provided to the Parent (i) a true, correct and complete copy of each Tax Return filed since 2014, and (ii) all audit reports, statements of deficiencies assessed against or agreed to by the Company or the Stockholders since 2014, closing agreements, rulings, or technical advice memoranda relating to any Tax for which the Company is or may be liable with respect to the Company's income, sales or the Business.

Section 2.12. Legal Proceedings. There are no Actions pending or, to the Knowledge of the Sellers, threatened, against, relating to or affecting the Company or its Assets or the Stockholders or any of their Assets.

Section 2.13. Compliance With Laws and Orders. There (i) are no Orders outstanding against the Company, (ii) for the past three (3) years, the Company has not been in violation of or in default under any material Law applicable to it, its Assets or the Business, and (iii) neither the Stockholders nor the Company has received any notice of any violation of any material Law or any Order relating to the Business or to the Company's personnel during the prior three (3) years.

Section 2.14. Benefit Plans; ERISA.

(a) Schedule 2.14 sets forth a complete and correct list (i) each "employee benefit plan" as defined in Section 3(3) of ERISA (whether or not subject to ERISA), (ii) each employment, consulting, severance, change in control, retention or similar plan, agreement, arrangement or policy and (iii) each other plan, agreement, arrangement or policy (written or oral) providing for compensation, bonuses, perquisites, profit-sharing, equity or equity-related rights, incentive or deferred compensation, paid time off, vacation, fringe benefits, insurance (including any self-insured arrangements), health or medical benefits, employee assistance program, disability or sick leave benefits, workers' compensation, supplemental unemployment benefits, severance benefits or post-employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits), in each case, (a) currently maintained,

sponsored, participated in, or contributed to by, or required to be contributed to by, the Company (or any ERISA Affiliate) for the benefit of any current or former employees, officers, directors, independent contractors or consultants of the Company (or any ERISA Affiliate) or their spouses, dependents or beneficiaries or (b) with respect to which the Company has or may have any direct or indirect liability, contingent or otherwise, including as the result of any ERISA Affiliate or guaranty or indemnity agreement and including with respect to any terminated plan, agreement, arrangement or policy (each, a "Benefit Plan" and, collectively, the "Benefit Plans"). No Benefit Plan is maintained outside the United State of America or provides benefits for current or former employees, officers, directors, independent contractors or consultants of the Company outside of the United States of America or their spouses, dependents or beneficiaries.

(b) The following documents have been delivered to the Parent and Buyer prior to the date hereof: (i) true, correct and complete copies of all Benefit Plans, including all amendments thereto, or, in the case of any unwritten Benefit Plans, descriptions thereof; (ii) all trust agreements or other funding agreements including insurance contracts and other funding vehicles, (iii) the most recent Summary Plan Description (as defined in ERISA) and all material modifications thereto, (iv) the three most recently filed form 5500 and actuarial valuation or financial information relative thereto; (v) the most recent determination letter received from the Internal Revenue Service or opinion letter if a prototype plan (vi) copies of material notices, letters or other correspondence from the Internal Revenue Service, Department of Labor, Pension Benefit Guaranty Corporation or other Governmental Authority relating to any Benefit Plan received in the last three years and (vii) such other information relating to the Benefit Plans as are reasonably requested by Buyer or Parent.

(c) Each Benefit Plan and related trust has been established, administered and maintained in accordance with its terms and in compliance in all material respects with all applicable Laws (including ERISA, the Code and any applicable local Laws). Each Benefit Plan that is intended to be qualified under Section 401(a) of the Code (a "Qualified Benefit Plan") is so qualified, has received an Internal Revenue Service determination letter on its current form, and the plan and the trust related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, and there are no existing circumstances that would reasonably be expected to adversely affect the qualified or tax exempt status of any such Qualified Benefit Plan or the related trust, respectively. All benefits, contributions and premiums relating to each Benefit Plan have been timely paid when due in accordance with the terms of such Benefit Plan and all applicable Laws**.** With respect to each Benefit Plan, neither the Company nor any of its directors, officers, employees or agents or any fiduciary of any Benefit Plan has been engaged in or been a party to any transaction relating to the Benefit Plan which could reasonably be expected to constitute a breach of fiduciary duty under ERISA or a non-exempt "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code) or result in the imposition of any penalty, excise tax or other similar amount on the Company.

(d) Neither the Company nor any of its ERISA Affiliates (i) has any liability under Title I or Title IV of ERISA or related provisions of the Code or applicable local Law relating to any employee benefit plans; (ii) has ever maintained, contributed to or had or expects to incur any liability for any multiemployer plan within the meaning of Section 3(37) or 4001(a)(3) of ERISA; or (iii) has ever maintained, contributed to or had or expects to incur any liability with

respect to a "multiple employer plan" within the meaning of Section 413(c) of the Code or Section 4063 or 4064 of ERISA, a "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA), a "voluntary employees' beneficiary association" within the meaning of Section 501(c) of the Code, or an employee benefit plan subject to Sections 412, 430, or 436 of the Code or Section 302 or Title IV of ERISA. None of the assets of the Company are or are reasonably expected to become the subject of any lien arising under Section 302 of ERISA or Section 412 of the Code. Other than as required under Section 601 et. seq. of ERISA or other applicable Law and at such Person's sole cost, no Benefit Plan or other arrangement or promise by the Company provides post-termination or retiree welfare benefits to any individual for any reason**.**

(e) There is no pending or, to the Knowledge of the Stockholders, threatened action relating to a Benefit Plan (other than routine claims for benefits payable in the ordinary course and consistent with the terms of the Benefit Plan), and no Benefit Plan has within the six years prior to the date hereof been the subject of an examination or audit by a Governmental Authority or the subject of an application or filing under, or is a participant in, an amnesty, voluntary compliance, self-correction or similar program sponsored by any Governmental Authority. There is no audit or investigation pending with respect to any Benefit Plan before any Governmental Entity and no such audit or investigation is threatened.

(f) Each Benefit Plan that is subject to Section 409A of the Code has been administered in compliance with its terms and the operational and documentary requirements of Section 409A of the Code and all applicable regulatory guidance (including, notices, rulings and proposed and final regulations) thereunder. The Company has no obligation to gross up, indemnify or otherwise reimburse any individual for any excise taxes, interest or penalties incurred pursuant to Section 409A of the Code.

(g) Neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, officer, employee, independent contractor or consultant of the Company to severance pay, compensation or any other benefits, rights or payments; (ii) accelerate the time of payment, funding, exercisability or vesting, or increase the amount of compensation or benefits due to any such individual; (iii) increase the amount payable under, accelerate the time of payment, funding (through a grantor trust or otherwise) or vesting of the amount payable under, or result in any other obligation pursuant to any Benefit Plan; (iv) result in "excess parachute payments" within the meaning of Section 280G(b) of the Code; (v) require a "gross-up" or other payment to any "disqualified individual" within the meaning of Section 280G(c) of the Code for Taxes under Section 4999 of the Code, or (vi) result in any litigation on the right of the Company to amend, merge, or terminate any Benefit Plan.

(h) Each Benefit Plan that is a "pension" plan within the meaning of Section 3(2) of ERISA and not qualified under Section 401(a) of the Code is exempt from Parts 2, 3 and 4 of Title I of ERISA as an unfunded plan that is maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees pursuant to Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

(i) The Company has properly accrued on its financial statements the correct number of days, for all vacation time off credited to any of its employees and individual consultants as of the date of such financial statements. All contributions, premiums, and expenses due to or in respect of a Benefit Plan have been timely paid in full or, to the extent incurred and not yet due, and if required by GAAP, have been adequately accrued on the Company's financial statements. The Company has, for each Benefit Plan and all other purposes, including taxes and participation in Benefit Plans, correctly classified all natural persons and, if applicable, their disregarded entities, providing services to the Company as common law employees or independent contractors, as appropriate. The Company has not entered into any commitment to modify or amend any Benefit Plan (other than in the ordinary course and consistent with past practices or as required by Law) or to establish any new benefit plan, program or arrangement. There has been no amendment to any Benefit Plan, interpretation or announcement by the Company relating to any Benefit Plan or written notice or arrangement, or change in eligibility, participation or coverage under any Benefit Plan, that would increase the expense of maintaining any such Benefit Plan above the level of expense incurred or with respect to such Benefit Plan for the most-recently completed fiscal year of the Company.

(j) Neither the Company nor any ERISA Affiliate sponsors, maintains or contributes to any plan, program or arrangement that provides for post-retirement or other post-employment welfare benefits, including life insurance and health coverage (other than health care continuation coverage as required by applicable Law). Each Benefit Plan that is a group health plan within the meaning of Section 607(l) of ERISA and Section 4980B of the Code is in compliance with (i) the continuation coverage requirements of Section 501 of ERISA and Section 4980B of the Code and other applicable Laws and (ii) the applicable requirements of the Patient Protection and Affordable Care Act, as amended, including the applicable reporting requirements under Code Sections 6055 and 6056 and as necessary to avoid penalty taxed under Code Section 4980H.

Section 2.15. Real Property. The Company does not own any real property. All real property leased for a period greater than one (1) month by the Company is listed on Schedule 2.15 (collectively, the "Leased Real Property"). The Company (i) has a valid and enforceable leasehold interest with respect to each item of Leased Real Property leased by it, subject to no Liens, and (ii) is in possession of and has quiet enjoyment of each item of Leased Real Property leased by it. None of the Leased Real Property is subject to any sublease of all or any portion thereof and no Person other than the Company has any right to occupy any of the Leased Real Property. The Company does not pay any real estate taxes on the Leased Real Property except as required under the terms of the lease. To the Knowledge of the Seller Group, no event has occurred which, with the passage of time or the giving of notice, would cause a material breach under the applicable leases for such Leased Real Property. There is no pending or, to the Knowledge of the Stockholders, proposed, anticipated or contemplated, annexation, condemnation, eminent domain or similar proceeding, or any zoning or tax or assessment proceeding affecting, or that may affect, all or any portion of the Leased Real Property.

Section 2.16. Environmental Matters. The (i) Company is in compliance with all Environmental Laws, has all required Environmental Permits and is in compliance with the terms thereof; (ii) no Site is a treatment, storage or disposal facility, as defined in and regulated under the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., is on or ever was listed

or is proposed for listing on the National Priorities List pursuant to the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., or on any similar state list of sites requiring investigation or cleanup; (iii) there are no pending or outstanding corrective actions by any Governmental Authority for the investigation, remediation or cleanup of any Site for which the Company will be liable; (iv) there has been no Environmental Release of a Hazardous Substance at, from, in, to, on or under any Site and no Hazardous Substances are present in, on, about or migrating to or from any Site for which the Company will be liable; (v) there are no past, pending, or, to the Knowledge of the Stockholders, threatened Environmental Claims against the Company; (vi) neither the Company nor any predecessor thereof has transported or arranged for the treatment of any Hazardous Substance to any Site location; (vii) there are no (A) underground storage tanks, (B) polychlorinated biphenyl containing equipment, or (C) asbestos containing material, on any Site for which the Company will be liable; and (viii) there have been no environmental investigations conducted by or on behalf of, the Company with respect to any Site or any treatment of any Hazardous Substance on any Site.

Section 2.17. Tangible Personal Property. The tangible Acquired Assets constitute all of the tangible assets used by the Company to conduct the operations of the Business in accordance with the Company's past practices. The Company has (and will convey to the Buyer at the Closing) good title to the Acquired Assets, free and clear of all Liens other than the Permitted Liens. All equipment and other items of tangible personal property and assets included in the Acquired Assets are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted. No Person other than the Company owns any equipment or other tangible personal property or assets situated on the premises of the Company which are necessary to the operation of the Business, except for the leased items that are subject to personal property (including vehicle) leases.

Section 2.18. Intellectual Property.

(a) Other than commercially available software such as accounting, word processing, spreadsheet, presentation, CRM, operating system, and server software, including Microsoft Office, Microsoft Server, Act, and similar applications and operating systems which are licensed by the Company, Schedule 2.18(a) sets forth all Intellectual Property that is licensed by the Company and used in the conduct of the Business (the "Licensed Intellectual Property") and the names of the licensors of such Licensed Intellectual Property. Except as set forth in Schedule 2.18(a), the Company has no obligation to compensate any Person for the license of any Licensed Intellectual Property. The Company has not granted to any Person any license, option or other rights to use any of the Licensed Intellectual Property, whether or not requiring the payment of royalties. The Company has such rights to use the Licensed Intellectual Property, free and clear of all Liens other than the Permitted Liens, as are necessary in connection with the conduct of the Business in the ordinary course consistent with past practice.

(b) Schedule 2.18(b) sets forth (i) all Intellectual Property owned by the Company and used in the conduct of the Business (the "Owned Intellectual Property") and (ii) the Company's existing registrations, and applications for registration, for or with respect to any of the Owned Intellectual Property. The Company has taken all customary, reasonable or prudent steps to protect its Owned Intellectual Property from infringement by any other Person. The

Company has taken reasonable steps to maintain its confidential information. The use by the Company of its Owned Intellectual Property does not and will not conflict with, infringe upon or otherwise violate the rights of any other Person in or to such Owned Intellectual Property. The Company has not granted to any Person any license, option or other rights to use any Owned Intellectual Property, whether or not requiring the payment of royalties.

(c) There are no pending or, to the Knowledge of the Seller Group, threatened Actions by any Person (i) relating to the Company's use of any Licensed Intellectual Property or Owned Intellectual Property or (ii) claiming that such Person has any ownership of, right to use or other rights with respect to any Licensed Intellectual Property or Owned Intellectual Property. The Licensed Intellectual Property and the Owned Intellectual Property constitute all of the Intellectual Property necessary for the conduct of the Business in the ordinary course consistent with past practice.

Section 2.19. Contracts.

(a) Schedule 2.19 contains a true and complete list of each written or oral Material Contract or other arrangement (true and complete copies, or, if none, reasonably complete and accurate written descriptions, of which, together with all amendments and supplements thereto and all waivers of any terms thereof, have been delivered to the Parent prior to the execution of this Agreement) to which the Company is a party or by which any Asset of the Company is bound and that relate to or otherwise affect the Company or the Business.

(b) Each Material Contract disclosed or required to be disclosed in Schedule 2.19 is in full force and effect and constitutes a legal, valid and binding agreement of, enforceable in accordance with its terms against, the Company as a party thereto and, to the Knowledge of the Seller Group, the other party thereto. Neither the Company nor, to the Knowledge of the Seller Group, any other party to any Material Contract, is in violation or breach of or default under any such Material Contract (or, with notice or lapse of time or both, would be in violation or breach of or default under any such Material Contract). Neither the Company nor the Stockholders has received any notice (whether written or oral) from any other party to any Material Contract to the termination or non-renewal of such Material Contract, whether as a result of the consummation of the Transactions or otherwise.

Section 2.20. Licenses. Schedule 2.20 contains a true and complete list of each License used in and material to the Business, the Company's Assets or the operations of the Company. Prior to the execution of this Agreement, the Stockholders have delivered or caused to be delivered to the Parent true and complete copies of all such Licenses. (i) The Company owns or validly holds all Licenses that are material to the Business or to its operations or Assets; (ii) each License listed on Schedule 2.20 is valid, binding and in full force and effect; (iii) the Company is not, nor has it received any notice (whether written or oral) that it is, in default (or with the giving of notice or lapse of time or both, would be in default) under any such License; and (iv) neither the Company nor the Stockholders has received any notice (whether written or oral) from a licensor under any License as to the termination or non-renewal of such License as a result of the consummation of the Transactions.

