SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 9, 2018

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

Delaware
(State or other jurisdiction of incorporation)

001-14757	**11-2014231**
(Commission File Number)	**(IRS Employer Identification No.)**

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

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communication pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communication pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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. ☐

EXPLANATORY NOTE

On February 9, 2018, EnviroStar, Inc., a Delaware corporation (the "Company"), through its wholly-owned subsidiary, AAdvantage Laundry Systems, Inc., a Delaware corporation ("Buyer"), completed its acquisitions (collectively, the "Transactions") of substantially all of the assets of Zuf Acquisitions I LLC, a Texas limited liability company d/b/a/ AAdvantage Laundry Systems ("Zuf"), and Sky-Rent LP, a Texas limited partnership ("Sky-Rent"), pursuant to (i) the terms of the Asset Purchase Agreement, dated as of December 8, 2017 (the "Zuf Asset Purchase Agreement"), by and among the Company and the Buyer, on the one hand, and Zuf Management LLC, a Texas limited liability company, Michael Zuffinetti, Ryan C. Smith and Zuf, on the other hand, and (ii) the terms of the Asset Purchase Agreement, dated as of December 8, 2017 (the "Sky-Rent Asset Purchase Agreement"), by and among the Company and the Buyer, on the one hand, and Sky-Rent Management LLC, a Texas limited liability company, Michael Zuffinetti, Teri Zuffinetti and Sky-Rent, on the other hand. The execution of the Zuf Asset Purchase Agreement and the Sky-Rent Asset Purchase Agreement were previously disclosed in a Current Report on Form 8-K filed by the Company with the Securities and Exchange Commission (the "SEC") on December 13, 2017.

On February 12, 2018, the Company filed a Current Report on Form 8-K (the "Filing") with the SEC to report the consummation of the Transactions. This Current Report on Form 8-K/A amends and supplements Item 9.01 of the Filing to present certain financial statements of Zuf and Sky-Rent and to present certain unaudited pro forma financial information of the Company in connection with the Transactions. Except as described above, all other information in and exhibits to the Filing remain unchanged.

Item 9.01 Financial Statements and Exhibits.

(a) The financial statements required by Item 9.01(a) are filed as Exhibit 99.2 to this Current Report on Form 8-K and are incorporated herein by reference.

(b) The pro forma financial information required by Item 9.01(b) are filed as Exhibit 99.3 to this Current Report on Form 8-K and are incorporated herein by reference.

(c) Not applicable.

(d) Exhibits:

23.1 Consent of Saville, Dodgen & Company, P.L.L.C

99.2 Unaudited combined balance sheet of the Zuf Acquisitions I LLC d/b/a/ AAdvantage Laundry Systems and Sky-Rent LP as of September 30, 2017, and the related combined statements of income and retained income and partners' capital and combined statements of cash flows for the three month periods ended September 30, 2017 and 2016, and the audited combined balance sheets of Zuf Acquisitions I LLC d/b/a/ AAdvantage Laundry Systems and Sky-Rent LP as of June 30, 2017 and 2016, and the related combined statements of income and retained income and partners' capital and combined statements of cash flows for each of the two years ended June 30, 2017 and 2016 and notes to the combined financial statements.

99.3 Unaudited pro forma condensed combined balance sheet of the Company as of September 30, 2017 and unaudited pro forma condensed combined statement of operations of the Company for twelve months ended June 30, 2017 and the three months ended September 30, 2017.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EnviroStar, Inc.

Date: February 13, 2018

By: /s/ Robert H. Lazar
Robert H. Lazar
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
23.1	Consent of Saville, Dodgen & Company, P.L.L.C
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99.3	Unaudited pro forma condensed combined balance sheet of the Company as of September 30, 2017 and unaudited pro forma condensed combined statement of operations of the Company for twelve months ended June 30, 2017 and the three months ended September 30, 2017.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-208082 and 333-222292 of our report dated January 23, 2018, relating to the audited combined balance sheets of Zuf Acquisitions I LLC b/b/a/ AAdvantage Laundry Systems and Sky-Rent as of June 30, 2017 and 2016, and the related combined statements of income and retained earnings and partners' capital, and cash flows for the years ended June 30, 2017 and 2016, and the related combined notes thereto, appearing in this Current Report on Form 8-K/A of EnviroStar, Inc.

/s/ Saville, Dodgen & Company, PLLC.

Dallas, Texas

February 13, 2018

INDEPENDENT AUDITORS' REPORT

To the Owners of
AAdvantage Laundry Systems
Garland, Texas

We have audited the accompanying financial statements of AAdvantage Laundry Systems (the "Company"), which comprise the combined balance sheets as of June 30, 2017 and 2016, and the related combined statements of income and retained earnings and partners' capital, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Subsequent Event

As discussed in the notes to the financial statements, AAdvantage Laundry Systems, entered into an agreement on December 8, 2017 to sell substantially all of the assets and certain liabilities of AAdvantage Laundry Systems for $17,000,000. Our opinion is not modified with respect to that matter.

Saville, Dodgen & Company, P.L.L.C.
Dallas, Texas

January 23, 2018

AADVANTAGE LAUNDRY SYSTEMS
COMBINED BALANCE SHEETS

ASSETS

	September 30, 2017 (UNAUDITED)	June 30, 2017	June 30, 2016
CURRENT ASSETS			
Cash and cash equivalents	$ 1,629,085	$ 2,008,900	$ 1,016,162
Accounts receivable, net	3,356,126	2,294,417	2,499,645
Note receivable, current portion	15,912	15,676	14,765
Net investment in sales type leases, current portion	434,585	506,748	422,409
Inventory, net	2,916,541	2,904,885	3,467,079
Prepaid and other current assets	29,294	20,181	1,070,132
Total current assets	8,381,543	7,750,807	8,490,192
Property and equipment, net	935,069	874,092	794,234
Note receivable, net	108,677	112,745	128,420
Net investment in sales type leases, net	2,346,078	2,336,973	2,119,603
TOTAL ASSETS	$ 11,771,367	$ 11,074,617	$ 11,532,449

LIABILITIES AND EQUITY

	September 30, 2017 (UNAUDITED)	June 30, 2017	June 30, 2016
CURRENT LIABILITIES			
Lines of credit	$ 3,110,975	$ 2,506,130	$ 2,943,832
Long-term debt, current portion	48,604	70,030	185,779
Accounts payable and accrued expenses	1,418,731	958,715	1,152,233
Customer deposits	335,186	285,594	1,428,189
Total current liabilities	4,913,496	3,820,469	5,710,033
Related party note payable	150,000	150,000	150,000
Deferred taxes	—	—	974,863
Long-term debt, net	131,797	216,130	131,862
TOTAL LIABILITIES	5,195,293	4,186,599	6,966,758
EQUITY			
Common stock	1,000	1,000	1,000
Retained earnings and partners' capital	6,575,074	6,887,018	4,564,691
Total equity	6,576,074	6,888,018	4,565,691
TOTAL LIABILITIES AND EQUITY	$ 11,771,367	$ 11,074,617	$ 11,532,449