Section 2.21. Insurance. Schedule 2.21 contains a true and complete list of all liability, property, workers' compensation, automobile, directors' and officers' liability and other insurance policies currently in effect that insure the Business or the operations or employees of the Company, or affect or relate to the ownership, use or operation of any of the Assets of the Company (including the names and addresses of the insured party thereunder and the insurers, the expiration dates thereof, the annual premiums and payment terms thereof, the amounts of coverage and deductibles thereunder, and a brief description of the interests insured thereby. To the Knowledge of the Seller Group, the insurance policies listed on Schedule 2.21, in light of the respective business operations and Assets of the Company, are in amounts and have coverages that are reasonable and customary for Persons engaged in the Business. Neither the Stockholders nor the Company has received notice (whether written or oral) that any insurer under any policy referred to in this Section is denying liability with respect to a claim thereunder or defending under a reservation of rights clause.

Section 2.22. Transactions with Certain Persons.

(a) Except as set forth in Schedule 2.22, neither the Company nor the Stockholders nor any of their Affiliates or family members, and no manager, officer, director or employee of the Company nor any Affiliate of any such Person is presently, or has been, a party to any transaction or Contract with the Company (other than compensation for services as managers, officers, directors or employees of the Company, reimbursement for reasonable business expenses or payment of dividends or distributions in the ordinary course consistent with past practice), including, without limitation, any written or oral Contract (i) providing for the furnishing of services or Assets by, (ii) providing for the rental of real or personal property from, or (iii) otherwise requiring payments to, or on behalf of, any such Person or Affiliate thereof Since March 31, 2017 and except as set forth on Schedule 2.22, there has been no dividend, distribution or payment of any kind whatsoever by the Company to the Stockholders or any of their Affiliates.

(b) Except as set forth on Schedule 2.22 neither the Stockholders nor any of their relatives: (i) has any direct or indirect financial interest in any Person with whom the Company has consummated or entered into any Contract; (ii) owns, directly or indirectly, in whole or in part, or has any other interest in, any tangible or intangible property that is necessary for the conduct of the Business; or (iii) has any contractual or financial relationship or arrangement with, or otherwise receives or has the right to receive any payments from, any Person with whom the Company has consummated or entered into any Material Contract.

Section 2.23. Employees and Labor Matters. Schedule 2.23 contains a true and complete list of all of the employees, including co-employees, (whether full-time, part-time or otherwise) and independent contractors of the Company as of the date hereof, specifying their annual salary, hourly wages, position, length of service and the allocation of amounts paid and other benefits provided to each of them, respectively, consulting or other independent contractor fees, together with an appropriate notation next to the name of any officer or other employee on such list who is subject to any written employment agreement or any other written term sheet or other document describing the terms and/or conditions of employment of such employee or of the rendering of services by such independent contractor. Except as specifically noted on Schedule 2.23, the Company is not a party to or bound by any Contracts, consulting agreements

or termination or severance agreements in respect of any officer, employee or former employee, consultant or independent contractor. The Company has provided to the Parent true, correct and complete copies of each such employment agreement, term sheet or other document. Neither the Selling Group nor any representative of the Selling Group has made any verbal commitments to any officers, directors, managers, employees or former employees, consultants or independent contractors of either of the Companies with respect to compensation, promotion, retention, termination, severance or similar matters in connection with the transactions contemplated by this Agreement or otherwise. All employees of the Company are active on the date hereof, not on any sort of leave of absence and, to the Knowledge of the Selling Group, none has expressed any intention to terminate employment with either of the Companies.

Section 2.24. Brokers. All negotiations relative to this Agreement and the Transactions have been carried out by the Stockholders and the Company directly with the Parent without the intervention of any Person on behalf of the Stockholders or the Company in such manner as to give rise to any valid claim by any Person against the Parent for a finder's fee, brokerage commission or similar payment.

Section 2.25. Suppliers. The Seller Group has good commercial working relationships with each of its material suppliers and has not received any written notice and the Seller Group has no Knowledge that any of such suppliers intends to cancel or otherwise modify its relationship with the Company or the Business in any material manner. To the Knowledge of the Seller Group, there is no reason to believe that there will be any material adverse change in the relationships of the Stockholders and the Business with such suppliers solely as a result of the transactions contemplated by this Agreement.

Section 2.26. Customers. The Seller Group has good commercial working relationships with each of its material customers and has not received any written notice and the Seller Group has no Knowledge that any of such customers intends to cancel or otherwise modify its relationship with the Company or the Business in any material manner. To the Knowledge of Seller Group, there is no reason to believe that there will be any material adverse change in the relationships of the Stockholders and the Business, with such customers solely as a result of the transactions contemplated by this Agreement.

Section 2.27. Completeness of Assets. The Acquired Assets (other than the Excluded Assets), and Assigned Contracts include, and at the Closing will include, all rights and property necessary to the conduct of the Business after the Closing substantially in the same manner as it was conducted prior to the Closing.

Section 2.28. Business Practices. Neither the Stockholders nor the Company nor any of their respective officers, directors, managers, employees, agents, or representatives, or any Affiliate of or any Person associated with or acting for or on behalf of them in connection with the operation of Business or the ownership of Acquired Assets, has directly or indirectly, acting for or on behalf of the Stockholders or the Company, made or attempted to make any contribution or gift, bribe, rebate, payoff, influence payment, kickback, or other improper payment to any Person, private or public, regardless of what form, whether in money, property, or services to (i) obtain favorable treatment for business or Contracts secured, (ii) pay for favorable treatment for business or Contracts secured, or (iii) obtain special concessions or for

special concessions already obtained, in each of clauses (i), (ii) and (iii) in violation of any requirement of Laws applicable to the Business or the Acquired Assets;

Section 2.29. Disclosure. All material facts relating to the Company and the Business have been disclosed to the Parent in or in connection with this Agreement. No representation or warranty contained in this Agreement, and no statement contained in the Schedules hereto or in any certificate, list or other writing furnished to the Parent pursuant to any provision of this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements herein or therein, in the light of the circumstances under which they were made, not misleading.

Section 2.30. No Additional Representations. Except for the representations and warranties contained in this Agreement, the Seller Parties are not making any other express or implied representations or warranties with respect to the Seller Parties or the Transactions.

ARTICLE 3 Representations and Warranties of the Parent and the Buyer.

Except: (i) as set forth in the disclosure schedule supplied by the Parent and the Buyer to the Company and the Stockholders (including the Schedules referenced below in this Article 3, the "Buyer Disclosure Schedule") and dated as of the date hereof or (ii) as set forth in the SEC Documents filed by the Parent on or after July 1, 2016 and prior to the date of this Agreement, the Parent and the Buyer, jointly and severally, hereby represent and warrant to the Seller Group as follows:

Section 3.01. Authority and Enforceability. Each of the Parent and the Buyer has the legal right, power and authority to execute this Agreement and perform its respective obligations hereunder. The execution and delivery by the Parent and the Buyer of this Agreement and the performance by the Parent and the Buyer of its respective obligations hereunder have been duly and validly authorized by the directors and stockholders of the Parent and the Buyer and no other action on the part of the Buyer is necessary. This Agreement has been duly and validly executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of the Buyer, enforceable against it in accordance with its terms, subject in each case to bankruptcy, insolvency, reorganization, or other similar Laws of general application affecting the rights and remedies of creditors, and to general principles of equity.

Section 3.02. Organization of the Company and Buyer. Each of the Parent and the Buyer is an entity duly organized, validly existing, and in good standing under the Laws of the jurisdiction of its incorporation and has full power and authority to conduct its business as and to the extent now conducted and to own, use and lease its Assets.

Section 3.03. No Conflicts. The execution and delivery by the Parent and the Buyer of this Agreement and the Operative Agreements to which they are a party and the consummation by the Parent and the Buyer of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of, to the extent applicable, the terms, conditions or provisions of the Organizational Documents of the Parent or Buyer;

(b) subject to (a) obtaining the consents, approvals and actions, making the filings and giving the notices set forth in Schedule 3.04 and (b) any filings required pursuant to the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to any member of the Buyer Group or any of their respective Assets; or

(c) (A) conflict with or result in a violation or breach of, (B) constitute (with or without notice or lapse of time or both) a default under, (C) require the Parent or the Buyer to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, (D) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, (E) result in or give to any Person any additional rights or entitlement to increased, additional, accelerated or guaranteed payments under, or (F) result in the creation or imposition of any Lien upon the Assets of the Parent or the Buyer under, any Contract or License to which the Parent or the Buyer is a party or by which the Parent or the Buyer or any of their Assets are bound.

Section 3.04. Governmental Approvals and Filings. Except as set forth on Schedule 3.04, no consent, approval or action of, filing with or notice to any Governmental Authority on the part of the Parent or the Buyer is required in connection with the execution, delivery and performance of this Agreement or the Operative Agreements or the consummation of the transactions contemplated hereby or thereby.

Section 3.05. Legal Proceedings. There are no Actions pending or, to the Knowledge of the Parent or the Buyer, threatened, against, relating to or affecting any the Parent or the Buyer that could reasonably be expected to result in the issuance of an Order restraining, enjoining or otherwise prohibiting or marking illegal the consummation of the Transactions.

Section 3.06. Parent Common Stock. The Parent Common Stock included in the Closing Stock Consideration has been duly authorized, and upon consummation of the transactions contemplated by this Agreement, will be validly issued, fully paid and nonassessable.

Section 3.07. SEC Documents. The Parent has filed all required SEC Documents required to be filed by it with the SEC since July 1, 2016. As of their respective dates, the SEC Documents (a) were prepared in accordance and complied in all material respects with the requirements of the Securities Laws applicable to such SEC Documents, and (b) did not at the time they were filed (or if amended or superseded by a filing prior to the date of this Agreement then on the date of such filing) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. None of the Parent's subsidiaries is required to file any forms, reports or other documents with the SEC.

Section 3.08. Brokers. All negotiations relative to this Agreement and the Transactions have been carried out by the Parent and the Buyer directly with the Seller Group without the intervention of any Person on behalf of the Parent or the Buyer in such manner as to give rise to any valid claim by any Person against the Seller Group for a finder's fee, brokerage commission or similar payment.

Section 3.09. Disclosure. No representation or warranty contained in this Agreement, and no statement contained in the Buyer Disclosure Schedules hereto or in any certificate, list or other writing furnished to any member of the Seller Group pursuant to any provision of this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements herein or therein, in the light of the circumstances under which they were made, not misleading.

Section 3.10. No Additional Representations. Except for the representations and warranties contained in this Agreement, the Parent and the Buyer are not making any other express or implied representations or warranties with respect to the Parent, the Buyer or the Transactions.

ARTICLE 4 Covenants of the Seller Group and the Parent

Section 4.01. Regulatory and Other Approvals. Each of the Parent and the Stockholders shall, and the Stockholders shall cause the Company to, take all commercially reasonable steps necessary or desirable, and proceed diligently and in good faith and use all commercially reasonable efforts, as promptly as practicable to: (i) obtain all consents and approvals of, make all filings with and give all notices to each Governmental Authority or any other Person that are required to be obtained, made or given by the Parent, the Stockholders, or the Company, as the case may be, including but not limited to all of the consents and approvals listed on Schedules 2.05, 2.06 and 3.04, in order to consummate the Transactions or the transactions contemplated by this Agreement and the Operative Agreements, including but not limited to in compliance with all applicable Laws and all Assigned Contracts, and (ii) satisfy each other condition to the obligations of the parties contained in this Agreement. The Parent shall be primarily responsible and shall use its commercially reasonable efforts to obtain the consents and approvals set forth on Schedule 3.04, and the Seller Group shall use its commercially reasonable efforts to assist the Parent in such process.

Section 4.02. Investigations. From the date hereof to the Closing Date, the Company will (and will use its best efforts to cause its respective officers, directors, employees, auditors and agents to) provide the Parent and Buyer and their accountants, counsel and other authorized representatives designated by the Stockholders full access, during reasonable hours and under reasonable circumstances, to any and all of its premises, employees (including executive officers), properties, contracts, commitments, books, records and other information and will cause its officers to furnish to the Parent and the Buyer and their authorized representatives, promptly upon request therefor, any and all financial, technical and operating data and other information pertaining to the Company and the Business and otherwise fully corporate with the conduct of due diligence by the Parent and the Buyer. All such investigations by the Parent and Buyer and their representatives shall be performed at such times and locations as are reasonably mutually agreed to by the parties and shall be performed upon reasonable prior written notice to the Stockholders and in a manner that shall not be engaged with representatives of the Company other than those approved by the Stockholders (which approval shall not be unreasonably withheld). The restrictions on the activities provided in this Section 4.02 shall terminate upon any termination of this Agreement.

Section 4.03. No Solicitation. During the period from the date of this Agreement until the Closing or the earlier termination of this Agreement in accordance with Article 8 (if applicable), neither the Selling Group or any of their respective Affiliates will, directly or indirectly, through any officer, manager, director or agent of any of them or otherwise, initiate, solicit or encourage (including by way of furnishing non-public information or assistance), or enter into negotiations of any type, directly or indirectly, or enter into a confidentiality agreement, letter of intent or purchase agreement, merger agreement or other similar agreement with any Person, firm or corporation other than the Parent and the Buyer with respect to a sale of any substantial portion of the Assets, or a merger, consolidation, business combination, sale of all or any substantial portion of the equity of the Company, or the liquidation or similar extraordinary transaction with respect to the Company. The Seller Group will notify the Parent orally (within one (1) Business Day) and in writing (as promptly as practicable) of all relevant terms of any proposals by a third party to do any of the foregoing which the Selling Group or any of their respective Affiliates or any of their respective officers, directors, managers, stockholders, partners, employees, investment bankers, financial advisors, attorneys, accountants or other representatives may receive relating to any of such matters and, if such proposal is in writing, the Selling Group will deliver to the Parent a copy of such inquiry or proposal.

Section 4.04. Conduct of Business. Except as expressly contemplated by this Agreement, as set forth in Schedule 4.04, or as Parent may otherwise consent in writing, at all times from the date of this Agreement until the earlier to occur of the Closing or the valid termination of this Agreement in accordance with the terms hereof, the Company shall:

(a) operate the Business in the usual, regular, and ordinary course in substantially the same manner as heretofore conducted;

(b) take all reasonable steps to preserve and protect the Acquired Assets in good working order and condition, ordinary wear and tear excepted;

(c) comply with all requirements of Law, Orders, and Material Contacts applicable to the operation of the Business;

(d) use commercially reasonable efforts to preserve intact the Business, keep available the services of the Business's officers, employees, and agents and maintain the Business's current relations and good will with suppliers, customers, licensors, landlords, creditors, employees, agents, and others having business relationships with the Business, including by promptly paying all amounts owing to such Persons as and when such amounts are due (other than amounts being disputed in good faith);

(e) continue in full force and effect all insurance coverage pertaining to the Business or the Acquired Assets that are in effect as of the date of this Agreement or obtain substantially equivalent policies;

(f) confer with the Parent prior to implementing Business operational decisions that materially impact the Business, and report periodically to the Parent concerning the status of the Business; and

(g) maintain the Books and Records in ordinary course of business consistent with past practice.