AADVANTAGE LAUNDRY SYSTEMS
COMBINED STATEMENTS OF INCOME AND RETAINED EARNINGS
AND PARTNERS' CAPITAL

	THREE MONTH PERIODS ENDED SEPTEMBER 30, 2017 (UNAUDITED)	2016 (UNAUDITED)	YEARS ENDED JUNE 30, 2017	2016
Revenue	$ 7,996,760	$ 7,325,685	$ 27,439,740	$ 24,136,771
Cost of sales	5,823,997	4,886,540	18,508,743	16,566,012
Gross profit	2,172,763	2,439,145	8,930,997	7,570,759
Selling, general, and administrative expenses	1,704,296	1,515,345	7,364,532	6,348,838
Operating income	468,467	923,800	1,566,465	1,221,921
Other expense (income)				
Interest expense, net	29,168	33,890	128,809	120,006
Other income/expense	8	(1,294)	(33,449)	(46,981)
	29,176	32,596	95,360	73,025
Income before provision for income taxes	439,291	891,204	1,471,105	1,148,896
Provision for income taxes (benefit)	21,235	(975,304)	(943,722)	396,236
Net income	418,056	1,866,508	2,414,827	752,660
Retained earnings and partners' capital, beginning of year	6,887,018	4,564,691	4,564,691	4,257,031
Distributions/dividends	730,000	—	92,500	445,000
Retained earnings and partners' capital, end of year	$ 6,575,074	$ 6,431,199	$ 6,887,018	$ 4,564,691

AADVANTAGE LAUNDRY SYSTEMS
COMBINED STATEMENTS OF CASH FLOWS

	THREE MONTH PERIODS ENDED SEPTEMBER 30, 2017 (UNAUDITED)	2016 (UNAUDITED)	YEARS ENDED JUNE 30, 2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$ 418,056	$ 1,866,508	$ 2,414,827	$ 752,660
Adjustments to reconcile net income to net cash provided (used) by operating activities:				
Depreciation	55,505	58,302	211,501	191,598
(Gain)/Loss on disposal of assets	5,958	9,944	36,781	44,863
Deferred taxes	—	(974,863)	(974,863)	227,559
Changes in operating assets and liabilities:				
Accounts receivable, net	(1,061,709)	(492,468)	205,228	(816,897)
Note receivable	3,832	3,608	14,764	13,908
Net investment in sales type leases	63,058	(61,694)	(301,709)	(430,942)
Inventory	(11,656)	614,759	562,194	(440,541)
Prepaids and other current assets	(9,113)	121,652	1,049,951	(1,049,411)
Accounts payable and accrued expenses	460,016	90,793	(193,518)	480,774
Customer deposits	49,592	(607,114)	(1,142,595)	476,296
Net cash provided (used) by operating activities	(26,461)	629,427	1,882,561	(550,133)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property and equipment	(122,440)	(128,827)	(352,390)	(203,008)
Proceeds from the sale of assets	—	—	24,250	6,700
Net cash provided (used) by investing activities	(122,440)	(128,827)	(328,140)	(196,308)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds on long-term debt and lines of credit	4,266,616	3,403,282	14,132,717	12,910,710
Payments on note payable to stockholder	—	—	—	(150,000)
Payments on long-term debt and lines of credit	(3,767,530)	(3,783,498)	(14,601,900)	(12,271,060)
Distributions/dividends	(730,000)	—	(92,500)	(445,000)
Net cash provided (used) by financing activities	(230,914)	(380,216)	(561,683)	44,650
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(379,815)	120,384	992,738	(701,791)
CASH AND CASH EQUIVALENTS, beginning of year	2,008,900	1,016,162	1,016,162	1,717,953
CASH AND CASH EQUIVALENTS, end of year	$ 1,629,085	$ 1,136,546	$ 2,008,900	$ 1,016,162
SUPPLEMENTAL CASH FLOW DISCLOSURES				
Interest paid	$ 31,807	$ 36,930	$ 143,413	$ 134,672
Taxes paid	$ 19,784	$ —	$ 180,390	$ 83,540

DESCRIPTION OF BUSINESS

Zuf Acquisitions I LLC, (“Zuf”) a Texas limited liability company, doing business as AAdvantage Laundry Systems, is headquartered in Garland, Texas. The Company also has offices in Oklahoma, North Carolina, and Virginia. The Company primarily sells, installs, services, and rents commercial laundry equipment.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These combined financial statements, all of which are under common control and ownership, include the following entities:

- Zuf Acquisitions I LLC doing business as AAdvantage Laundry Systems
- Sky-Rent, LP (“Sky-Rent”)

Collectively, these combined entities are referred to as “we”, “us”, “our”, or the “Company”. All significant intercompany balances have been eliminated in combination.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. These estimates include such items as impairment of long-lived assets, depreciation, allowance for doubtful accounts, inventory reserves, fair value measurements, and certain accrued liabilities. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all instruments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist primarily of cash on deposit and money market accounts. The Company has a concentration of credit risk for cash deposits maintained at certain financial institutions, which may exceed amounts covered by insurance provided by the Federal Deposit Insurance Corporation. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivables consisted of the following receivable categories at June 30:

	2017	2016
Trade receivables – billed	$ 1,513,729	$ 1,163,728
Trade receivables – unbilled	515,333	1,081,410
Other receivables	295,355	284,507
Total accounts receivable	2,324,417	2,529,645
Allowance for doubtful accounts	(30,000)	(30,000)
Total accounts receivable, net	$ 2,294,417	$ 2,499,645

Accounts receivable consisted of the following receivable categories at September 30:

	2017	2016
Trade receivables – billed	$ 1,743,611	$ 1,721,719
Trade receivables – unbilled	1,265,037	906,382
Other receivables	397,478	394,012
Total accounts receivable	3,406,126	3,022,113
Allowance for doubtful accounts	(50,000)	(30,000)
Total accounts receivable, net	$ 3,356,126	$ 2,992,113

Trade receivables – billed are customer obligations due under what management believes to be customary trade terms. Trade receivables – unbilled are customer obligations under the terms of the relevant agreements that were billed subsequent to the period-end. Other receivables consist primarily of rebates due from vendors based on sales volume. Accounts receivable are recorded at their net realizable value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable (continued)

The Company utilizes the allowance method to record uncollectible accounts, which are management's best estimate of the amount of probable credit losses in the existing accounts receivable; however, changes in circumstances relating to accounts receivable may result in a requirement for additional allowances in the future. The Company determines the allowance based on historical write-off experience, current market trends, and the customer's ability to pay outstanding balances. Accounts receivable balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. Accounts receivable are due from customers upon completion of the contractual terms of the applicable agreement. Accounts that are outstanding longer than the contractual payment terms are considered past due. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to income when payments are received.

Note Receivable

In 2014, the Company sold certain assets to Laundry South Systems & Repair, LLC and created a note receivable. The note bears interest at 6% per year and matures on May 8, 2019. The Company receives payments monthly for the interest and principal of the note. The note receivable is secured by an interest in certain collateral in accordance with the terms and conditions of the agreement.

Maturities are as follows:

Years Ending June 30,	Amount
2018	$ 15,676
2019	112,745
Thereafter	—
	$ 128,421

Net Investment in Sales Type Leases and Operating Leases

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Investment in Sales Type Leases and Operating Leases (continued)

The future minimum lease payments receivable for sales type leases are as follows:

Years Ending June 30,	Total Minimum Lease Payments to be Received	Amortization of Unearned Income	Net Investment in Sales Type Leases
2018	$ 1,440,009	$ 933,261	$ 506,748
2019	1,073,225	710,801	362,424
2020	763,358	463,789	299,569
2021	479,710	247,867	231,843
2022	145,988	63,051	82,937
Thereafter	—	—	—
			$ 1,483,521*

* Excludes residual values of $1,360,200

The Company also leases certain equipment, generally under leases less than a year, which are accounted for as operating leases. Rental income of approximately $160,000 and $185,000 was recognized for the years ending June 30, 2017 and 2016, respectively. Rental income of approximately $32,310 and $44,996 was recognized for the three month periods ending September 30, 2017 and 2016, respectively.

Inventory

Inventory consists principally of equipment and parts. Equipment and parts inventories are valued at the lower of cost or market using an average cost method. Inventory is being presented net of a reserve of $50,000 as of June 30, 2017 and 2016, and as of September 30, 2017 and 2016.

Prepaids and Other Current Assets

Prepaids and other current assets consist primarily of prepaid insurance for the years ended June 30, 2017 and 2016. Prepaids and other current assets consist primarily of various operating expenses and deferred rent for the three month periods ended September 30, 2017 and 2016.

Property and Equipment

Property and equipment are recorded at cost. Useful lives and salvage values are based on historical equipment data. Expenditures for major additions and improvements are capitalized, while maintenance, repairs, and renewals that do not materially prolong the useful lives of the assets are charged to operations. When property and equipment are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of operations for the respective period.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (continued)

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets as follows:

Office equipment	5-10 years
Furniture and fixtures	7 years
Vehicles and trailers	7-10 years
Leasehold improvements	15-39 years
Equipment	7 years

Impairment of Long-Lived Assets

The Company reviews potential impairments of long-lived assets when there is evidence that events or changes in circumstances have made the recovery of an asset’s carrying value unlikely. An impairment loss is recognized if the sum of the expected, undiscounted future cash flow is less than the net book value of the asset. Generally, the amount of the impairment loss is measured as the excess of the net book value of the assets over the estimated fair value. As of June 30, 2017 and 2016, and September 30, 2017 and 2016, no impairment of long-lived assets was deemed necessary.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses primarily consists of accrued payroll and related taxes, sales tax, labor warranty liability, and other operating expenses.

Labor Warranty Liability

Generally, the equipment sold by the Company has a parts only warranty of three years, as provided by the manufacturer. The Company generally provides a labor warranty for a period of three months. Warranty costs are accrued based on estimates of costs that may be incurred under the Company’s warranty obligations. The warranty accrual is included in cost of sales and is recorded at the time revenue is recognized. The Company assess the adequacy of the recorded warranty liability at least annually and adjusts the amount as deemed necessary.

At June 30, 2017 and 2016, accrued labor warranty liabilities totaled approximately $13,000 and $7,700, respectively, and are included in accounts payable and accrued expenses on the accompanying combined balance sheets. At September 30, 2017 and 2016, accrued labor warranty liabilities totaled approximately $11,600 and $16,550, respectively, and are included in accounts payable and accrued expenses on the accompanying combined balance sheets.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

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. Revenue from parts sales are recognized when the part is shipped and service revenues are recognized when the service is completed. Route revenue is recognized when earned. Revenue is reported net of sales and other taxes assessed on revenue producing transactions. Costs relating to certain inbound and outbound shipping and handling are classified as cost of revenues.

Income Taxes

Zuf was treated as a C Corporation until July 1, 2016 when it elected to be converted to an S Corporation for federal income tax purposes. Subsequent to the date of the conversion, Zuf is only subject to federal income taxes to the extent it triggers built-in gains, if any, that existed at the date of the conversion. All other income is taxable, for federal income tax purposes, to the stockholders of Zuf. Therefore, no provision or liability for federal income taxes has been included in these financial statements for Zuf since July 1, 2016. Deferred taxes were recognized for Zuf prior to July 1, 2016 for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred taxes were measured using corporate tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled, based on tax law enacted as of June 30, 2016. These deferred taxes were reversed on July 1, 2016 due to the tax conversion.

Sky-Rent is organized as a limited partnership whereas the partners are responsible for federal income taxes. As such, no provision or liability for federal income taxes has been included in these financial statements for Sky-Rent. Zuf and Sky-Rent are responsible for applicable state and local taxes. Therefore, these financial statements include provisions for state and local taxes.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company does not have any significant uncertain tax positions at September 30, 2017 and 2016.

Advertising

Advertising costs consist mainly of print publications and trade show advertising. Advertising costs are charged to operations when incurred. Total advertising costs incurred for the years ended June 30, 2017 and 2016 were $114,449 and $72,528, respectively. Total advertising costs incurred for the three month periods ended September 30, 2017 and 2016 were $15,249 and $5,201, respectively.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

The Company's financial instruments, including cash and cash equivalents, trade accounts receivable, accounts payable, and accrued expenses, are carried at cost, which approximates their fair value because of the short-term nature of these financial instruments. The carrying value of notes receivable and long-term debt based on the instruments' interest rate, terms, maturity date, and collateral, if any, is comparable to the Company's incremental borrowing rate for similar financial instruments. The Company believes the carrying value of these financial instruments approximate their fair value.

Customer Deposits

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

PROPERTY AND EQUIPMENT

Property and equipment was as follows at June 30:

	2017	2016
Office equipment	$ 95,970	$ 92,470
Furniture and fixtures	29,665	29,665
Vehicles and trailers	793,256	662,097
Leasehold improvements	214,547	214,547
Equipment	574,522	578,206
Total property and equipment, at cost	1,707,960	1,576,985
Accumulated depreciation	(833,868)	(782,751)
	$ 874,092	$ 794,234

The Company incurred depreciation expense of $211,501 and $191,598 for the years ended June 30, 2017 and 2016, respectively.