Section 4.05. Restrictions on Business. Except as expressly contemplated by this Agreement, as set forth in Section 4.05, or as Parent may otherwise consent in writing, such consent not to be unreasonably withheld, at all times from the date of this Agreement until the earlier to occur of the Closing and the valid termination of this Agreement in accordance with the terms hereof, the Company shall not:

(i) amend any of its Organizational Documents;

(ii) (A) incur or assume any Indebtedness, other than trade payables incurred in the ordinary course of the Business consistent with past practice (but in any event not any Indebtedness to the Stockholders or any of their Affiliates); (B) assume, guarantee, endorse (except for checks or other negotiable instruments in the ordinary course of business) or otherwise become liable or responsible (whether directly, contingently or otherwise) for any obligations of any other Person; or (C) make any loans, advances or capital contributions to, or investments in, any other Person;

(iii) adopt, modify or terminate any (i) employment, severance, retention, change in control or other compensation or benefit agreement, plan or arrangement with any current or former employees, officers, directors, independent contractors or consultants of the Company, or (ii) other than as required by Law, any Benefit Plan or any plan or arrangement that would constitute a Benefit Plan if in existence on the date hereof;

(iv) except in the ordinary course of Business consistent with past practices of the Company and not in excess of $15,000 (individually or cumulative), acquire, sell, lease, transfer or dispose of any properties or Assets or enter into any other commitment or transaction that is material to the Company;

(v) modify, other than in an immaterial manner, any policy or procedure with respect to the collection of receivables;

(vi) pay, discharge or satisfy before it is due any material claim or liability of the Company or fail to pay any such item in a timely manner, in each case except in accordance with the Company's prior practices;

(vii) cancel any debts or waive any claims or rights of material value;

(viii) except to the extent required by Law, change any accounting principle or method or make any election for purposes of foreign, federal, state or local income Taxes;

(ix) take or suffer any action that would result in (A) the creation, or consent to the imposition, of any Lien on any of the properties or Assets of the Company or (B) the cancellation, termination, lapse or non-renewal of any insurance policy (unless such policy is replaced with comparable insurance);

(x) except in the ordinary course of Business consistent with past practices of the Company and not in excess of $15,000 (individually or cumulative), make or incur any expenditure, lease or commitment for additions to property or equipment or other tangible Assets;

(xi) enter into any Contract restricting in any material respect the operation of the Business;

(xii) make or change any material Tax election, adopt or change any Tax accounting method, enter into any closing agreement, settle or compromise any Tax claim or assessment, file any amended Tax Return, any material Tax Return, or any claim for Tax refund, or extend or waive the limitation period applicable to any Tax claim or assessment, in each case to the extent that it would affect the Acquired Assets or the Business after the Closing;

(xiii) grant any bonuses, whether monetary or otherwise, or increase wages, salary, severance, pension or other compensation or benefits in respect of any current or former employees, officers, directors, independent contractors or consultants of the Company or their spouses, dependents or beneficiaries other than as required by Law or as provided for in any existing written agreements as of the date hereof; (ii) change the terms of employment or service for any such person, (iii) take any action to increase the amount of or accelerate the vesting or payment of benefits or any compensation to any such person or under any Benefit Plan, or (iv) make any commitment or agreement to do any of the foregoing;

(xiv) grant any severance, change-in-control, or similar pay benefits (in cash or otherwise) to any current or former employee, officer, director, independent contractor or consultant of the Company or their spouses, dependents, or beneficiaries;

(xv) adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization, or other reorganization;

(xvi) except as relates to Excluded Assets or in the ordinary course of business consistent with past practice, take or omit to take any action that has or would reasonably be expected to have the effect of accelerating sales to customers or revenues of the Business to pre-Closing periods that would otherwise be expected to take place or be incurred in post-Closing periods;

(xvii) except in the ordinary course of Business consistent with past practices of the Company and not in excess of $15,000 (individually or cumulative), make any capital expenditure or commitment therefore;

(xviii) except as relates to Excluded Assets, commence any Action relating to the Business or the Acquired Assets other than (i) for the routine collection of amounts owed, or (ii) in such cases where the failure to commence litigation could have a Material Adverse Effect, *provided* that the Company shall consult with the Parent prior to filing such litigation;

(xix) except in the ordinary course of business consistent with past practices of the Company and so long as not in excess of $15,000 (individually or cumulative), enter into any Contract of any kind with any third party, which Contract continues after the Closing Date and

cannot be terminated by the Company on not more than 30 days' notice without any liability on the part of the Company;

(xx) except in the ordinary course of the Business consistent with past practice of the Company, amend, waive, surrender or terminate or agree to the amendment, waiver, surrender or termination of any Contract or any License;

(xxi) except in the ordinary course of the Business consistent with past practice, exercise any right or option under or extend or renew any Contract;

(xxii) enter into or engage in any transaction with the Stockholders, any of any of the Stockholders' family members or any Affiliate thereof other than any transaction that is described on Schedule 2.22;

(xxiii) except in the ordinary course of business consistent with past practices of the Company and so long as not in excess of $15,000 (individually or cumulative), sell, lease, license, transfer, or otherwise dispose of any Acquired Assets;

(xxiv) except in the ordinary course of business consistent with past practices of the Company, sell any inventory of the Company; or

(xxv) enter into any Contract to do, or take, or agree in writing or otherwise to take or consent to, any of the foregoing actions.

Section 4.06. Affiliate Transactions. From the date hereof until the Closing, the Stockholders shall cause the Company not to enter into or engage in any transaction (other than transactions of the nature (and not greater in amount than) as described on Schedule 2.22) with the Stockholders or their family members or Affiliates, except for the payment of salaries pursuant to employment arrangements in effect as of December 31, 2016.

Section 4.07. Books and Records. On the Closing Date, the Stockholders shall deliver or make available to the Parent all of the original books and records relating to the Acquired Assets, the Assigned Contracts and Company Employees who accept employment with the Parent or the Buyer (the "Acquired Books and Records") and if at any time after the Closing the Stockholders discover in their possession or under their control any other Acquired Books and Records, they shall forthwith deliver such Acquired Books and Records to the Parent. Notwithstanding the foregoing, the Stockholders and the Company may retain such copies of the Acquired Books and Records as they deem reasonably necessary or advisable.

Section 4.08. Non-Disclosure of Confidential Information. From and after the Closing, the Selling Group shall, and shall cause its Affiliates to, hold, and shall use its reasonable best efforts to cause its or their respective representatives to hold, in confidence any and all information, whether written or oral, concerning the Business, except to the extent that Selling Group can show that such is or was in the public domain or subsequently came into the public domain through no fault of the Selling Group or their respective Affiliates or representatives. If any member of the Selling Group or any of its Affiliates or their respective representatives are compelled to disclose any information by judicial or administrative process or by other requirements of Law, the Selling Group shall promptly notify the Parent in writing and shall

disclose only that portion of such information which Selling Group is advised by its counsel in writing is legally required to be disclosed, *provided that* Selling Group shall use reasonable best efforts to obtain an appropriate protective order or other reasonable assurance that confidential treatment will be accorded such information. That certain Mutual Nondisclosure Agreement, dated January 11, 2017, between the Parent and the Seller Group remains in full force and effect until the Closing Date.

Section 4.09. No Solicitation.

(a) Neither the Stockholders nor the Company shall, during the period beginning on the Closing Date and ending on the fifth (5^{th}) anniversary of the Closing Date (the "Non-Solicitation Restriction Period"), directly or indirectly, without the prior written consent of the Parent, solicit, entice, persuade, induce or cause any employee, officer, manager, director, consultant, agent or independent contractor of the Parent, or any of the direct or indirect Subsidiaries or Affiliates of the Parent (collectively, the " Parent Group") to terminate his, her or its employment, consultancy or other engagement with such entity and become employed by or engaged with any other Person, or approach any such employee, officer, manager, director, consultant, agent or independent contractor for any of the foregoing purposes, or authorize or assist in the taking of any of such actions by any Person. The foregoing shall not preclude the Stockholders or the Company from engaging any independent contractor to the Parent Group; provided that such engagement shall not interfere with the independent contractor's services to the Parent Group; provided, further, that such engagement shall not violate Section 4.10.

(b) No member of the Seller Group shall, during the Non-Solicitation Restriction Period, directly or indirectly, without the prior written consent of the Parent, solicit, entice, persuade, induce, or cause, or attempt to solicit, entice, persuade, induce, or cause:

(i) any Person who was or is a customer of the Company or any of its Affiliates at any time during the 12-month period prior to the date of this Agreement or was or is a customer of any of the Parent Group at any time during the Non-Solicitation Restriction Period; or

(ii) any lessee, equipment vendor or lessee, operator, vendor or supplier to, or any other Person who had or has a business relationship of any kind with, any of the Company or any of its Affiliates at any time during the 12-month period prior to the date of this Agreement or had or has a business relationship of any kind with any of the Parent Group at any time during the Non-Solicitation Restriction Period;

(the Persons referred to in items (i) and (ii) above, collectively, the "Prohibited Persons") to enter into a business relationship with any other Person for the services, activities or goods that are the same as or substantially similar to or competitive with the Business as presently conducted and that any such Prohibited Person purchased from, was engaged in with or provided to, the Company or any of its Affiliates or any of the Parent Group, as applicable, or to reduce or terminate such Prohibited Person's business relationship with the Parent Group; and the Seller Group shall not, directly or indirectly, approach any such Prohibited Person for any such purpose, or authorize or assist in the taking of any of such actions by any Person. The foregoing restrictions shall not preclude or prevent any of the business or entities set forth on Schedule 2.22

from reducing or terminating their business relationships with the Parent Group in accordance with any agreements in place with the Parent Group.

(c) For purposes of this Section 4.09, the terms "employee," "consultant," "agent" and "independent contractor" shall include any Persons with such status at any time during the twelve (12) months preceding any solicitation in question. Notwithstanding anything contained in this Section 4.09 to the contrary, the Stockholders shall individually be permitted to continue to own and operate the commercial and coin operated laundries identified on Schedule 2.22 in a manner that is consistent with their past practices without violating the provisions of this Section 4.09.

(d) Each member of the Seller Group acknowledges that the provisions of this Section 4.09 and the period of time, geographic area and scope and type of restrictions on such member of the Seller Group's activities set forth herein are reasonable and necessary for the protection of the Parent, which is paying substantial monies and other benefits to such member of the Seller Group, and are an essential inducement to the Parent's entering into and performing this Agreement and the Operative Agreements to which the Parent is party. If any covenant contained in this Section 4.09 shall be determined by any court or other tribunal of competent jurisdiction to be invalid or unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, (x) such covenant shall be interpreted to extend over the maximum period of time for which it may be enforceable and/or over the maximum geographical area as to which it may be enforceable and/or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court or other tribunal making such determination, and (y) in its reduced form, such covenant shall then be enforceable, but such reduced form of covenant shall only apply with respect to the operation of such covenant in the particular jurisdiction in or for which such adjudication is made. It is the intention of the parties that the provisions of this Section 4.09 shall be enforceable to the maximum extent permitted by applicable Law.

(e) Each member of the Seller Group acknowledges that any breach or threatened breach of the covenants contained in this Section 4.09 will likely cause the Parent material and irreparable damage, the exact amount of which will be difficult to ascertain, and that the remedies at Law for any such breach will likely be inadequate. Accordingly, to the extent permitted by applicable Law, the Parent shall, in addition to all other available rights and remedies (including, but not limited to, seeking such damages as it can show it has sustained by reason of such breach), be entitled to seek specific performance and injunctive relief in respect of any breach or threatened breach of this covenant, without being required to post bond or other security and without having to prove the inadequacy of the available remedies at Law.

(f) The obligations of each Stockholder under this Section 4.09 are several, but not joint; except for obligations of the Company under this Section 4.09 which are joint and several among the members of the Seller Group.

Section 4.10. Non Competition.

(a) During the period beginning on the Closing Date and ending on the fifth (5^{th}) anniversary of the Closing Date (the "Non-Competition Restricted Period"), no member of the

Seller Group shall, anywhere within North America, and in any other region in which the Parent or the Seller Group is presently conducting the Business, directly or indirectly, whether alone or as an owner, stockholder, partner, member, manager, investor, lender, joint venturer, officer, director, consultant, independent contractor, agent, employee or otherwise of any company or other business enterprise, own, finance, manage, operate or engage in, or participate in the ownership, management or operation of, any business competitive with that of the Company (including, without limitation, any commercial laundry, coin operated laundry, route business, or drycleaning store) without the prior written consent of the Parent. Notwithstanding the foregoing, the Stockholders shall individually be permitted to continue to own and operate the commercial and coin operated laundries identified on Schedule 4.10 without violating the provisions of this Section 4.10; provided that the Stockholder must purchase any equipment for such commercial and coin operated laundries identified on Schedule 4.10 from the Buyer.

(b) Each member of the Seller Group acknowledges that the provisions of this Section 4.10 and the period of time, geographic area and scope and type of restrictions on such member of the Seller Group's activities set forth herein, are reasonable and necessary for the protection of the Parent, which is paying substantial monies and other benefits to the Stockholders and the Company and are an essential inducement to the Parent's entering into and performing this Agreement and the Operative Agreements to which the Parent is party. If any covenant contained in this Section 4.10 shall be determined by any court or other tribunal of competent jurisdiction to be invalid or unenforceable by reason of its extending for too great a period of time or over too great a geographical area or by reason of its being too extensive in any other respect, (x) such covenant shall be interpreted to extend over the maximum period of time for which it may be enforceable and/or over the maximum geographical area as to which it may be enforceable and/or to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court or other tribunal making such determination, and (y) in its reduced form, such covenant shall then be enforceable, but such reduced form of covenant shall only apply with respect to the operation of such covenant in the particular jurisdiction in or for which such adjudication is made. It is the intention of the parties that the provisions of this Section 4.10 shall be enforceable to the maximum extent permitted by applicable Law.

(c) Each member of the Seller Group acknowledges that any breach or threatened breach of the covenants contained in this Section 4.10 will likely cause the Parent material and irreparable damage, the exact amount of which will be difficult to ascertain, and that the remedies at Law for any such breach will likely be inadequate. Accordingly, to the extent permitted by applicable Law, the Parent shall, in addition to all other available rights and remedies (including, but not limited to, seeking such damages as it can show it has sustained by reason of such breach), be entitled to seek specific performance and injunctive relief in respect of any breach or threatened breach of this covenant, without being required to post bond or other security and without having to prove the inadequacy of the available remedies at Law.

(d) The obligations of each Stockholder under this Section 4.10 are several, but not joint; except for obligations of the Company under this Section 4.10 which are joint and several among the members of the Seller Group.

Section 4.11. Further Assurances; Post-Closing Cooperation.

(a) At any time or from time to time after the Closing, the Seller Group, on the one hand, and the Parent and the Buyer, on the other hand, shall each execute and deliver or cause to be executed and delivered to the other party such additional documents and instruments, provide such additional materials and information and take such additional actions as the other party may reasonably request in order to more effectively complete the transactions contemplated hereby, including, but not limited to, to vest title to the Acquired Assets and the Assigned Contracts, in the Buyer and, to the fullest extent permitted by Law, to put the Buyer in actual possession and operating control of the Business, the Acquired Assets, the Assigned Contracts, and the Acquired Books and Records, and otherwise to cause the parties to fulfill their respective obligations under this Agreement and the Operative Agreements.

(b) If, in order to prepare its Tax Returns properly, or submit documents or reports required to be filed with Governmental Authorities or its financial statements or to fulfill its obligations hereunder, it is necessary that the Parent and the Buyer be furnished with additional information, documents or records relating to the Company not referred to in paragraph (a) above, and if such information, documents or records are in the possession or control of the Stockholders or the Company, the Stockholders and the Company shall use their commercially reasonably efforts to furnish or make available such information, documents or records (or copies thereof) as reasonably requested by the Parent or Buyer, at the Parent's or Buyer's cost and expense.

Section 4.12. Release of Liens; Release of Personal Guarantees. At the Closing, the Seller Group shall cause any Liens (other than Permitted Liens set forth on Schedule 4.12) on the Assigned Contracts and the Assets of the Company (other than the Excluded Assets), including, without limitation, the Acquired Assets, to be released. Buyer shall take all steps reasonably necessary or available to them to obtain the release of Stockholders under any guaranty given by Stockholders attributable to any Assumed Liability, including those Assumed Liabilities set forth on Schedule 4.13.

Section 4.13. Employees.

(a) Immediately prior to the Closing, the Company shall terminate the employment of each of the Company Employees, effective upon the Closing. The Company and the Stockholders shall cooperate with the Parent and Buyer in facilitating the Parent or Buyer's employment of the Company Employees which such Company Employees the Parent or the Buyer determines, in its sole discretion, it wishes to offer employment (the "Re-Employed Employees"). In order to effectuate paragraph (c) below with respect to any Re-Employed Employees, Buyer or Parent shall notify the Company of each employee of the Company who it plans to hire and who will become a Re-Employed Employee not later than two (2) days prior to the Closing Date. If Buyer or the Parent shall fail to timely notify the Company of such re-employment, such employee shall not be deemed a Re-Employed Employee for purposes of paragraph (c) of this Section.

(b) Without limiting the obligations of the Company and the Stockholders in respect of Persons employed in the Business as of or prior to the Closing Date, the Company and the Seller Group shall be responsible for and indemnify the Buyer pursuant to the provisions of ARTICLE 7, provided that all such indemnification of the Stockholders pursuant to this Section

4.13(b), when combined with the Seller Group's indemnification for Losses as a result of any breach or breaches under Section 7.02(a), shall not exceed the Cap:

(i) all liabilities for salary, wages, overtime, bonuses, commissions, vacation pay and other compensation relating to employment of all Persons in the Business prior to the Closing Date and all liabilities under or in respect of the Benefit Plans in each case which have not been included in the Assumed Liabilities;

(ii) all severance payments, damages for wrongful dismissal and all related costs in respect of the termination by the Company of the employment of any Company Employee effective as of or prior to the Closing which have not been included in the Assumed Liabilities;

(iii) all liabilities for claims for injury, disability, death or workers' compensation arising from or related to employment in the Business prior to the Closing Date;

(iv) all employment-related claims, penalties and assessments in respect of the Business arising out of matters which occurred prior to the Closing Date which have not been included in the Assumed Liabilities;

(c) any required notice under the Workers Adjustment and Retraining Notification Act of 1988, as amended, or any other similar statute or regulation of any applicable jurisdiction (collectively, the "WARN Act") and any similar state or non-U.S. statute, and otherwise to comply with any such statute with respect to any "plant closing" or "mass layoff" (as defined in the WARN Act) or group termination or similar event affecting Company Employees and occurring at or prior to the Closing. The parties agree that, with respect to the Re-Employed Employees, the Company and the Buyer, and the Parent, respectively, meet the definition of "predecessor" and "successor" as defined in IRS Revenue Procedure 2004-53. For purposes of reporting employee remuneration to the IRS on Forms W-2 and W-3 for the calendar year in which the Closing Date occurs, the Company, Buyer and Parent shall utilize the "Alternative Procedure" described in Section 5 of IRS Revenue Procedure 2004-53. The parties agree that, for purposes of reporting employee remuneration for Federal Insurance Contributions Act purposes for the calendar year within which the Closing Date occurs, the Company meets the definition of "predecessor" and the Buyer meets the definition of "successor" as defined in the IRS Regulation Section 31.3121(a)(1)1(b). The Company shall supply Buyer and the Parent, with respect to all Re-Employed Employees, all cumulative payroll information as of the Closing Date, including, without limitation, (i) copies of all Forms 941 filed with respect to employee compensation paid by the Company in 2017 and with respect to each such Form 941, as to each of the Re-Employed Employees such employees name, address, social security number, gross wages, FICA Wages, Medicare Wages, federal income tax withholding, FICA withholding, Medicare Tax withholding, state wages, local wages, State Tax withholding state and local tax withholding and the Company's share of FICA and Medicare Tax, (ii) a schedule explaining any discrepancies (between the Forms W-2 (Copy A) to be filed by the Company with respect to the Company Employees who are not Re-Employed Employees and the Forms 941 filed by the Company for any calendar quarters in 2017 ending on or before the Closing or during which the Closing shall occur, with respect to the in the totals of social security wages, Medicare wages and tips, social security tips, federal income tax withheld, and advance earned

income credit (EIC) payments) and a similar schedule setting forth such information with respect to state and local wages and withholding; (iii) evidence of accrual or remittance of withholding taxes and employer payroll taxes paid by the Company in 2017 on account of employment compensation paid by the Company to the Re-Employed Employees for the period January 1, 2017 through the Closing whether or not paid or payable prior to the Closing ("Pre-Closing Payroll Taxes"); and (iv) all current Forms W-4 and Forms W-5 that were provided to the predecessor by the Re-Employed Employees and any written notices received from the IRS under Treasury Regulation § 31.3402(f)(2)-1(g)(5), together with equivalent state tax forms (all of which shall be included in the definition of Acquired Books and Records).

Notwithstanding the foregoing, Buyer and Parent shall not assume any liability with respect to such cumulative payroll information, and all such liabilities shall be the sole responsibility of the Company if not otherwise included in the Assumed Liabilities. The Company shall pay all such liabilities as and when due. Each party shall cooperate in good faith to adopt similar procedures under applicable state, municipal, county, local or other laws.

(d) Effective as of the Closing Date, Buyer shall, or shall cause one of its Affiliates to, assume sponsorship of, and shall succeed to all of the rights, obligations, title and interest (including the rights and obligations of the Company, as plan sponsor, plan administrator or employer) under, each Benefit Plan that Buyer or any of its Affiliates elects to assume in connection with this Agreement (the "Assumed Benefit Plans"). With respect to each Assumed Benefit Plan, the Company shall, or shall cause one of its Affiliates to, transfer to Buyer or one of its Affiliates any assets that are set aside in a trust or similar vehicle, funding media or other reserve, as well as any insurance benefits that are maintained for the purpose of funding such Assumed Benefit Plan, to the extent such assets or insurance benefits relate to such Assumed Benefit Plan. Buyer and the Company shall use their reasonable commercial efforts to cooperate with each other, and shall cause their officers, employees, agents, auditors and representatives to cooperate with each other after the Closing in the execution of any documents, adoption of any corporate resolutions or the taking of all actions that are necessary and appropriate to effectuate such sponsorship and related transfers of any Assumed Benefit Plans. Notwithstanding any other provision of this Agreement, the Buyer is not assuming, and the Company and the Stockholders shall remain liable with respect to, (i) any Benefit Plan that is not an Assumed Benefit Plan and (ii) any Assumed Benefit Plan to the extent such liabilities arise out of or relate to facts, circumstances and conditions existing as of or prior to the Closing or otherwise to the extent arising out of any actions or omissions of the Seller Group.

(e) Nothing in this Agreement, express or implied, (i) shall confer upon any Company Employee, or legal representative or beneficiary thereof, any rights or remedies, including any right to employment or continued employment for any specified period, or compensation or benefits of any nature or kind whatsoever under this Agreement, (ii) shall be construed to prevent Buyer from terminating or modifying to any extent or in any respect any Assumed Benefit Plan, (iii) shall amend, or be deemed to amend, any Benefit Plan or (iv) is intended to, or does, constitute the establishment of, or an amendment to, any Benefit Plan.

Section 4.14. Bulk Sale Laws. The Parties agree to waive compliance with any applicable bulk sales Laws or other similar Laws that may be applicable to the sale and transfer of the Acquired Assets.

Section 4.15. Facility Lease. At the Closing, 2050 West 9th Avenue LLC shall enter into a Facility Lease with Buyer in the form set forth on Exhibit 4.15 (the "Facility Lease").

Section 4.16. Stockholders Agreement. At the Closing, the Stockholders and Symmetric Capital, LLC, Symmetric Capital II LLC and/or its Affiliates shall enter into a Stockholders Agreement with Parent in the form set forth on Exhibit 4.16 (the "Stockholders Agreement").

Section 4.17. Sale of Parent Common Stock. The Company and the Stockholders acknowledge and agree that the shares of Parent Common Stock issuable to the Stockholders pursuant to Section 1.03(c) shall constitute "restricted securities" within the meaning of Rule 144 of the Securities Act and will be issued in a private placement transaction in reliance upon the exemption from the registration and prospectus delivery requirements of Section 5 of the Securities Act afforded by Section 4(a)(2) of the Securities Act and Regulation D promulgated thereunder. The certificates evidencing the shares of Parent Common Stock to be issued to the Stockholders pursuant to Section 1.03(c) shall bear appropriate legends to identify such privately placed shares as being "restricted securities" under the Securities Act to comply with state and federal securities laws and, if applicable, to notice the restrictions on transfer of such shares; provided however, that following the date that the shares of Parent Common Stock issued to the Stockholders may be resold by the Stockholders without restriction or limitation pursuant to Rule 144 promulgated under the Securities Act and without the requirement to be in compliance with Rule 144(c)(1) (or any successor thereto) promulgated under the Securities Act, upon request from the Stockholders and upon the delivery by the Stockholders to the Parent of any certificates or documents reasonably requested by the Parent, the Parent will use its commercially reasonable efforts to remove such Securities Act legend from the certificates representing the shares of Parent Common Stock.

Section 4.18. Business Relationships. Until the Closing, the Stockholders and the Company shall cooperate with the Parent in Parent's efforts to continue and maintain for the benefit of Parent those business relationships of the Business existing prior to the Closing, including relationships with customers, suppliers and others.

Section 4.19. Notices to Customers and Suppliers. Immediately following the Closing, Seller Group shall notify, in writing, all of its customers and suppliers of the sale of the Business and direct its customers and suppliers to contact the persons selected by the Parent and Buyer. Such notice shall be pre-approved (in writing) by the Parent and the Buyer.

Section 4.20. Accounts Receivable. In the event that the Seller Group receives payments on account of any Accounts Receivable by any account debtor, it shall hold such money in trust for the benefit of the Parent and the Buyer (or their respective assignees) and shall within two (2) business days after receipt pay such amounts to the Parent or Buyer (or their respective assignees).

Section 4.21. Cooperation in Obtaining Pre-Closing Tax Clearance. Seller Group will cooperate with the Parent and the Buyer in connection with obtaining pre-closing tax clearance (a "Tax Clearance Certificate") from those Tax Authorities which have a permissive or

mandatory procedure for a purchaser of a business to avoid successor liability for unpaid Taxes relating to the business.

Section 4.22. Change of Name. Immediately prior to the Closing, the Stockholders shall cause the Company to change its name to a name that does not include the words "Martin", "Ray", "Laundry", or "Systems."

ARTICLE 5 Conditions to Closing. Obligations

Section 5.01. Conditions to Closing Obligation of the Parent and Buyer. The obligation of the Parent and the Buyer to consummate the Transactions and to enter into the Operative Agreements at the Closing are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in writing in whole or in part by the Parent in its sole discretion):

(a) Representations and Warranties. The representations and warranties of the Seller Group set forth in this Agreement and in each of the Operative Agreements shall be true and correct in all material respects as of the Closing Date as though made on and as of the Closing Date, except that those representations and warranties that are modified as to materiality or contain a qualification referring to a "Material Adverse Effect" or any similar modification or qualification shall be true and correct in all respects as of said dates.

(b) Performance. The Seller Group shall have performed and complied in all material respects with each agreement, covenant and obligation required by this Agreement to be so performed or complied with by the Seller Group at or before the Closing (including but not limited to the obligation to execute and deliver the documents required to be executed and delivered pursuant to Section 6.01).

(c) Absence of Material Adverse Effect. Since the date of this Agreement, there shall not have occurred a Material Adverse Effect with respect to the Company, the Acquired Assets, or the Assigned Contracts, or any change, fact, circumstance, condition, event or effect, or combination of changes, facts, circumstances, conditions, events or effects, that individually or in the aggregate would reasonably be expected to have a Material Adverse Effect with respect to the Company, the Acquired Assets, or the Assigned Contracts;

(d) Orders, Laws and Actions. There shall not be in effect on the Closing Date any Order or Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or any of the Operative Agreements or that could reasonably be expected to otherwise result in a material diminution of the benefits of the transactions contemplated by this Agreement or any of the Operative Agreements to the Parent, and there shall not be pending or threatened on the Closing Date any Action in, before or by any Governmental Authority that could reasonably be expected to result in the issuance of any such Order or the enactment, promulgation or deemed applicability of any such Law to the Parent, the Buyer, the Stockholders, the Company or the transactions contemplated by this Agreement or any of the Operative Agreements.

(e) Regulatory Consents and Approvals. All consents, approvals and actions of, filings with and notices to any Governmental Authority (including, without limitation, as set

forth on Schedules 2.06 and 3.04) necessary to permit the Parent, the Buyer and the Seller Group to perform their respective obligations under this Agreement and to consummate the Transactions (i) shall have been duly obtained, made or given, (ii) shall be in form and substance reasonably satisfactory to the Parent, (iii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived and (iv) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental Authority necessary for the consummation of the Transactions shall have occurred.

(f) Third Party Consents. All consents (or waivers in lieu thereof) (including, without limitation, the consents set forth on Schedule 2.05) to the performance by the Parent, the Buyer and the Seller Group of their respective obligations under this Agreement and the Operative Agreements and to the consummation of the transactions contemplated hereby and thereby without violating any Law or breaching (or giving rise to a right to terminate) any Contract, (i) shall have been obtained, (ii) shall be in form and substance reasonably satisfactory to the Parent, (iii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived and (iv) shall be in full force and effect.

(g) Proceedings. All proceedings to be taken on the part of the Seller Group in connection with the Transactions and all documents incident thereto shall be reasonably satisfactory in form and substance to the Parent, and the Parent shall have received copies of all such documents and other evidence as the Parent may reasonably request in order to establish the consummation of such transactions and the taking of all proceedings in connection therewith.

(h) No Liens. There shall not exist any material Lien on any of the Acquired Assets or any Assigned Contract other than Permitted Liens.