PROPERTY AND EQUIPMENT (Continued)

Property and equipment was as follows at September 30:

	2017	2016
Office equipment	$ 97,310	$ 95,970
Furniture and fixtures	36,001	29,665
Vehicles and trailers	793,256	749,695
Leasehold improvements	214,547	214,547
Equipment	674,799	592,692
Total property and equipment, at cost	1,815,913	1,682,569
Accumulated depreciation	(880,844)	(827,754)
	$ 935,069	$ 854,815

The Company incurred depreciation expense of $55,505 and $58,302 for the three month periods ended September 30, 2017 and 2016, respectively.

DEBT OBLIGATIONS

Lines of Credit

The Company has a line of credit from a lending institution. The line of credit matures on May 21, 2018. It is a $2,500,000 secured line of credit which bears interest at a rate of 4.5% per annum. Substantially all business assets secure the line of credit. As of June 30, 2017 and 2016, the Company had an outstanding balance of $1,969,530 and $2,110,181, respectively. As of September 30, 2017, the Company had an outstanding balance of $2,305,802.

The Company has another line of credit from a lending institution. The line of credit matures on May 21, 2018. It is a $1,000,000 secured line of credit which bears interest at a rate of 4.5% per annum. Substantially all business assets secure the line of credit. As of June 30, 2017 and 2016, the Company had an outstanding balance of $536,600 and $833,651, respectively. As of September 30, 2017, the Company had an outstanding balance of $805,173.

Notes Payable

The Company finances vehicles with loans from financial institutions. At June 30, 2017, the Company owed $286,160 under eight promissory notes bearing interest at annual rates ranging from 3.49% to 4.5%. These notes require monthly principal and interest payments and are secured by equipment and vehicles. These loans have maturity dates ranging from July 2020 to June 2022. At June 30, 2016, the Company owed $317,641 under eight promissory notes bearing interest ranging from 4.25% to 4.5% annually. At September 30, 2017, the Company owed $180,402 under six promissory notes bearing interest at annual rates ranging from 3.49% to 4.5%.

DEBT OBLIGATIONS (Continued)

Related Party Note Payable

The Company has a note payable from a stockholder of the Company. The note payable matures on June 30, 2020. The note was originally for $387,000 and bears interest at a rate of 5% per annum. As of June 30, 2017 and 2016, the Company had an outstanding balance of $150,000. As of September 30, 2017, the Company had an outstanding balance of $150,000.

Maturities of Debt Obligations

Maturities of debt obligations are as follows:

Years Ending June 30,	Amount	
2018	$	2,576,160
2019		73,023
2020		219,087
2021		51,718
2022		22,302
Thereafter		—
	$	2,942,290

OPERATING LEASES

The Company leases office equipment, office space, and warehouses through various operating leases in Texas, North Carolina, Oklahoma, and Virginia. The leases in North Carolina and Virginia are due to expire in October 2017 and February 2019, respectively. All other leases are currently on a month-to-month basis. The Company incurred rent expense in conjunction with these leases of approximately $228,000 and $239,000 for the years ended June 30, 2017 and 2016, respectively. The Company incurred rent expense in conjunction with these leases of approximately $57,000 for the three month periods ended September 30, 2017 and 2016.

OPERATING LEASES (Continued)

The following provides approximate future minimum rental payments required under operating leases that have initial terms in excess of one year as of June 30, 2017:

Years Ending June 30,	Amount
2018	$ 31,560
2019	10,280
2020	—
2021	—
2022	—
Thereafter	—
	$ 41,840

INCOME TAXES

Our provision for income taxes is comprised of the following for the three months ended September 30, 2017 and 2016:

	2017	2016
Federal current taxes	$ —	$ —
State current taxes	21,235	(441)
Total current taxes	21,235	(441)
Deferred taxes	—	(974,863)
	$ 21,235	$ (975,304)

There are no federal income taxes reflected in these financial statements effective July 1, 2016 due to a tax conversion of Zuf. Deferred taxes at June 30, 2016 reflected the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The major temporary differences that comprised the net deferred tax liability were as follows: inventory 263A adjustments, sales-type leases, insurance, and depreciation. Deferred taxes were reversed on July 1, 2016 due to the tax conversion. There are currently no income tax examinations in progress.

RELATED PARTY TRANSACTIONS

The Company leases warehouses and office facilities from entities controlled by a stockholder of the Company under operating leases. The Company incurred rent expense in conjunction with the leases of approximately $220,000 and $202,000 for the years ended June 30, 2017 and 2016, respectively. The Company incurred rent expense in conjunction with the leases of approximately $50,000 for the three month periods ending September 30, 2017 and 2016.

The Company pays a management fee to an entity controlled by a stockholder of the Company under a management agreement. The Company incurred management fee expense in conjunction with this agreement of approximately $180,000 and $195,000 for the years ended June 30, 2017 and 2016, respectively. The Company incurred management fee expense in conjunction with this agreement of approximately $45,000 for the three month periods ended September 30, 2017 and 2016.

The Company purchased certain insurance coverage from an entity controlled by the stockholders of the Company. The Company incurred insurance expense under these policies of approximately $1,057,000 and $1,084,000 for the years June 30, 2017 and 2016, respectively. The Company incurred insurance expense under these policies of approximately zero and $264,000 for the three month periods ended September 30, 2017 and 2016, respectively.

SIGNIFICANT RISKS, UNCERTAINTIES, AND CONCENTRATIONS

Concentrations

The Company is potentially subject to credit risk arising from accounts receivable incurred during the normal course of business. Two customers accounted for approximately 29% and 22% of the accounts receivable balance at June 30, 2017 and 2016, respectively. Two customers accounted for approximately 32% of the accounts receivable balance at September 30, 2017.

The Company has a significant percentage of purchases from two vendors.

SUBSEQUENT EVENTS

The Company entered into an agreement to sell substantially all of the assets and certain liabilities of the Company for $17,000,000 on December 8, 2017. The Company expects the closing to occur on or before March 31, 2018.

The Company has evaluated subsequent events through January 23, 2018, the date the financial statements were available to be issued, and there were no other subsequent events to report.

Exhibit 99.3

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On February 9, 2018, EnviroStar, Inc., a Delaware Corporation (the "Company" or "EVI"), through its wholly-owned subsidiary AAdvantage Laundry Systems, Inc., a Delaware Corporation("AAdvantage"), acquired substantially all of the assets and assumed certain liabilities of Zuf Acquisitions I LLC, a Texas limited liability company ("Zuf"), and Sky-Rent, LP, a Texas limited partnership ("Sky-Rent"), for consideration consisting of (i) $8.5 million in cash (the "Cash Amount"), subject to working capital and other adjustments, and (ii) 348,360 shares of the Company's common stock, (the "AAdvantage Transaction"). The Company funded the Cash Amount through borrowings on its Line of Credit, as defined below.