Section 5.02. Conditions to Closing Obligation of the Seller Group. The obligations of the Seller Group to consummate the Transactions and the obligation of the Seller Group to enter into the Operative Agreements at the Closing are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in writing in whole or in part by the Seller Group in its sole discretion):

(a) Representations and Warranties. The representations and warranties of the Parent and the Buyer set forth in this Agreement and in each of the Operative Agreements shall be true and correct in all material respects as of the Closing Date as though made on and as of the Closing Date, except that those representations and warranties that are modified as to materiality or contain a qualification referring to a "Material Adverse Effect" or any similar modification or qualification shall be true and correct in all respects as of said dates.

(b) Performance. The Parent and the Buyer shall have performed and complied in all material respects with each agreement, covenant and obligation required by this Agreement to be so performed or complied with by the Parent and the Buyer at or before the Closing (including but not limited to the obligation to execute and deliver the documents required to be executed and delivered pursuant to Section 6.02).

(c) Orders and Laws. There shall not be in effect on the Closing Date any Order or Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any

of the transactions contemplated by this Agreement or any of the Operative Agreements or that could reasonably be expected to otherwise result in a material diminution of the benefits of the transactions contemplated by this Agreement or any of the Operative Agreements to the Seller Group, and there shall not be pending or threatened on the Closing Date any Action in, before or by any Governmental Authority that could reasonably be expected to result in the issuance of any such Order or the enactment, promulgation or deemed applicability of any such Law to the Seller Group or the transactions contemplated by this Agreement or any of the Operative Agreements.

(d) Regulatory Consents and Approvals. All consents, approvals and actions of, filings with and notices to any Governmental Authority necessary to permit the Parent and the Buyer to perform their respective obligations under this Agreement and to consummate the Transactions, (i) shall have been duly obtained, made or given, (ii) shall be in form and substance reasonably satisfactory to the Seller Group, (iii) not be subject to the satisfaction of any condition that has not been satisfied or waived and (iv) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental Authority necessary for the consummation of the Transactions shall have occurred.

(e) Third Party Consents. All consents (or waivers in lieu thereof) to the performance by the Parent and the Buyer of their respective obligations under this Agreement and the Operative Agreements and to the consummation of the transactions contemplated hereby and thereby (i) shall have been obtained, (ii) shall be in form and substance reasonably satisfactory to the Seller Group, (iii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived and (iv) shall be in full force and effect.

(f) Proceedings. All proceedings to be taken on the part of the Parent and the Buyer in connection with the Transactions and all documents incident thereto shall be reasonably satisfactory in form and substance to the Seller Group, and the Seller Group shall have received copies of all such documents and other evidence as the Seller Group may reasonably request in order to establish the consummation of such transactions and the taking of all proceedings in connection therewith.

ARTICLE 6 Closing Deliveries.

Section 6.01. Closing Deliveries of the Seller Group. At or prior to the Closing, the Seller Group shall deliver or cause to be delivered to the Parent and the Buyer each of the following agreements and other documents:

(i) a bill of sale (the "Bill of Sale") and an assignment and assumption of the Assigned Contracts duly signed by the Company;

(ii) copies of all consents referred to in Schedule 2.05 and Schedule 2.06;

(iii) copies of the Organizational Documents, including all amendments thereto, of the Company certified by the Secretary of State or other appropriate official of the jurisdiction of organization, and (ii) certificates from the Secretary of State or other appropriate official of the respective jurisdictions of organization and in the jurisdictions to which it is

qualified to do business to the effect that the Company is in good standing or subsisting in such jurisdictions;

(iv) a certificate, dated the Closing Date, of the Secretary of the Company, setting forth the Organizational Documents and authorizing resolutions adopted by the Company's board of directors and the Stockholders with respect to the Transactions;

(v) the Facility Lease, duly signed by the lessor and the termination of the Existing Lease, duly signed by the lessor thereunder;

(vi) the Escrow Agreement, duly signed by the Seller Group;

(vii) possession and/or control of all of the Acquired Books and Records;

(viii) a non-foreign affidavit dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under the Treasury Regulations issued pursuant to Section 1445 of the Code stating that none of the Stockholders and the Company is a "foreign person" as defined in Section 1445 of the Code;

(ix) evidence of the release and satisfaction of all Liens (other than Permitted Liens) on the Acquired Assets and Assigned Contracts;

(x) Seller Group Closing Certificate. Parent shall have received a certificate, duly executed by the Chief Executive Officer of the Company and each of the Stockholders, certifying as to the matters set forth in Section 5.01(a), Section 5.01(b) and 5.01(c);

(xi) the Stockholders Agreement, duly signed by the Stockholders;

(xii) certificates from each of the Company Employees who have delivered such certificates to the Company, instructing whether to have their respective vacation days accrual paid at the Closing or assumed by the Buyer, duly signed by each Company Employee;

(xiii) evidence of the satisfactory resolution, in the sole discretion of the Parent, of any and all pending litigation between the Company and any of its officers, directors, Stockholders, or any of their respective Affiliates.

(xiv) Evidence of the backlog of the Company as of the Closing Date, to be delivered one (1) business day prior to the Closing.

Section 6.02. Closing Deliveries of the Parent and the Buyer. At or prior to the Closing, the Parent and the Buyer shall deliver or cause to be delivered to the Seller Group each of the following agreements and other documents:

(i) the Purchase Price (other than the Escrow Amount which shall be wired to the Escrow Agent) shall be wired to an account designated by the Seller Group;

(ii) Certificates representing the Closing Stock Consideration issued to each of the Stockholders in their pro rata amounts to such Stockholder's ownership of shares in the Company;

(iii) copies of the Organizational Documents, including all amendments thereto, certified by the Secretary of State of Delaware , and a certificate from the Secretary of State of Delaware to the effect that each of the Parent and the Buyer is in good standing in the State of Delaware;

(iv) copies of all consents referred to in Schedule 3.04;

(v) the Bill of Sale and an assignment and assumption agreement of the Assigned Contracts, duly signed by the Buyer;

(vi) copies of any Tax Clearance Certificates received prior to the Closing Date;

(vii) the Facility Lease, duly signed by the Buyer;

(viii) the Escrow Agreement, duly signed by the Parent;

(ix) Parent Closing Certificate. Seller Group shall have received a certificate, duly executed by the Chief Executive Officer of the Parent and Buyer, certifying as to the matters set forth in Section 5.02(a), Section 5.02(b) and 5.02(c) .

(x) the Stockholders Agreement, duly signed by the Parent, Symmetric Capital LLC, Symmetric Capital II, LLC and Henry Nahmad.

ARTICLE 7 Indemnification.

Section 7.01. Survival of Representations and Warranties.

(a) Notwithstanding any right of the Parent to fully investigate the affairs of the Company and notwithstanding any Knowledge of facts determined or determinable by the Parent pursuant to such investigation or right of investigation, the Parent has the right to rely fully upon the representations and warranties of the Seller Group contained in this Agreement, the Schedules hereto and in any of the Operative Agreements. Except as provided in the next sentence, all such representations and warranties shall survive the execution and delivery of this Agreement and the Closing hereunder and shall thereafter continue in full force and effect until the eighteen (18) month anniversary of the Closing Date, and the liability of the Seller Group in respect of any inaccuracy in any such representation or warranty shall terminate on the eighteen (18) month anniversary of the Closing Date, except for liability with respect to which notice shall have been given on or prior to such date to the party against which such claim is asserted. The foregoing notwithstanding, the obligation of the Seller Group to indemnify pursuant to this Agreement with respect to representations and warranties contained in Section 2.01 (Authority and Enforceability), Section 2.02 (Organization), Section 2.03 (Equity Interests; Title), Section 2.11 (Tax Matters), Section 2.14 (Benefit Plans; ERISA), Section 2.16 (Environmental Matters), Section 2.18 (Intellectual Property), and Section 2.20 (Licenses) (collectively, the "Fundamental

Representations"), and with respect to matters arising from fraud, intentional misrepresentation or intentional breach shall survive the Closing, and the Seller Group's liability in respect of any inaccuracy therein shall continue until all liability relating thereto is barred by all applicable statutes of limitation.

(b) Notwithstanding any right of the Seller Group to fully investigate the affairs of the Parent and notwithstanding any Knowledge of facts determined or determinable by the Seller Group pursuant to such investigation or right of investigation, the Seller Group has the right to rely fully upon the representations and warranties of the Parent and the Buyer contained in this Agreement, the Schedules hereto and in any of the Operative Agreements. Except as provided in the next sentence, all such representations and warranties shall survive the execution and delivery of this Agreement and the Closing hereunder and shall thereafter continue in full force and effect until the eighteen (18) month anniversary of the Closing Date, and the liability of the Parent in respect of any inaccuracy in any such representation or warranty shall terminate on the eighteen (18) month anniversary of the Closing Date, except for liability with respect to which notice shall have been given on or prior to such date to the party against which such claim is asserted. The foregoing notwithstanding, the obligation of the Parent to indemnify pursuant to this Agreement with respect to representations and warranties contained in Section 3.01 (Authority and Enforceability), and Section 3.02 (Organization), and 3.06 (Parent Common Stock) (collectively, the "Parent Fundamental Representations"), with respect to matters arising from fraud, intentional misrepresentation or intentional breach shall survive the Closing, and the Parent's liability in respect of any inaccuracy therein shall continue until all liability relating thereto is barred by all applicable statutes of limitation.

Section 7.02. Indemnification by the Seller Group.

(a) The Company and the Stockholders, jointly and severally, shall indemnify and defend the Parent, the Buyer, and each of their respective officers, directors, members, managers, employees, consultants, stockholders, agents, advisors and representatives (each, a "Parent Indemnitee") from and against, and hold each Parent Indemnitee harmless from and against, any and all Losses that any Parent Indemnitee may suffer or incur based upon, arising out of, relating to or in connection with any of the following (whether or not in connection with any third party claim):

(i) any breach of or inaccuracy in any representation or warranty made by any member of the Seller Group contained in this Agreement or in any of the Operative Agreements or in respect of any claim made based upon alleged facts that if true constitute any such breach or inaccuracy;

(ii) the Seller Group's breach of or failure to perform or to comply with any covenant, obligation or other agreement required to be performed or complied with by the Seller Group contained in this Agreement or in any of the Operative Agreements;

(iii) any Excluded Liabilities, including, without limitation, any and all Existing and Prior Liabilities of the Company; and

(iv) any payroll tax liability incurred by Buyer or the Parent with respect to Re-Employed Employees arising by reason of the Company's failure to turn over all Acquired Books and Records described in Section 4.07 or any failure by the Company to have paid or properly accrued Pre-Closing Payroll Taxes.

(b) It is the intent of the parties that the Seller Group shall indemnify the Parent Indemnitees with respect to any Excluded Liabilities, including, without limitation, any and all Existing and Prior Liabilities of the Company, without reduction in respect of any qualification or limitation that may exist anywhere in this Agreement, including, but not limited to, any qualification or limitation relating to "Knowledge" or "materiality" that may be contained in any of the representations and warranties contained in Article 2 hereof. Therefore, if any fact, event or circumstance that results in a Loss for which a Parent Indemnitee is entitled to seek indemnification hereunder may be considered to be described by both item (i) and item (iii) of Section 7.02(a), then, for purposes of determining the amount of the Seller Group's indemnification obligations with respect to such fact, event or circumstance, such fact, event or circumstance shall be deemed to arise under item (iii) of Section 7.02(a).

Section 7.03. Indemnification by the Parent and the Buyer.

(a) The Parent and the Buyer shall, jointly and severally, indemnify and defend the Seller Group and each of its officers, directors, members, managers, employees, consultants, stockholders, agents, advisors and representatives (each, a "Seller Group Indemnitee") from and against, and hold each Seller Group Indemnitee harmless from and against, any and all Losses that such Seller Group Indemnitee may suffer or incur arising from, related to or in connection with any of the following (whether or not in connection with any third party claim):

(i) any breach of or inaccuracy in any representation or warranty made by the Parent and the Buyer contained in this Agreement or in any Operative Agreement or in respect of any claim made based upon alleged facts that if true could constitute any such breach or inaccuracy;

(ii) the Parent and the Buyer's breach of or failure to perform or to comply with any covenant, obligation or other agreement required to be performed or complied with by the Parent or the Buyer contained in this Agreement or in any Operative Agreement; and

(iii) any Losses relating to the Acquired Assets or the Assigned Contracts, in each case to the extent arising or originating as a result of events which occurred after the Closing and to the extent that such events do not relate to an indemnifiable event by the Seller Group under Section 7.02.

(iv) any Assumed Liabilities.

(b) It is the intent of the parties that the Parent and Buyer shall indemnify the Seller Group Indemnitees with respect to any Assumed Liabilities. Therefore, if any fact, event or circumstance that results in a Loss for which a Seller Group Indemnitee is entitled to seek indemnification hereunder may be considered to be described by both item (i) and item (iv) of Section 7.03(a), then, for purposes of determining the amount of the Parent and Buyer's

indemnification obligations with respect to such fact, event or circumstance, such fact, event or circumstance shall be deemed to arise under item (iv) of Section 7.03(a).

Section 7.04. Payment of Indemnification Amounts.

(a) The indemnification obligations of the Seller Group under this Article 7 shall be paid as follows:

(i) first, by the Parent making a claim against the Escrow Amount;

(ii) second, to the extent the Seller Group's indemnification obligations are not fully satisfied in accordance with clause (i), by the Parent setting off the indemnification amounts of the Seller Group against any payments owed by the Parent to the Company or the Stockholders excluding any payments owed to the Stockholders as employment compensation and any payments owed to the Seller Group or their Affiliates under the Lease; and

(iii) third, to the extent the Seller Group's indemnification obligations are not fully satisfied in accordance with clause (ii), by the Seller Group paying the Parent such amounts in cash in the form of a bank or cashier's check or in immediately available funds by wire transfer to such bank account or accounts as may be designated by the Parent.

(b) The indemnification obligations of the Parent under this Article 7 shall be paid by the Parent (at the sole election of the Parent) (1) paying such amounts in cash in the form of a bank or cashier's check or in immediately available funds by wire transfer to such bank account or accounts as may be designated by the Seller Group, or (2) releasing from the Escrow Amount.

(c) It is the intent of the parties that any amounts paid under this Article 7 shall represent an adjustment of the Purchase Price and the parties will report such payments consistent with such intent.

Section 7.05. Method of Asserting Claims. All claims for indemnification by any Indemnified Party shall be asserted and resolved as follows:

(a) In the event any claim or demand is asserted against or sought to be collected from such Indemnified Party by a Person other than a party hereto (a "Third Party Claim"), the Indemnified Party shall deliver a Claim Notice with reasonable promptness to the Indemnifying Party. If the Indemnified Party fails to provide the Claim Notice with reasonable promptness after the Indemnified Party receives notice of such Third Party Claim, the Indemnifying Party shall not be obligated to indemnify the Indemnified Party with respect to such Third Party Claim to the extent that the Indemnifying Party's ability to defend has been irreparably and materially prejudiced by such failure of the Indemnified Party. The Indemnifying Party shall notify the Indemnified Party as soon as practicable within the Dispute Period whether the Indemnifying Party disputes its liability to the Indemnified Party under Section 7.02 or Section 7.03, as the case may be, and whether the Indemnifying Party desires, at its sole cost and expense, to defend the Indemnified Party against such Third Party Claim. If the Indemnifying Party notifies the Indemnified Party pursuant to the preceding sentence that the Indemnifying Party desires to defend the Indemnified Party against the Third Party Claim, then the Indemnifying Party shall provide reasonable assurance of the Indemnifying Party's ability to pay the Third Party Claim.