On October 31, 2017, the Company, through its wholly-owned subsidiary, Tri-State Technical Services, Inc., a Delaware corporation, acquired substantially all the assets and assumed certain liabilities of Tri-State Technical Services, Inc., a Georgia corporation ("Tri-State"), for consideration consisting of (i) $8.25 million in cash and (ii) 338,115 shares of the Company's common stock, (the "Tri-State Transaction"). The Company funded the cash portion of the Tri-State Transaction through borrowings on the Term Loan and Line of Credit, as defined below.

On October 7, 2016, the Company entered into a credit agreement (the “Credit Agreement”) with Wells Fargo Bank, National Association (the “Bank”). The Credit Agreement provides for a total aggregate commitment of the Bank of $20.0 million, consisting of a maximum $15 million revolving line of credit (the “Line of Credit”), and a $5.0 million term loan facility (the “Term Loan”). On June 23, 2017, the Company and its consolidated subsidiaries entered into a First Amendment and Ratification of Credit Agreement and Other Loan Documents (the “First Amendment”), which, among other things, added Martin-Ray Laundry Systems, Inc., a Delaware corporation (“MRLS”), as a co-guarantor under the Credit Agreement. On October 30, 2017, the Company and its consolidated subsidiaries entered into a Second Amendment and Ratification of Credit Agreement and Other Loan Documents (the “Second Amendment”), which, among other things, (i) added Tri-State Technical Services, Inc., as a co-guarantor under the Credit Agreement and (ii) increased the total aggregate commitment of the Bank under the Credit Agreement from $20.0 million to $22.2 million by increasing the maximum amount under the Term Loan from $5.0 million to $7.2 million. Interest accrues on the outstanding principal amount of the Line of Credit at an annual rate equal to Daily One Month LIBOR (as defined in the Credit Agreement) plus 2.25% and on the outstanding principal amount of the Term Loan at an annual rate equal to Daily One Month LIBOR plus 2.85%. The Credit Agreement has a term of five years and matures on October 10, 2021.

On October 10, 2016, the Company, through its wholly-owned subsidiary, Western State Design, Inc., a Delaware corporation, acquired substantially all the assets and assumed certain liabilities of Western State Design, LLC (formerly known as Western State Design, Inc.), a California limited liability company ("WSD") (the "WSD Transaction" and together with the Tri-State Transaction and the AAdvantage Transaction, collectively the "Transactions") for consideration consisting of (i) $18.0 million in cash and (ii) the issuance of 2,044,990 shares of the Company's common stock. The Company funded the cash portion of the WSD Transaction by (i) the sale of 1,290,323 shares of the Company's common stock to a company controlled by the Company's Chairman and Chief Executive Officer and (ii) through borrowings under the Credit Agreement.

The following unaudited pro forma condensed combined financial statements were derived by adjusting the historical financial statements of the Company to give effect to the Transactions and the related financing transactions. The unaudited pro forma condensed combined balance sheet presents the historical balance sheet of the Company as of September 30, 2017, which reflects the acquisition of WSD, adjusted for the Tri-State Transaction and the AAdvantage Transaction as if they occurred on September 30, 2017. The unaudited proforma condensed combined statement of operations for the quarter ended September 30, 2017 presents the historical statement of operations of the Company for the quarter ended September 30, 2017, which reflect the results of operations for WSD, adjusted for the Tri-State Transaction and the AAdvantage Transaction. The unaudited proforma condensed combined statement of operations for the fiscal year ended June 30, 2017 presents the historical statement of operations of the Company for the fiscal year ended June 30, 2017, which reflect the results of operations for WSD from October 10, 2016 through June 30, 2017 adjusted for the Transactions and related financings as if they had occurred on July 1, 2016.

The assumptions and estimates underlying the unaudited adjustments to the pro forma condensed combined financial statements are described in the accompanying notes, which should be read together with the pro forma condensed combined financial statements.

The unaudited pro forma financial statements should be read in conjunction with the historical consolidated financial statements and accompanying notes of the Company, which are included in the Annual Report on Form 10-K for the year ended June 30, 2017 filed with the Securities and Exchange Commission (the "SEC") on September 28, 2017, and the historical financial statements and accompanying notes of Tri-State which are included in Exhibit 99.2 to the Company's current report on Form 8-K/A filed with the SEC on November 8, 2017 and the historical financial statements and accompanying notes of AAdvantage which are included in Exhibit 99.2 to the Company's current report on Form 8-K filed with the SEC on February 12, 2018.

The unaudited pro forma adjustments are based upon available information and certain assumptions that management believes are reasonable under the circumstances. The pro forma combined financial statements do not purport to represent what the combined company's financial condition or results of operations would have been had the acquisition occurred on the dates indicated, nor do they purport to project the Company's future consolidated results of operations or consolidated financial position for any future period or as of any future date. The actual financial position and results of operations may differ significantly from the pro forma amounts reflected herein.

Unaudited Pro Forma Condensed Combined Balance Sheet
as of September 30, 2017
(in thousands)

	EVI Historical	Tri-State Historical	AAdvantage Historical	Pro Forma Adjustments Tri-State	Pro Forma Adjustments AAdvantage	Notes for Tri-State	Notes for AAdvantage	Pro Forma Combined
Cash and cash equivalents	$ 414	$ 1,593	$ 1,629	$ —	$ —			$ 3,636
Accounts receivable, net	10,844	2,860	3,356	—	—			17,060
Inventories, net	9,231	2,471	2,917	—	—			14,619
Vendor deposits	874	—	—	—	—			874
Net investment in sales type leases, current portion	—	—	435	—	—			435
Other current assets	1,037	406	45	—	(5)		(aa)	1,483
Total current assets	22,400	7,330	8,382	—	(5)			38,107
Equipment and improvements, net	1,180	3,774	935	(3,012)	(339)	(a)	(aa)	2,538
Net investment in sales type leases, net	—	—	2,346	—	—			2,346
Intangible assets, net	7,036	—	—	5,100	6,508	(c)	(cc)	18,644
Goodwill	24,660	—	—	5,563	4,667	(d)	(dd)	34,890
Deferred income taxes, net	—	—	—	36	40	(f)	(ff)	76
Other assets	319	1,066	109	—	—			1,494
Total assets	$ 55,595	$ 12,170	$ 11,772	$ 7,687	$ 10,871			$ 98,095
Accounts payable and accrued expenses	$ 10,249	$ 1,876	$ 1,419	$ 90	$ 100	(f)	(ff)	$ 13,734
Accrued employee expenses	1,452	92	—	—	—			1,544
Customer deposits	4,989	847	335	—	—			6,171
Billings in excess of costs on uncompleted contracts	886	—	—	—	—			886
Line of credit	—	—	3,111	—	5,389		(bb) (aa)	8,500
				(1,049)		(a)		
Current portion of long-term debt	714	1,049	49	486	(49)	(b)	(aa)	1,200
Total current liabilities	18,290	3,864	4,914	(473)	5,440			32,035
Related party note payable	—	—	150	—	(150)		(aa)	—
Long-term debt, net	4,161	—	132	7,492	(132)	(b)	(aa)	11,653
Total liabilities	22,451	3,864	5,196	7,019	5,158			43,688
				(8,306)	(6,576)	(a)	(aa)	
				9,028	12,349	(e)	(ee)	
Total shareholders' equity	33,144	8,306	6,576	(54)	(60)	(f)	(ff)	54,407
Total liabilities and shareholders' equity	$ 55,595	$ 12,170	$ 11,772	$ 7,687	$ 10,871			$ 98,095

See Accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

Unaudited Pro Forma Condensed Combined Statement of Operations
Twelve months ended June 30, 2017
(in thousands, except per share data)

	EVI Historical	WSD Historical[1]	Tri-State Historical[2]	AAdvantage Historical	Pro Forma Adjustments TriState/WSD	Pro Forma Adjustments AAdvantage	Notes for Tri-State/WSD	Notes for AAdvantage	Pro Forma Combined
Revenues	$ 93,978	$ 16,637	$ 27,416	$ 27,440	$ —	$ —			$ 165,471
Cost of sales	73,639	12,991	18,366	18,509	—	—			123,505
Gross profit	20,339	3,646	9,050	8,931	—	—			41,966
					482	459	(g)	(g)	
Selling, general and administrative expenses	14,989	2,698	6,398	7,365	(868)	(1,057)	(h)	(mm)	30,466
Operating income	5,350	948	2,652	1,566	386	598			11,500
Other income/expense	—	—	—	(34)	—	—			(34)
					370		(j)		
					6	(143)	(i)	(ii)	
Interest expense (income), net	160	2	(8)	129	4	263	(j)	(jj)	783
Income before provision for income taxes	5,190	946	2,660	1,471	6	478			10,751
Provision for income taxes	2,023	12	—	(944)	1,442	1,714	(k)	(kk)	4,247
Net income	$ 3,167	$ 934	$ 2,660	$ 2,415	$ (1,436)	$ (1,236)			$ 6,504
Earnings per share - basic	$ 0.31						(l)		$ 0.54
Earnings per share - diluted	$ 0.31						(l)		$ 0.54

See Accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

[1]Derived from unaudited internal records; represents the period from July 1, 2016 through October 9, 2016.

[2]Derived by taking the financial statements for the year ended December 31, 2016, subtracting the amounts for the six-months ended June 30, 2016 and adding the amounts for the six months ended June 30, 2017.

Unaudited Pro Forma Condensed Combined Statement of Operations
Three months ended September 30, 2017
(in thousands, except per share data)

	EVI Historical	Tri-State Historical	AAdvantage Historical	Pro Forma Adjustments Tri-State	Pro Forma Adjustments AAdvantage	Notes for Tri-State	Notes for AAdvantage	Pro Forma Combined
Revenues	$ 26,273	$ 6,798	$ 7,997	$ —				$ 41,068
Cost of sales	20,124	4,475	5,824	—				30,423
Gross profit	6,149	2,323	2,173	—	—			10,645
Selling, general and administrative expenses	5,166	1,621	1,705	90	115	(gg)	(gg)	8,697
Operating income	983	702	468	(90)	(115)			1,948
				—				
				(8)	(36)	(i)	(ii)	
Interest expense (income), net	66	—	29	76	74	(j)	(jj)	201
Income before provision for income taxes	917	702	439	(158)	(153)			1,747
Provision for income taxes	354	—	21	223	92	(k)	(kk)	690
Net income	$ 563	$ 702	$ 418	$ (381)	$ (245)			$ 1,057
Earnings per share - basic	$ 0.05					(l)		$ 0.09
Earnings per share - diluted	$ 0.05					(l)		$ 0.08

See Accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

Notes to unaudited pro forma condensed combined financial statements

Note 1 – Basis of Presentation

The historical consolidated financial statements of EnviroStar, Inc. have been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the Transactions and related financings, (2) factually supportable and (3) with respect to the unaudited pro forma condensed combined statement of operations, expected to have a continuing impact on the combined results following the Transactions and related financings.

The Tri-State and AAdvantage transactions will be accounted for under the acquisition method of accounting in accordance with ASC Topic 805, Business Combinations ("ASC 805"). As the acquirer for accounting purposes, the Company will recognize the assets acquired and liabilities assumed at fair value. However, as of February 12, 2018, the Company has not completed the valuation studies necessary to estimate the fair values of the assets acquired or the liabilities assumed by the Company to reflect the allocation of purchase price to the fair value of such amounts. The excess of consideration transferred over the net assets acquired has been allocated on a preliminary basis to intangible assets (trade names, customer relationships and non-compete agreements) and goodwill. A final determination of these fair values will be based on actual tangible and intangible assets and liabilities that existed as of the acquisition date once the valuation studies have been completed.

The WSD Transaction was accounted for under the acquisition method of accounting in accordance with ASC 805 as of the acquisition date of October 10, 2016.

The actual allocation of consideration transferred in the Tri-State Transaction and AAdvantage Transaction may differ from the allocation assumed in these unaudited pro forma condensed combined financial statements. Accordingly, the pro forma adjustments are preliminary and have been made solely for illustrative purposes.

Note 2 – Acquisition and preliminary purchase price allocation

On October 31, 2017, the Company completed the Tri-State Transaction. The purchase price for the acquisition is $17.3 million consisting of (i) $8.25 million in cash, including $2.1 million deposited in an escrow account for no less than 24 months after the date of the closing of the Tri-State Transaction subject to working capital and other adjustments, and (ii) $9.0 million consisting of 338,115 shares of the Company's common stock, valued at $26.70 per share, which was the closing price of the stock on October 31, 2017.

On February 9, 2018, the Company completed the AAdvantage Transaction. The purchase price for the acquisition is $20.8 million consisting of (i) $8.5 million in cash, including $1.5 million deposited in an escrow account for no less than 18 months after the date of the closing of the AAdvantage Transaction subject to working capital and other adjustments, and (ii) 348,360 shares of the Company's common stock, valued at $35.45 per share, which was the closing price of the stock on February 9, 2018.

In October 2016, the Company entered into the Credit Agreement, which was amended by the First Amendment in June 2017 and the Second Amendment in October 2017. The cash portion of the purchase price in the Tri-State Transaction was funded through proceeds from borrowings under the Credit Agreement, consisting of $2.8 million of Term Loan borrowings and $5.4 million of borrowings under the Line of Credit. The cash portion of the purchase price in the AAdvantage Transaction was funded through borrowings under the Credit Agreement consisting of $8.5 million of borrowings under the Line of Credit. Interest accrues on the outstanding principal amount of the Line of Credit at an annual rate equal to Daily One Month LIBOR (as defined in the Credit Agreement) plus 2.25% and on outstanding principal amounts of the Term Loan at an annual rate equal to Daily One Month LIBOR plus 2.85%. Principal repayments for the Term Loan will be $100,000 per month, with the balance due at maturity. The Credit Agreement matures on October 10, 2021.