Anything to the contrary in this Article 7 notwithstanding (including this Section 7.05), the Parent shall retain the right to control in all respects any Action, matter or other proceeding relating to Taxes, regardless of whether the Seller Group is obligated to indemnify the Parent with respect to such Action, matter or other proceeding.

(b) If the Indemnifying Party notifies the Indemnified Party within the Dispute Period that the Indemnifying Party desires to defend the Indemnified Party with respect to the Third Party Claim pursuant to this Section 7.05, and provides the reasonable assurance described in the penultimate sentence of Section 7.05(a), then the Indemnifying Party shall have the right to defend, with counsel reasonably satisfactory to the Indemnified Party, at the sole cost and expense of the Indemnifying Party, such Third Party Claim by all appropriate proceedings, which proceedings shall be vigorously and diligently prosecuted by the Indemnifying Party to a final conclusion or shall be settled at the discretion of the Indemnifying Party (but only with the consent of the Indemnified Party, which shall not be unreasonably withheld, in the case of any settlement that provides for any relief other than the payment of monetary damages or that provides for the payment of monetary damages as to which the Indemnified Party shall not be indemnified in full pursuant to Section 7.02 or Section 7.03, as applicable). The Indemnifying Party shall have full control of such defense and proceedings; provided, however, that the Indemnified Party may, at the sole cost and expense of the Indemnified Party, at any time prior to the Indemnifying Party's delivery of the notice referred to in the first sentence of this clause (b), file any motion, answer or other pleadings or take any other action that the Indemnified Party reasonably believes to be necessary or appropriate to protect its interests; and provided further, that if requested by the Indemnifying Party, the Indemnified Party shall, at the sole cost and expense of the Indemnifying Party, provide reasonable cooperation to the Indemnifying Party in contesting any Third Party Claim that the Indemnifying Party elects to contest. The Indemnified Party may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 7.05(b), and except as provided in the preceding sentence, the Indemnified Party shall bear its own costs and expenses with respect to such participation. Notwithstanding the foregoing, the Indemnified Party may take over the control of the defense or settlement of a Third Party Claim at any time if it irrevocably waives its right to indemnity under Section 7.02 or Section 7.03, as applicable, with respect to such Third Party Claim.

(c) If the Indemnifying Party fails to notify the Indemnified Party within the Dispute Period that the Indemnifying Party desires to defend the Third Party Claim pursuant to Section 7.05(b), or if the Indemnifying Party gives such notice but fails to prosecute vigorously and diligently or settle the Third Party Claim, or if the Indemnifying Party gives notice that it elects not to defend the Third Party Claim, then the Indemnified Party shall have the right to defend, at the sole cost and expense of the Indemnifying Party, the Third Party Claim by all appropriate proceedings, which proceedings shall be prosecuted by the Indemnified Party in a reasonable manner and in good faith or shall be settled at the discretion of the Indemnified Party. The Indemnified Party shall have full control of such defense and proceedings, including any compromise or settlement thereof; provided, however, that if requested by the Indemnified Party, the Indemnifying Party shall, at the sole cost and expense of the Indemnifying Party, provide reasonable cooperation to the Indemnified Party and its counsel in contesting any Third Party Claim that the Indemnified Party is contesting. The Indemnifying Party may participate in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this

Section 7.05(c), and the Indemnifying Party shall bear its own costs and expenses with respect to such participation.

(d) If the Indemnifying Party notifies the Indemnified Party that it does not dispute its liability to the Indemnified Party with respect to the Third Party Claim under Section 7.02 or Section 7.03, as applicable, or fails to notify the Indemnified Party within the Dispute Period whether the Indemnifying Party disputes its liability to the Indemnified Party with respect to such Third Party Claim, the Loss in the amount specified in the Claim Notice shall be conclusively deemed a liability of the Indemnifying Party under Section 7.02 or Section 7.03, as applicable, and the Indemnifying Party shall pay the amount of such Loss to the Indemnified Party on demand. If the Indemnifying Party has timely disputed its liability with respect to such claim, the Indemnifying Party and the Indemnified Party shall proceed in good faith to attempt to negotiate a resolution of such dispute within 30 days.

(e) In the event any Indemnified Party should have a claim under Section 7.02 or Section 7.03, as applicable, against any Indemnifying Party that does not involve a Third Party Claim, the Indemnified Party shall deliver an Indemnity Notice with reasonable promptness to the Indemnifying Party. The failure by any Indemnified Party to give the Indemnity Notice shall not impair such party's rights hereunder except to the extent that an Indemnifying Party demonstrates that it has been irreparably and materially prejudiced thereby. If the Indemnifying Party notifies the Indemnified Party that it does not dispute the claim described in such Indemnity Notice or fails to notify the Indemnified Party within the Dispute Period whether the Indemnifying Party disputes the claim described in such Indemnity Notice, the Loss in the amount specified in the Indemnity Notice shall be conclusively deemed a liability of the Indemnifying Party and the Indemnifying Party shall pay the amount of such Loss to the Indemnified Party on demand. If the Indemnifying Party has timely disputed its liability with respect to such claim, the Indemnifying Party and the Indemnified Party shall proceed in good faith to attempt to negotiate a resolution of such dispute within thirty (30) days.

Section 7.06. Limitations on Indemnification.

(a) The Seller Group shall not be obligated to indemnify or hold harmless the Parent Indemnitees in respect of any Losses suffered, incurred or sustained by the Parent Indemnitees under Section 7.02(a)(i), until such Losses equal or exceed $25,000 in the aggregate (the "Threshold") (at which point the Seller Group will be obligated to indemnify the Parent Indemnitees for the amount of such Losses from the first dollar) and the Seller Group shall not be obligated to indemnify the Parent Indemnitees for the amount of any Losses as a result of any breach or breaches under Section 7.02(a) in excess of $800,000 (the "Cap"); provided, however, that the Threshold and Cap shall not apply to any Losses resulting from (i) fraud on the part of the any member of the Seller Group with respect to which the Seller Group's obligation to indemnify the Parent Indemnitees shall not be limited, or (ii) any breach of or inaccuracy in any of the Fundamental Representations, with respect to which the Seller Group's obligation to indemnify the Parent Indemnitees shall be limited to the Purchase Price.

(b) The Parent shall not be obligated to indemnify or hold harmless the Seller Group Indemnitees in respect of any Losses suffered, incurred or sustained by all the Seller Group Indemnitees under Section 7.03(a) in excess of the Cap; provided, however, that the Cap shall

not apply to any Losses resulting from (i) fraud on the part of the Parent or the Buyer with respect to which the Parent's and Buyer's obligation to indemnify the Seller Group Indemnitees shall not be limited or (ii) any breach of or inaccuracy in any of the Parent Fundamental Representations, with respect to which the Parent's and the Buyer's obligations to indemnify the Seller Group Indemnitees shall not be limited.

Section 7.07. Calculation of Losses. For purposes of determining Losses under Article 7, the representations and warranties of the Seller Group shall not be deemed qualified by any references to materiality or Material Adverse Effect.

Section 7.08. Exclusive Remedy; Exclusion of Damages; Calculation of Damages.

(a) Absent fraud, the indemnification provided for in this Article 7 shall be the sole and exclusive post-Closing remedy available to any Party against the other Parties in respect of any Losses arising under or based upon this Agreement, the breach of the representations, warranties and covenants contained here, or the transactions contemplated hereby.

(b) Absent fraud, no Party hereto will be entitled to receive from any other Party hereto punitive damages as a result of Losses hereunder; provided, however that this limitation shall not apply with respect to any Losses that arise from a claim involving a third party proceeding if such punitive damages are claimed by such third party.

(c) For the purposes of the indemnification provisions set forth in this Article 7, any Losses shall be determined on a net basis after giving effect to any actual cash payments, setoffs, recoupment, or any other payments in each case received, realized, or retained by the Indemnified Party (including any amounts recovered or recoverable by the Indemnified Party from unaffiliated third party insurance providers) as a result of any event giving rise to a claim for such indemnification. In furtherance of the preceding, simultaneous to asserting a claim for indemnification of any actual or potential Losses arising from a breach for which such insurance is or may be available, Parent Indemnitees shall use their commercially reasonable and good faith efforts (including, if warranted and commercially appropriate, requesting and permitting the Stockholders to undertake such efforts under the supervision and direction of the Parent Indemnitees if any Stockholder is then employed or otherwise engaged by a Parent Indemnitee) to obtain recovery under the insurance policies, to the extent applicable, with respect to such indemnification claim; provided that any deductibles actually paid by any Parent Indemnitee and any increase in the Buyer's insurance premiums, directly caused by an indemnification claim for which insurance coverage is paid to Parent, Buyer or Parent Indemnitee shall be paid by the Seller Group to Parent or Buyer. Notwithstanding anything contained herein to the contrary, the Seller Group shall pay (or cause to be paid) to the Parent Indemnitee any Loss under this Article 7 no later than twelve (12) months from the date that such Loss is conclusively deemed a liability of the Seller Group pursuant to Section 7.05, and receive from the Parent Indemnitee in exchange therefore, an assignment of the Parent Indemnitee's insurance claims attributable to such Loss that are at that time still pending or unresolved.

ARTICLE 8 Termination.

Section 8.01. Termination. This Agreement may be terminated, and the Transactions may be abandoned:

(i) By the mutual written consent of the Parent and the Seller Group;

(ii) By either the Parent or the Seller Group, upon ten (10) days prior written notice to the other party, if the Closing shall not have occurred on or before August 31, 2017;

(iii) By (x) the Parent in the event of an inaccuracy in any representation or warranty of the Seller Group or a non-performance of any covenant or other agreement of the Seller Group contained in this Agreement, or (y) the Seller Group in the event of an inaccuracy in any representation or warranty of the Parent or the Buyer or a non-performance of any covenant or other agreement of the Parent or the Buyer contained in this Agreement, that (A) in the case of a termination by the Parent, would reasonably be expected to result in a Material Adverse Effect with respect to the Acquired Assets, or Assigned Contracts, and in the case of a termination by the Seller Group, would reasonably be expected to result in a Material Adverse Effect with respect to the Parent, in each case where such inaccuracy or non-performance cannot be or has not been cured within thirty (30) days after the giving of written notice to the non-terminating party of such inaccuracy or non-performance; or (B) would give rise to the failure of a condition of the non-terminating party set forth in Article 5 of this Agreement, where such failure of condition cannot be or has not been cured within thirty (30) days after the giving of written notice to the non-terminating party of such inaccuracy or non-performance (a "Material Breach"), provided that the terminating party is not then in Material Breach of any of its or his (as the case may be) representations, warranties, covenants or other agreements contained in this Agreement; or

(iv) By either the Parent or the Seller Group if any court of competent jurisdiction or other Governmental Authority shall have issued an Order or taken any other action permanently enjoining, restraining or otherwise prohibiting the Transactions and such order, decree, ruling or other action shall have become final and non-appealable.

Section 8.02. Effect of Termination. Upon termination of this Agreement pursuant to Section 8.01, all of the obligations of the parties shall terminate except those under Sections 9.04, 9.05, 9.13 and 9.14; provided, however, that (i) no such termination shall relieve any party of any liability to the other party by reason of any breach of or default under this Agreement, and (ii) the parties shall not publicly disclose, and the parties shall cause their Affiliates and Representatives not to publicly disclose, the proposed terms and conditions set forth herein or any non-public information regarding the other party, except as may be required by Law.

ARTICLE 9 Miscellaneous.

Section 9.01. Notices. All notices, requests and other communications hereunder must be in writing and shall be deemed to have been duly given only if delivered personally or by facsimile transmission or mailed (first class postage prepaid) to the parties at the following addresses or facsimile numbers:

If to the Parent or the Buyer, to:

EnviroStar, Inc.
290 Northeast 68th Street
Miami, Florida 33138
Telephone No.: (305) 754-4551
Facsimile No.: (305) 751-4903
Attn.: Mr. Henry M. Nahmad

with a copy (which shall not constitute notice) to:

Troutman Sanders LLP
875 Third Ave.
New York, New York 100022
Telephone No.: (212) 704-6030
Facsimile No.: (212) 704-5919
Attn: Joseph Walsh, Esq.

If to any member of the Seller Group, to:

c/o Jim Hohnstein
Telephone No.: (303) 210-1136
Facsimile No.: (303) 957-2611

All such notices, requests and other communications shall (i) if delivered personally to the address as provided in this Section 9.01, be deemed given upon delivery, (ii) if delivered by facsimile transmission to the facsimile number as provided in this Section 9.01, be deemed given upon receipt, and (iii) if delivered by mail in the manner described above to the address as provided in this Section, be deemed given upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice is to be delivered pursuant to this Section). Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other parties hereto.

Section 9.02. Specific Performance. No provision of this Agreement shall limit or restrict the availability of specific performance or injunctive or other equitable relief to the extent that specific performance or such other relief would otherwise be available to a party hereunder.

Section 9.03. Entire Agreement. This Agreement and the Operative Agreements supersede all prior discussions and agreements between the parties with respect to the subject matter hereof and thereof and contain the sole and entire agreement between the parties hereto with respect to the subject matter hereof and thereof.

Section 9.04. Expenses. The Parent, the Buyer and the Seller Group shall be responsible for and bear all of their own respective fees and expenses (including, without limitation, all out-of-pocket, legal, accounting, and advisory and finder's fees and expenses) incurred at any time in connection with the Transactions.

Section 9.05. Public Announcements. The Seller Group shall not issue or make any reports, statements or releases to the public or generally to its employees, suppliers or other Persons to whom the Company provides services or with whom the Company otherwise has significant business relationships with respect to this Agreement or the Transactions without the consent of the Parent. If the Seller Group is unable to obtain the approval of its public report, statement or release from the Parent and such report, statement or release is, in the opinion of legal counsel to the Seller Group, required by Law in order to discharge such party's disclosure obligations, then such party may make or issue the legally required report, statement or release and promptly furnish the Parent with a copy thereof. Neither the Parent nor the Buyer shall issue or make any reports, statements or releases to the public or generally to its employees, suppliers or other Persons to whom the Company provides services or with whom the Company otherwise has business relationships with respect to this Agreement or the Transactions without the consent of the Stockholders, except as required by Law.

Section 9.06. Waiver. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, shall be cumulative and not alternative.

Section 9.07. Amendment. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party hereto.

Section 9.08. No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each party hereto and their respective successors or permitted assigns, and it is not the intention of the parties to confer third-party beneficiary rights upon any other Person other than a Person entitled to indemnity under Article 7.

Section 9.09. No Assignment; Binding Effect. Neither this Agreement nor any right, interest or obligation hereunder may be assigned by any party hereto without the prior written consent of the other parties hereto, and any attempt to do so shall be void, except that the Parent and the Buyer may assign any or all of their respective rights, interests and obligations hereunder (including without limitation its rights under Article 6) to (i) a wholly-owned Subsidiary, provided that any such Subsidiary agrees in writing to be bound by and the Parent shall continue to be bound by all of the terms, conditions and provisions contained herein, (ii) any post-Closing purchaser of all of the issued and outstanding equity interests of the Parent or the Buyer or a substantial part of its respective Assets or (iii) any financial institution providing debt or equity financing to the Parent or Buyer from time to time. Subject to the preceding sentence, this Agreement is binding upon, shall inure to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

Section 9.10. Headings, Etc. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof. Any reference to the masculine, feminine, or neuter gender shall be a reference to such other gender as is appropriate. References to the singular shall include the plural and vice versa.

Section 9.11. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, (a) such provision shall be fully severable, (b) this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never composed a part hereof, (c) the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance, and (d) in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

Section 9.12. Drafting History. In resolving any dispute or construing any provision in the Agreement, there shall be no presumption made or inference drawn (a) because the attorneys for one of the parties drafted such provision of the Agreement, (b) because of the drafting history of the Agreement, or (c) because of the inclusion of a provision not contained in a prior draft or the deletion of a provision contained in a prior draft. The parties acknowledge and agree that this Agreement was negotiated and drafted with each party being represented by counsel of its choice and with each party having an equal opportunity to participate in the drafting of the provisions hereof and shall therefore be construed as if drafted jointly by the parties.

Section 9.13. Governing Law. This Agreement and all disputes or controversies arising out of or relating to this Agreement or the Transactions shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the State of Delaware.

Section 9.14. Jurisdiction. Each of the parties hereto hereby irrevocably consents and submits to the exclusive jurisdiction of the Delaware Chancery Court or, if such court shall not have jurisdiction, any federal court located in the State of Delaware or other Delaware state court in connection with any Action arising out of or relating to this Agreement or the Transactions, waives any objection to venue in such courts, in each case located in Delaware, and agrees that service of any summons, complaint, notice or other process relating to such proceeding may be effected in the manner provided by Section 9.01. IN ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE OPERATIVE AGREEMENTS, THE PARTIES TO THIS AGREEMENT HEREBY WAIVE THEIR RIGHT TO A TRIAL BY JURY WITH RESPECT TO DISPUTES ARISING UNDER THIS AGREEMENT AND THE OPERATIVE AGREEMENTS AND CONSENT TO A BENCH TRIAL WITH THE APPROPRIATE JUDGE ACTING AS THE FINDER OF FACT.

Section 9.15. Counterparts; Facsimile; Electronic. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement, to the extent signed and delivered by means of a facsimile machine or as an image attached to an electronic mail (including an image in the Adobe Acrobat “pdf” format), shall be treated in all manner and respects as an original and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person.

[The remainder of this page is left blank intentionally.**]**

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by a duly authorized officer of each party hereto as of the date first above written.

ENVIROSTAR, INC.

By: /s/ Henry Nahmad
Name: Henry Nahmad
Title: Chief Executive Officer

MARTIN-RAY LAUNDRY SYSTEMS, INC.

By: /s/ Henry Nahmad
Name: Henry Nahmad
Title: Chief Executive Officer

MARTIN-RAY LAUNDRY SYSTEMS, INC.

By: /s/ William Mann
Name: William Mann
Title: President

/s/ William Mann
William Mann

/s/ Jim Hohnstein
Jim Hohnstein

/s/ Timm Mullen
Timm Mullen

APPENDIX
DEFINITIONS

(a) Capitalized terms that are used and not otherwise defined in the Asset Purchase Agreement to which this Appendix is attached (the "Agreement") shall have the meanings set forth in this Appendix. Except as otherwise expressly provided, section references in this Appendix are references to Sections of the Agreement.

"Accounts Receivable" means the accounts receivable of the Company as set forth on Schedule 1.06 and as may be amended prior to Closing to reflect any changes to the accounts receivable in the ordinary course of business.

"Acquired Assets" has the meaning provided in Section 1.01(a).

"Acquired Books and Records" has the meaning provided in Section 4.07.

"Action" means any action, cause of action, claim, suit, proceeding, arbitration, mediation, cause of action or Governmental Authority investigation or audit (in any forum, including, but not limited to, any federal, state or local court or any agency).

"Affiliate" means any Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by Contract or otherwise and, in any event and without limitation of the previous sentence, any Person owning fifty percent (50%) or more of the voting securities of a second Person shall be deemed to control that second Person.

"Agreement" means the Asset Purchase Agreement to which this Appendix is attached and the Exhibits and the Schedules thereto, as the same may be amended or otherwise modified from time to time.

"Allocation Schedule" has the meaning provided in Section 1.07.

"Appendix" has the meaning provided in Recital D of this Agreement.

"Assets" of any Person means all assets of every kind, nature, character and description (whether real, personal or mixed, whether tangible or intangible, whether absolute, accrued, contingent, fixed or otherwise and wherever situated), including the goodwill related thereto, operated, owned or leased by such Person, including without limitation cash, cash equivalents, Assets, accounts and notes receivable, chattel paper, documents, instruments, general intangibles, real estate, equipment, inventory, goods and Intellectual Property.

"Assigned Contracts" has the meaning provided in Section 1.01(d).

"Assumed Benefit Plan" has the meaning provided in Section 4.13(d).

"Assumed Liabilities" has the meaning provided in Section 1.02.

"Benefit Plan" has the meaning provided in Section 2.14(a).

"Bill of Sale" has the meaning provided in Section 6.01(i).

"Books and Records" means all files, documents, instruments, papers, books and records relating to the Business or the business of the Parent and the Buyer, as applicable, including, without limitation, financial statements, Tax Returns and related work papers and letters from accountants, budgets, pricing guidelines, ledgers, journals, deeds, title policies, minute books, stock certificates and books, stock transfer ledgers, Contracts, Licenses, supplier lists, computer files and programs, retrieval programs, operating data and plans and environmental studies and plans.

"Business" has the meaning provided in Recital B of this Agreement.

"Business Combination" means, with respect to any Person, any merger, consolidation or combination to which such Person is a party, any sale, dividend, split or other disposition of capital stock or other equity interests of such Person or any sale, dividend or other disposition of a material portion of the Assets of such Person.

"Buyer" has the meaning provided at the head of this Agreement.

"Cap" has the meaning provided in Section 7.06(a).

"Claim Notice" means written notification pursuant to Section 7.05(a) of a Third Party Claim as to which indemnity under Section 7.02 or Section 7.03, as applicable, is sought by an Indemnified Party, enclosing a copy of all papers served, if any, and specifying the nature of and basis for such Third Party Claim and for the Indemnified Party's claim against the Indemnifying Party under Section 7.02 or Section 7.03, as applicable, together with the amount or, if not then reasonably ascertainable, the estimated amount, determined in good faith, of such Third Party Claim.

"Closing" has the meaning provided in Section 1.08.

"Closing Date" has the meaning provided in Section 1.08.

"Closing Stock Consideration" has the meaning provided in Section 1.03(c).

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder or any successor statute.

"Company" has the meaning provided at the head of this Agreement.

"Contract" means any contract, lease, evidence of Indebtedness, mortgage, indenture, security agreement or other agreement (whether written or oral).

"Customer Deposits" means customer deposits of the Company as of the Closing Date calculated in accordance with GAAP.

"Dispute Period" means the period ending twenty (20) calendar days following receipt by an Indemnifying Party of either a Claim Notice or an Indemnity Notice.

"Environment" or "Environmental" means all air, surface water, groundwater, or land, including land surface or subsurface, including all fish, wildlife, biota and all other natural resources.

"Environmental Claim" means any and all administrative or judicial proceedings pursuant to or relating to any applicable Environmental Law by any Person relating to any actual or potential (x) violation of or liability under any Environmental Law, (y) violation of any Environmental Permit, or (z) liability for any costs or damages related to the presence, Environmental Release, or threatened Environmental Release into the Environment, of any Hazardous Substances at any location, including, but not limited to, any off-Site location to which Hazardous Substances or materials containing Hazardous Substances were sent for handling.

"Environmental Law" means any and all Laws relating to the Environment.

"Environmental Permit" means any License, under or in connection with any Environmental Law.

"Environmental Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing of a Hazardous Substance into the Environment, except those permitted under Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder, or any successor statute.

"ERISA Affiliate" means any Person who is in the same controlled group of corporations or who is under common control with or in an affiliated service group with the Company within the meaning of Section 414 of the Code.

"Escrow Agent" has the meaning provided in Section 1.03(b).

"Escrow Agreement" has the meaning provided in Section 1.03(b).

"Escrow Amount" has the meaning provided in Section 1.03(b).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Assets" has the meaning provided in Section 1.01(c).

"Excluded Liabilities" has the meaning provided in Section 1.02.

"Existing and Prior Liabilities of the Company" means, excluding the Assumed Liabilities, any liabilities, Indebtedness or obligations of the Company of any kind whatsoever, including, but not limited to, any Indebtedness for borrowed money, accounts payable, accrued

expenses, Taxes, contingent liabilities, liabilities in respect of any injury to any Person or property, liabilities resulting from violations of any Laws (including, but not limited to, any Laws relating to Taxes, immigration, employment or labor matters, or Environmental matters), and liabilities arising under any Contract of the Company (including, but not limited to, any Contract listed on Schedule 2.19), arising or existing prior to the Closing or attributable to an act, omission or circumstance that occurred or existed prior to the Closing.

"Financial Statements" has the meaning provided in Section 2.08(a).

"GAAP" means United States generally accepted accounting principles, consistently applied throughout the specified period and in the immediately prior comparable period.

"Governmental Authority" means (i) the United States and any state, county, city or other political subdivision thereof, (ii) any foreign country or any state, province, county, city or other political subdivision thereof, and (iii) any executive or other official or individual acting with the power of or derived from any entity referred to in item (i) or item (ii) above, and any court, tribunal, governmental arbitrator, authority, agency, commission, service or other instrumentality of any entity referred to in item (i) or item (ii) above.

"Hazardous Substance" means petroleum, petroleum hydrocarbons or petroleum products, petroleum by-products, radioactive materials, asbestos or asbestos-containing materials, gasoline, diesel fuel, pesticides, radon, urea formaldehyde, lead or lead-containing materials, polychlorinated biphenyls; and any other chemicals, materials, substances or wastes in any amount or concentration which are now included in the definition of "hazardous substances," "hazardous materials," "hazardous wastes," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "pollutants," "regulated substances," "solid wastes," or "contaminants" or words of similar import, under any Environmental Law.

"Indebtedness" of any Person means all obligations of such Person (i) for borrowed money, (ii) evidenced by notes, bonds, debentures or similar instruments, (iii) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business), (iv) under capital leases or (v) in the nature of guarantees of the obligations described in clauses (i) through (iv) above of any other Person.

"Indemnified Party" means any Person claiming indemnification under any provision of Article 7.

"Indemnifying Party" means any Person against whom a claim for indemnification is being asserted under any provision of Article 7.

"Indemnity Notice" means written notification pursuant to Section 7.05 of a claim for indemnity under Section 7.02 or Section 7.03, as applicable, by an Indemnified Party, specifying the nature of and basis for such claim, together with the amount or, if not then reasonably ascertainable, the estimated amount, determined in good faith, of such claim.

"Intellectual Property" means (a) all trademarks, service marks, trade names, trade dress, product names and slogans both registered and unregistered, and any common law rights and good will appurtenant thereto, and all applications and registrations thereof; (b) all copyrights in

copyrightable works and all other ownership rights in any works of authorship, any derivations thereof and all moral rights appurtenant thereto and all applications and registrations thereof; (c) all registered, reserved and unregistered domain names, uniform resource locators and keywords; (d) all computer and electronic data, documentation and software, including both source and object code, computer and database applications and operating programs; (e) all rights relating to the use of any name, image or likeness of any Person or the portrayal of a Person, either individually or together with others; (f) all trade secrets and confidential business, technical and proprietary information, including ideas, research notes, development notes, know-how, residuals, formulas, business methods and techniques, supplier lists, and marketing, financial and pricing data; (g) the right to sue both in equity and for past, present and future damages of any or all of the foregoing; (h) all existing copies and tangible embodiments of any or all of the foregoing, in whatever form or medium; (i) all right, title and interest (free and clear) in and to the Company's website(s), including without limitation, the framework and infrastructure of such web Site(s), the layout design and the "look and feel" thereof, all related software, source code and object code, all CGI, HTML, XML or other coding, all scripts and applets, all web graphics and data, all navigational buttons, all server configurations, and any and all attendant intellectual property rights therein; and (j) all other intellectual property rights relating to any or all of the foregoing including any renewals, continuations or extensions thereof.

"Knowledge" or language of similar import means those matters of which the applicable Person is "aware or should have been "aware". Knowledge of the Seller Group shall mean the knowledge of the Stockholders. Knowledge of the Parent shall mean the knowledge of the Chief Executive Officer and the Chief Financial Officer of the Company.

"Law" or "Laws" means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision or of any Governmental Authority.

"Leased Real Property" has the meaning provided in Section 2.15.

"Licensed Intellectual Property" has the meaning provided in Section 2.18(a).

"Licenses" means all licenses, permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Governmental Authority.

"Lien" means any claim, lien, charge, mortgage, pledge, hypothecation, assessment, security interest, lease, lien (statutory or other), option, levy, charge, economic interest, right of use, conditional sale Contract, title retention Contract, or other encumbrance of any kind whatsoever, or other Contract to give any of the foregoing.

"Losses" means any and all losses, debts, liabilities, Actions, causes of action, damages, fines, fees, penalties, deficiencies, obligations, claims, demands, payments, judgments or settlements of any nature or kind, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, whether arising from a third-party claim or otherwise, including all reasonable costs and expenses (including, without limitation, court costs, fees of attorneys, accountants and other experts or other expenses of litigation or other proceedings or of

any claim, default or assessment or otherwise), in connection with the investigation, defense, prosecution or enforcement of any claim. A "Loss" is any one of the foregoing.

"Material Adverse Effect" means (a) with respect to the Company, the Acquired Assets, the Assigned Contracts, or liabilities (including contingent liabilities), (i) a change in (or effect on) the condition (financial or otherwise), properties, Acquired Assets, or the Assigned Contracts, or liabilities (including contingent liabilities), rights, obligations, system of internal controls, operations, operating results, business or prospects (including, without limitation, the Company's equipment sales pipeline and equipment sales backlog), which change (or effect) is materially adverse to the financial condition, properties, the Acquired Assets, the Assigned Contracts, or liabilities, rights, obligations, system of internal controls, operations, operating results, business or prospects (including, without limitation, the Company's equipment sales pipeline and equipment sales backlog) of the Company; or (ii) a material adverse effect on the ability of the Seller Group to consummate the Transactions, and (b) with respect to the Parent, (i) a material adverse change in the financial condition, properties, assets or liabilities, rights, obligations, system of internal controls, operations, operating results, business or prospects of the Parent Group or (ii) a material adverse effect on its ability to consummate the Transactions.

"Material Breach" has the meaning provided in Section 8.01(iii).

"Material Contract" means a Contract involving the prospective payment to or by the Company of at least Fifteen Thousand Dollars ($15,000).

"Non-Competition Restricted Period" has the meaning provided in Section 4.10(a).