Notes to unaudited pro forma condensed combined financial statements

The following table summarizes the preliminary purchase price and allocation of the purchase price to assets acquired and liabilities assumed in the Tri-State Transaction and AAdvantage Transaction as of September 30, 2017 (in thousands, except share data):

	Tri-State Transaction	AAdvantage Transaction
Cash consideration	$ 8,250	$ 8,500
Shares consideration:		
Number of shares	338,115	348,360
Price per share	$ 26.70	$ 35.45
Total share consideration	9,028	12,349
Total purchase price	$ 17,278	$ 20,849
Cash	2,215	1,629
Accounts Receivable	3,071	3,356
Inventory	2,924	2,917
Other current assets	426	475
Equipment and improvements	762	596
Intangible assets	5,100	6,508
Net investment in sales type leases, noncurrent	—	2,346
Other assets	1,170	109
Total identifiable assets	15,668	17,936
Accounts payable and accrued expenses	2,263	1,419
Accrued employee expenses	310	—
Customer deposits	1,380	335
Total liabilities assumed	3,953	1,754
Goodwill	$ 5,563	$ 4,667

Note 3 – Pro Forma Adjustments – Unaudited Pro Forma Condensed Combined Balance Sheet

The pro forma adjustments are based on our preliminary estimates and assumptions that are subject to change. The following adjustments have been reflected in the unaudited pro forma condensed combined balance sheet and unaudited pro forma condensed combined statements of operations:

(a) Reflects adjustments to the balance sheet to eliminate Tri-State assets and liabilities excluded from the purchase.

(aa) Reflects adjustments to the balance sheet to eliminate AAdvantage assets and liabilities excluded from the purchase.

(b) Reflects proceeds from Term Loan and Line of Credit borrowings of $8.25 million to finance the Tri-State Transaction, as described in Note 2.

(bb) Reflects Line of Credit borrowings of $8.5 million to finance the AAdvantage Transaction, as described in Note 2.

Notes to unaudited pro forma condensed combined financial statements

(c) Reflects the recognition of intangible assets acquired by the Company at their estimated fair values for the Tri-State Transaction. As part of the preliminary valuation analysis, the Company identified intangible assets, including trade names, customer relationships and non-compete agreements. The fair value of identifiable intangible assets is determined primarily using the "income approach," which requires a forecast of all of the expected future cash flows. The finalization of the valuation of the intangibles is in the process of being finalized and the allocation below reflects available information as of February 12, 2018.

(cc) Reflects the recognition of intangible assets acquired by the Company at their estimated fair values for the AAdvantage Transaction. As part of the preliminary valuation analysis, the Company identified intangible assets, including trade names, customer relationships and non-compete agreements. The fair value of identifiable intangible assets is determined primarily using the "income approach," which requires a forecast of all of the expected future cash flows. Since all information required to perform a detailed valuation analysis of AAdvantage's intangible assets could not be obtained as of February 12, 2018, for purposes of these unaudited pro forma condensed combined financial statements, the Company allocated a portion of the AAdvantage purchase price to the AAdvantage identifiable intangible assets in ratios equal to the portion of the Tri-State purchase price allocated to identifiable intangible assets in the application of the acquisition method of accounting to the Tri-State Transaction.

The following table summarizes the estimated fair values of Tri-State's and AAdvantage's identifiable intangible assets (dollars in thousands):

	Estimated Fair Value Tri-State	Estimated Fair Value AAdvantage
Trade Name	$ 1,500	$ 1,914
Customer Relationships	$ 3,600	$ 4,594
Covenant not to Compete	$ —	$ —
Pro forma adjustment to intangible assets	$ 5,100	$ 6,508

(d) Reflects preliminary estimate of goodwill arising from the Tri-State Transaction, which represents the excess of the purchase price over the fair value of Tri-State's identifiable assets acquired and liabilities assumed as shown in Note 2.

(dd) Reflects preliminary estimate of goodwill arising from the AAdvantage Transaction, which represents the excess of the purchase price over the fair value of AAdvantage's identifiable assets acquired and liabilities assumed as shown in Note 2.

(e) Reflects share consideration of 338,115 shares of the Company's common stock valued at $9.0 million to partially finance the Tri-State Transaction as described in Note 2.

(ee) Reflects share consideration of 348,360 shares of the Company's common stock valued at $12.3 million to partially finance the AAdvantage Transaction as described in Note 2.

(f) Reflects accruals for transaction costs of approximately $90,000, and a related deferred tax asset of $36,000 for the Tri-State Transaction.

(ff) Reflects accruals for transaction costs of approximately $100,000, and a related deferred tax asset of $40,000 for the AAdvantage Transaction.

Notes to unaudited pro forma condensed combined financial statements

(g) Represents intangible asset amortization on (i) the estimated fair values of Tri-State's and AAdvantage's identifiable intangible assets as described in (c) above for the year ended June 30, 2017 and (ii) the identifiable intangible assets recorded in the WSD Transaction for the period of July 1, 2016 to October 9, 2016 as reflected in the unaudited pro forma statement of operations for the fiscal year ended June 30, 2017, as summarized in the following table (dollars in thousands):

		AAdvantage Acquisition		Tri-State Acquisition		WSD Acquisition	
	Estimated Useful Life in Years	Estimated Fair Value	Year Ended June 30, 2017 Amortization	Estimated Fair Value	Year Ended June 30, 2017 Amortization	Estimated Fair Value	July 1, 2016 to October 9, 2016 Amortization
Trade Name	Indefinite	1,914	—	1,500	—	2,400	—
Customer Relationships	10	4,594	459	3,600	360	3,600	100
Convenant not to Compete	5	—	—	—	—	400	22

(gg) Represents intangible asset amortization on (i) the estimated fair values of Tri-State's and AAdvantage's identifiable intangible assets as described in (c) above as reflected in the unaudited pro forma statement of operations for the quarter ended September 30, 2017, as summarized in the following table (dollars in thousands):

		AAdvantage Acquisition		Tri-State Acquisition	
	Estimated Useful Life in Years	Estimated Fair Value	Quarter Ended September 30, 2017 Amortization	Estimated Fair Value	Quarter Ended September 30, 2017 Amortization
Trade Name	Indefinite	1,914	—	1,500	—
Customer Relationships	10	4,594	115	3,600	90
Convenant not to Compete	0	—	—	—	—

(h) Reflects elimination of historical transaction costs for the Company and Tri-State for the 12 months ended June 30, 2017 and for WSD for the period of July 1, 2016 to October 9, 2016.

(i) Reflects elimination of historical interest expense, net, for Tri-State for the 12 months ended June 30, 2017 and for WSD for the period of July 1, 2016 to October 9, 2016 in the statement of operations for the fiscal year ended June 30, 2017. Reflects elimination of historical interest expense, net, for Tri-State for the 3 months ended September 30, 2017 in the statement of operations for the quarter ended September 30, 2017.

(ii) Reflects elimination of historical interest expense, net, for AAdvantage for the 12 months ended June 30, 2017 in the statement of operations for the fiscal year ended June 30, 2017. Reflects elimination of historical interest for AAdvantage for the 3 months ended September 30, 2017 in the statement of operations for the quarter ended September 30, 2017.

Notes to unaudited pro forma condensed combined financial statements

(j) Represents the increase to interest expense resulting from interest on the Term Loan and Line of Credit to finance the WSD Transaction and the Tri-State Transaction for the year ended June 30, 2017 and quarter ended September 30, 2017, as follows (dollars in thousands):

	Loan Balance	Avg. Interest Rate(1)	Interest Expense Adjustment for the year ended June 30, 2017	Avg. Interest Rate(2)	Interest Expense Adjustment for the quarter ended September 30, 2017
Term Loan - WSD Transaction (101 days)	$ 5,000	3.35%	$ 46		$ —
Line of Credit - WSD Transaction (101 days)	$ 7,583	2.75%	$ 58		$ —
Term Loan - Tri-State Transaction	$ 2,827	3.62%	$ 102	4.08%	$ 29
Line of Credit - Tri-State Transaction	$ 5,423	3.02%	$ 164	3.48%	$ 47
Pro forma adjustment to interest expense			$ 370		$ 76

(1) Avg. interest rate for the WSD Transaction was determined by adding LIBOR as of July 1, 2016 (0.46755%) and September 30, 2016 (0.5311%) to the margins on Term Loan and Line of Credit described in Note 2 and taking an average of the rate applicable to the Term Loan and Line of Credit borrowings used to finance a portion of the WSD Transaction. Average interest rate for the Tri-State Transaction was determined by adding LIBOR as of July 1, 2016 (0.46755%) and June 1, 2017 (1.07589%) to the margins on the Term Loan and Line of Credit described in Note 2 and taking an average of the rate applicable to the Term Loan and Line of Credit borrowings used to finance a portion of the Tri-State Transaction. The pro forma adjustment for amortization of deferred financing costs for the year ended June 30, 2017 was $4,000.

(2) Avg. interest rate for the Tri-State Transaction for the quarter ended September 30, 2017 was determined by adding LIBOR as of July 1, 2017 (1.228%) and October 1, 2017 (1.2385%) to the margins on the Term Loan and Line of Credit described in Note 2 and taking an average of the rate applicable to the Term Loan and Line of Credit borrowings used to finance a portion of the Tri-State Transaction.

(jj) Represents the increase to interest expense resulting from interest on the Line of Credit to finance the AAdvantage Transaction for the year ended June 30, 2017 and quarter ended September 30, 2017, as follows (dollars in thousands):

	Loan Balance	Avg. Interest Rate(1)	Interest Expense Adjustment for the year ended June 30, 2017	Avg. Interest Rate(2)	Interest Expense Adjustment for the quarter ended September 30, 2017
Line of Credit - AAdvantage Transaction	$ 8,500	3.10%	$ 263	3.48%	$ 74

(1) Avg. interest rate for the AAdvantage Transaction was determined by adding LIBOR as of July 1, 2016 (0.46755%) and July 1, 2017 (1.228%) to the margins on the Line of Credit described in Note 2 and taking an average of the rate.

(2) Avg. interest rate for the AAdvantage Transaction for the quarter ended September 30, 2017 was determined by adding LIBOR as of July 1, 2017 (1.228%) and October 1, 2017 (1.2385%) to the margins on the Line of Credit described in Note 2 and taking an average of the rate.

Notes to unaudited pro forma condensed combined financial statements

(k) Reflects the income tax effect of treating WSD and Tri-State as taxable entities and the related tax effect of the pro forma adjustments based on an estimated combined blended statutory rate of 39.5%, for federal and state income taxes as follows (in thousands):

	Year ended June 30, 2017	Quarter ended September 30, 2017
Pro forma income before income tax provision	8,802	1,461
Estimated effective tax rate	39.5%	39.5%
Pro form income tax provision	3,477	577
Combined income tax provision	2,035	354
Pro forma adjustment to income tax provision	1,442	223

(kk) Reflects the income tax effect of treating AAdvantage as a taxable entity and the related tax effect of the pro forma adjustments based on an estimated combined blended statutory rate of 39.5%, for federal and state income taxes as follows (in thousands):

	Year ended June 30, 2017	Quarter ended September 30, 2017
Pro forma income before income tax provision	1,949	286
Estimated effective tax rate	39.5%	39.5%
Pro form income tax provision	770	113
Combined income tax provision	(944)	21
Pro forma adjustment to income tax provision	1,714	92

Notes to unaudited pro forma condensed combined financial statements

(ll) Reflects pro forma earnings per share, calculated using the two-class method, giving effect to pro forma adjustments for the WSD Transaction, the Tri-State Transaction and the AAdvantage Transaction for the year ended June 30, 2017 and the quarter ended September 30, 2017. 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. Pro forma basic and diluted earnings per share is calculated as follows (in thousands except per share amounts):

	Year Ended June 30, 2017	Quarter Ended September 30, 2017
Pro forma net income	$ 6,504	$ 1,057
Less: undistributed income allocated to non-vested restricted common stock	480	78
Pro forma net income allocated to EnviroStar, Inc. shareholders	$ 6,024	$ 979
Weighted average shares outstanding - basic	9,449	10,468
Adjustment for common shares issue in connection with WSD Transaction (a)	923	
Adjustment for common shares issued in Tri-State Transaction	338	338
Adjustment for common shares issued in AAdvantage Transaction	348	348
Pro form weighted average shares outstanding - basic	11,058	11,154
Pro forma weighted average shares outstanding - basic	11,058	11,154
Dilutive common share equivalents	88	381
Pro forma weighted average shares outstanding - diluted	11,146	11,535
Pro forma earnings per share - basic	$ 0.54	$ 0.09
Pro forma earnings per share - diluted	$ 0.54	$ 0.08
(a) Shares issued in WSD Transactions	2,045	
Shares issued in private placement transaction to partially fund WSD Transaction	1,290	
Total shares issued in connection with WSD Transaction	3,335	
Pro forma period before WSD Transaction (101 days)	0.277	
Adjustment for common shares issued in WSD Transaction	923	

(mm) Reflects the elimination of the captive insurance premiums recorded for AAdvantage for the year ended June 30, 2017 as described in the audited financial statements attached to this Form 8-K/A as Exhibit 99.2.