"Non-Solicitation Restriction Period" has the meaning provided in Section 4.09(a).

"Operative Agreements" means the Bill of Sale, Stockholders Agreement and the Escrow Agreement.

"Option" with respect to any Person means any security, right, subscription, warrant, option, "phantom" stock right or other Contract that gives the right to (i) purchase or otherwise receive or be issued any shares of capital stock (or other equity securities or beneficial or other interests) of such Person or any security of any kind convertible into or exchangeable or exercisable for any shares of capital stock (or other equity securities or beneficial or other interests) of such Person or (ii) receive any benefits or rights similar to any rights enjoyed by or accruing to the holder of shares of capital stock (or other equity securities or beneficial or other interests) of such Person, including any rights to participate in the equity, income or election of directors or officers (or persons of a similar capacity) of such Person.

"Order" means any writ, judgment, decree, injunction or similar order or pronouncement of any Governmental Authority (in each such case whether preliminary or final).

"Organizational Documents" means, with respect to any Person that is not a natural person, the organizational documents of such Person, as amended to the date in question. The term Organizational Documents includes articles or certificates of incorporation, by-laws, stockholders agreements, certificates or articles of formation, operating agreements, joint venture

agreements, and other similar documents pertaining to the governance and organization of the Person in question (including those pertaining to any trust).

"Owned Intellectual Property" has the meaning provided in Section 2.18(b).

"Parent" has the meaning provided at the head of this Agreement.

"Parent Common Stock" means shares of common stock, par value $0.025 per share, of the Parent.

"Parent Group" has the meaning provided in Section 4.09(a).

"Parent Indemnitee" has the meaning provided in Section 7.02(a).

"Permitted Liens" means (i) Liens for taxes or other governmental charges, assessments or levies which are not yet due and payable or the validity of which are being contested in good faith by appropriate proceedings and for which adequate reserves are reflected in the Financial Statements to the extent required by GAAP, (ii) statutory landlord's, mechanic's, carrier's, workmen's, repairmen's or other similar Liens arising or incurred in the ordinary course of business and not yet due and payable and in respect of which adequate holdbacks are being maintained as required by applicable laws and (iii) the Liens set forth on Schedule 2.03(b). Notwithstanding the foregoing, any Lien for taxes (other than sales taxes to be paid by Buyer pursuant to Section 1.09) as of the Closing will not be a Permitted Lien.

"Person" means any natural person, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, proprietorship, joint venture, other business organization, trust, union, association or Governmental Authority of any nature.

"Pre-Closing Payroll Taxes" has the meaning provided in Section 4.13(c).

"Prohibited Persons" has the meaning provided in Section 4.09(b).

"Purchase Price" has the meaning provided in Section 1.03.

"Re-Employed Employees" has the meaning provided in Section 4.13(a).

"Retention Agreements" has the meaning provided in Section 2.23(b).

SEC Documents" means all forms, proxy statements, registration statements, reports, schedules, and other documents filed, or required to be filed, by Parent or any of its Subsidiaries with the Securities and Exchange Commission pursuant to the Securities Laws.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder and any successor Laws.

"Securities Laws" means the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder.

"Seller Group" has the meaning provided at the head of this Agreement.

"Seller Group Indemnitee" has the meaning provided in Section 7.03(a).

"Site" means any of the real properties currently or previously owned, leased, used or operated by the Company, including, without limitation, all soil, subsoil, surface waters, and ground water thereat.

"Stockholders" has the meaning provided at the head of this Agreement.

"Subsidiary" of any Person means any corporation, general partnership, limited partnership, limited liability company or other entity of which the Person owns at least 50% of any class of the equity interests.

"Tax" or "Taxes" means any federal, state, local, or non-U.S. income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not and including any obligations to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

"Tax Authority" means any branch, office, department, agency, instrumentality, court, tribunal, officer, employee, designee, representative, or other Person that is acting for, on behalf, or as a part of any foreign or domestic government (or any state, local or other political subdivision thereof) that is engaged in or has any power, duty, responsibility or obligation relating to the legislation, promulgation, interpretation, enforcement, regulation, monitoring, supervision or collection of or any other activity relating to any Tax or Tax Return

"Tax Clearance Certificate" has the meaning provided in Section 4.19.

"Tax Return" means any return, election, declaration, report, schedule, information return, claim for refund, document, statement relating to taxes, including any attachment thereto, and including any amendment to any of the foregoing, submitted or required to be submitted to any Tax Authority.

"Third Party Claim" has the meaning ascribed to it in Section 6.05(a).

"Threshold" has the meaning provided in Section 7.06(a).

"Transactions" has the meaning ascribed to it in Recital C of this Agreement.

"Treas. Reg." means any temporary, proposed or final regulation promulgated under the Code.

"WARN Act" has the meaning provided in Section 4.13(b)(v).

(b) Terms Generally. Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number

also include the plural or singular number, respectively; (iii) the terms “hereof,” “herein,” “hereby” and derivative or similar words refer to this entire Agreement; (iv) the terms “Article,” “Section” or “Schedule” refer to the specified Article, Section or Schedule of this Agreement; and (v) the words “include,” “includes,” and “including” are deemed to be followed by the phrase: “without limitation.” All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

ENVIROSTAR, INC.
2015 EQUITY INCENTIVE PLAN

NOTICE OF GRANT
AND
RESTRICTED STOCK AGREEMENT

Notice is hereby given that you, the undersigned Participant, have been granted the number of shares of Common Stock of EnviroStar, Inc. (the "Company") set forth below ("Shares"), subject to the terms and conditions of the EnviroStar, Inc. 2015 Equity Incentive Plan (the "Plan") and this Notice of Grant and Restricted Stock Agreement, including the attachments hereto (collectively, this "Agreement"). Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to such terms in the Plan.

Participant:
Shares Granted:
Grant Date:
Vesting Schedule:

By signing below, you accept this grant of Shares and you hereby represent that you: (i) agree to the terms and conditions of this Agreement and the Plan; (ii) have reviewed the Plan and this Agreement in their entirety, and have had an opportunity to obtain the advice of legal counsel and/or your tax advisor with respect thereto; (iii) fully understand and accept all provisions hereof; and (iv) agree to accept as binding, conclusive, and final all of the Committee's decisions regarding, and interpretations of, the Plan and this Agreement, in accordance with the terms and conditions of the Plan.

AGREED TO AND ACCEPTED BY THE PARTICIPANT:

_____

Name: _____
Date: _____
Social Security No.: _____
Address: _____

ENVIROSTAR, INC.
2015 EQUITY INCENTIVE PLAN

RESTRICTED STOCK AGREEMENT

1. Grant of Restricted Stock. The Company has granted to you, the Participant, the number of Shares specified in the Notice of Grant on the preceding page (the "Notice of Grant"), subject to the following terms and conditions. In consideration of such grant, you agree to be bound by the terms and conditions of this Agreement and of the Plan.

2. Forfeiture Restrictions; Release of Shares; Acceleration Upon Death or Disability. Prior to the vesting of the Shares pursuant to the vesting schedule specified in the Notice of Grant or as expressly set forth herein, the Shares shall remain subject to forfeiture. Any and all Shares which remain subject to the forfeiture restrictions from time to time are sometimes hereinafter referred to as "Unreleased Shares." The forfeiture restrictions shall lapse as to the Shares granted in the amount(s) and on the date(s) specified in the Notice of Grant (each, a "Release Date"); provided, however, that (i) in the event of the Participant's death or Disability (which, for all purposes of this Agreement, shall mean the permanent and total disability of the Participant as defined in Section 22(e)(3) of the Code, or any successor rule or regulation) prior to the occurrence of a Cessation (as defined below), the forfeiture restrictions shall immediately lapse with respect to all Unreleased Shares on the date of the Participant's death or determination of the Participant's Disability, as the case may be (in which case the date of the Participant's death or determination of the Participant's Disability, as the case may be, shall be deemed a Release Date for purposes of this Agreement), and (ii) no Shares shall be released on any Release Date if, on or prior to the Release Date, (a) the Participant failed to satisfy the performance goals specified in the Notice of Grant, if any (the "Performance Goals"), or (b) a Cessation occurs. For purposes of this Agreement, the term "Cessation" means the cessation of the Participant's service as an officer, employee, director or consultant of the Company or its Subsidiaries for any reason (including, without limitation, voluntary resignation or involuntary termination) other than the Participant's death or Disability, it being understood that a Cessation will not be deemed to occur so long as the Participant continues to serve as an officer, employee, director or consultant of the Company or any of its Subsidiaries or as a result of a change in status among officer, employee, director or consultant of the Company or any Subsidiary. Any question as to whether and when a Cessation has occurred shall be determined by the Committee, and its determination shall be final and binding.

3. Forfeiture of Shares. If Participant fails to satisfy the specified Performance Goals, if any, or a Cessation occurs, then all Unreleased Shares shall be immediately forfeited to the Company without consideration.

4. Restriction on Transfer. The Participant shall not sell, assign, pledge, exchange, hypothecate or otherwise transfer, encumber or dispose of any Unreleased Shares; provided, for the avoidance of doubt, that the foregoing shall not be deemed to restrict or limit in any manner the forfeiture of Unreleased Shares in accordance with the terms hereof.

5. Retention of Shares. The Company shall retain possession of the share certificates representing the Unreleased Shares, together with attached stock power duly

endorsed in blank. The Company shall hold the Unreleased Shares and related stock power until the vesting thereof, at which time the Company shall deliver the share certificate(s) representing the vested Shares to the Participant (or the Participant's estate, if applicable).

6. Status of Stock. The Participant agrees that the Shares will not be sold or otherwise disposed of in any manner which would constitute a violation of any applicable federal or state securities laws or the terms and conditions of this Agreement or the Plan. The Participant further agrees (a) that the certificates representing the Shares may bear such legend or legends as the Company deems appropriate in order to assure compliance with applicable securities laws, (b) that the Company may refuse to register the transfer of the Shares on the stock transfer records of the Company if such proposed transfer would in the opinion of counsel satisfactory to the Company constitute a violation of any applicable securities laws or the terms and conditions of this Agreement or the Plan and (c) that the Company may give related instructions to its transfer agent, if any, to stop registration of the attempted transfer of the Shares.

7. Stockholder Rights. Subject to the terms hereof, the Participant shall have the rights of a stockholder with respect to the Shares prior to their vesting, including, without limitation, voting rights and the right to receive any dividends declared thereon; provided, however, that stock distributed in respect of the Shares in connection with a stock split or stock dividend shall be subject to the forfeiture restrictions and other terms of this Agreement to the same extent as the Shares and shall be included thereafter as "Shares" for all purposes of this Agreement.

8. Tax Matters. The Participant has reviewed with the Participant's own tax advisors the federal, state, local and foreign tax consequences of the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its employees or agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of the transactions contemplated by this Agreement. The Participant understands that for U.S. taxpayers, Section 83 of the Code taxes as ordinary income the difference between the purchase price for the Shares, if any, and the fair market value of the Shares as of the date any restrictions on the Shares lapse. THE PARTICIPANT UNDERSTANDS THAT IF HE OR SHE IS A U.S. TAXPAYER, THE PARTICIPANT MAY ELECT TO BE TAXED AT THE TIME THE SHARES ARE GRANTED RATHER THAN WHEN THE RESTRICTIONS ON THE SHARES LAPS BY FILING AN ELECTION UNDER SECTION 83(B) OF THE CODE WITH THE INTERNAL REVENUE SERVICE WITHIN THIRTY (30) DAYS AFTER THE DATE OF GRANT. THE PARTICIPANT ACKNOWLEDGES THAT IT IS THE PARTICIPANT'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO, IF THE PARTICIPANT DESIRES TO DO SO, FILE TIMELY THE ELECTION UNDER SECTION 83(B) OF THE CODE.

9. General.

(a) This Notice and Agreement shall be governed by and construed under the laws of the State of Florida, without regard to the conflicts of law principles thereof.

(b) This Agreement and the Plan, which is incorporated herein by reference, represents the entire agreement between the parties with respect to the Shares granted to the Participant hereunder. In the event of a conflict between the terms and conditions of the Plan and the terms and conditions of this Agreement, the terms and conditions of the Plan shall prevail.

(c) Any notice, demand or request required or permitted to be delivered by either the Company or the Participant pursuant to the terms of this Agreement shall be in writing and shall be deemed given when delivered personally, deposited with a reputable courier service, or deposited in the U.S. Mail, First Class with postage prepaid, and addressed to the Participant at the address set forth in the Notice of Grant or to the Company at its principal executive offices, or, in each case, to such other address as either party may specify in writing by like notice.

(d) The rights of the Company under this Agreement and the Plan shall be transferable to any one or more persons or entities, and all covenants and agreements hereunder shall inure to the benefit of, and be enforceable by the Company's successors and assigns. The rights and obligations of the Participant under this Agreement may only be assigned with the prior written consent of the Company, which may be granted, withheld, conditioned or delayed in the Company’s sole discretion.

(e) The Participant agrees upon request to execute any further documents or instruments necessary or desirable to carry out the purposes or intent of this Agreement.

(f) Nothing in this Agreement confers or will confer on the Participant any right with respect to continuance of employment or other service, nor will it interfere in any way with any right to terminate or modify the terms of the Participant’s employment or other service at any time.

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STOCK POWER

FOR VALUE RECEIVED I, _____, hereby sell, assign and transfer unto EnviroStar, Inc. _____(_____) shares of Common Stock of EnviroStar, Inc. standing in my name of the books of said corporation represented by Certificate No. _____ herewith and do hereby irrevocably constitute and appoint _____ to transfer the said stock on the books of the within named corporation with full power of substitution in the premises.

This Stock Power may be used only in accordance with the Notice of Grant and the Restricted Stock Agreement between EnviroStar, Inc. and the undersigned dated _____.

Dated: _____, 20___

Signature: _____

Print Name: _____

INSTRUCTIONS:

Please DO NOT fill in any blanks other than the signature lines.
The purpose of this assignment is to enable the Company to receive the return of the Shares as set forth in the Agreement, without requiring additional signatures on the part of the Participant.

Subsidiaries of EnviroStar, Inc.

Name of Subsidiary	State of Incorporation
Steiner Atlantic Corp.	Florida
Dryclean USA License Corp.	Florida
Dryclean USA Development Corp.	Florida
Biz Brokers International, Inc.	Florida
Western State Design, Inc.	Delaware
Martin-Ray Laundry Systems, Inc.	Delaware

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement of EnviroStar, Inc. on Form S8 (No. 333-208082) of our report dated September 28, 2017, on our audits of the consolidated financial statements of EnviroStar, Inc. and Subsidiaries as of June 30, 2017 and 2016 and for each of the years then ended which report is included in this Annual Report on Form 10-K, to be filed on or about September 28, 2017.

/s/ EISNERAMPER LLP

Ft. Lauderdale, Florida
September 28, 2017

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 EnviroStar, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary 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 all material 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 and procedures (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 28, 2017

/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 EnviroStar, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary 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 all material 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 and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules13a-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 28, 2017

/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 EnviroStar, Inc. (the "Company") for the fiscal year ended June 30, 2017, 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 28, 2017

/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 EnviroStar, Inc. (the "Company") for the fiscal year ended June 30, 2017, 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 28, 2017

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