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

FORM 8-K/A

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

Date of report (Date of earliest event reported): December 15, 2020

CSW INDUSTRIALS, INC.

(Exact name of registrant as specified in charter)

Delaware	001-37454	47-2266942
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

5420 Lyndon B. Johnson Freeway, Suite 500
Dallas, Texas 75240
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (214) 884-3777

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 (*see* General Instruction A.2. below):

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

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	CSWI	Nasdaq Stock Market LLC

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

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

In Item 2.01 of the Registrant's Current Report on Form 8-K filed on December 16, 2020 (the "Original Form 8-K"), the Registrant reported the completion of the acquisition of T.A. Industries, Inc. d/b/a TRUaire, a California corporation ("TRUaire"), as the Registrant's wholly owned subsidiary, pursuant to a Stock Purchase Agreement, dated November 4, 2020, by and among the Registrant, RectorSeal, LLC, a Delaware limited liability company and wholly owned subsidiary of the Registrant, TRUaire, the holders of the outstanding capital stock of TRUaire, and Yongki Yi, as Seller Representative. Pursuant to Items 9.01(a)(4) and 9.01(b)(2) of Form 8-K, the Registrant stated in the Original Form 8-K that the financial statements and pro forma financial information required by Item 9 thereof would be filed by amendment within 71 calendar days after the date on which the Original Form 8-K was required to be filed.

This Current Report on Form 8-K/A amends the Original 8-K to file the financial statements and pro forma financial information required by Items 9.01(a) and 9.01(b) of Form 8-K.

This Current Report on Form 8-K/A should be read in connection with the Original Form 8-K, which provides a more complete description of said acquisition. The pro forma financial information included in this Current Report on Form 8-K/A has been presented for informational purposes only and is not necessarily indicative of the combined financial position or results of operations that would have been realized had the acquisition of TRUaire occurred as of the dates indicated, nor is it meant to be indicative of any anticipated combined financial position or future results of operations that the Registrant will experience after the acquisition.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The historical audited consolidated balance sheet of TRUaire as of December 31, 2019, the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows for the year ended December 31, 2019, the related notes and the related Independent Auditors' Report thereon are filed as Exhibit 99.1 hereto.

The unaudited condensed consolidated financial statements of TRUaire as of September 30, 2020 and September 30, 2019 and for the nine months ended September 30, 2020 and September 30, 2019 and the related notes are filed as Exhibit 99.2 hereto.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined financial information of the Registrant, giving effect to the acquisition of TRUaire, which includes the unaudited pro forma condensed consolidated balance sheet as of September 30, 2020, the unaudited pro forma condensed combined statements of operations for the year ended March 31, 2020 and for the six months ended September 30, 2020 and the related notes, are filed as Exhibit 99.3 hereto.

(d) Exhibits

Exhibit No.	Description
23.1	Consent of Lee & Park Co., independent registered public accounting firm of TRUaire.
99.1	The historical audited consolidated balance sheet of TRUaire as of December 31, 2019, the related consolidated statements of income and comprehensive income, shareholders' equity, and cash flows for the year ended December 31, 2019, the related notes and the related Independent Auditors' Report thereon.
99.2	The unaudited condensed consolidated financial statements of TRUaire as of September 30, 2020 and September 30, 2019 and for the nine months ended September 30, 2020 and September 30, 2019 and the related notes.
99.3	The unaudited pro forma condensed combined financial information of the Registrant, giving effect to the acquisition of TRUaire, which includes the unaudited pro forma condensed consolidated balance sheet as of September 30, 2020, the unaudited pro forma condensed combined statements of operations for the year ended March 31, 2020 and for the six months ended September 30, 2020 and the related notes.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

SIGNATURES

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.

Dated: February 3, 2021

By: /s/ James E. Perry
Name: James E. Perry
Title: Executive Vice President & Chief Financial Officer

Exhibit 23.1

Consent of Independent Auditor

We hereby consent to the incorporation by reference into Registration Statements No. 333-250003 on Form S-3 and No. 333-207178 on Form S-8 of our report, dated April 15, 2020, relating to our audit of the financial statements of T.A. Industries, Inc. for the year ended December 31, 2019, which appears in this Form 8-K/A of CSW Industrials, Inc. dated February 3, 2021.

/s/ Lee & Park Co.
Los Angeles, CA
February 3, 2021

Exhibit 99.1

T.A. INDUSTRIES, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2019

(With Independent Auditor’s Report Thereon)

Contents

<u>Independent Auditors' Report</u>

To the Board of Directors and Stockholders of
T.A. Industries, Inc.

We have audited the accompanying consolidated financial statements of T.A. Industries, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2019, and the related statements of comprehensive income, shareholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on those financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the 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.

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 statement.

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 financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

/s/ Lee & Park Co.
April 15, 2020

T.A. INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEET
As of December 31, 2019

ASSETS		
Current assets:		
Cash and cash equivalents	$	454,113
Accounts receivable, net		11,006,521
Advance to suppliers and other receivable		949,119
Inventory (note 3)		34,926,865
Other current assets		4,052,966
Total current assets		51,389,584
Property and equipment, net		24,583,153
Other asset:		
Intangible assets, net		130,907
Deferred tax assets		987,158
Deposits		747,335
Other long-term assets		7,801,466
Total other assets		9,666,866
Total assets	$	85,639,603
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$	4,910,425
Income tax payable		2,748,022
Revolving line of credit payable		22,419,512
Current portion of long-term debts		371,810
Accrued and other current liabilities		1,329,095
Total current liabilities		31,778,864
Long-term debts		49,398
Total liabilities		31,828,262
Shareholders' equity:		
Common stock, no par value; 100,000,000 shares authorized, 2,450,000 shares issued and outstanding		2,450,000
Additional paid-in capital		6,600,000
Accumulated other comprehensive income (loss)		(6,356,197)
Retained earnings		51,117,538
Total shareholders' equity		53,811,341
Total liabilities and shareholders' equity	$	85,639,603

See accompanying notes to financial statements

T.A. INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF INCOME AND COMPREHENSIVE INCOME
For the year ended December 31, 2019

Net sales	$ 94,414,125
Cost of sales	42,270,112
Gross profit	52,144,013
Selling and administrative expenses	38,389,598
Income from operations	13,754,415
Interest expense, net	(1,218,146)
Financial income, net	58,184
Other income (expense), net	(163,778)
Income before income tax provision	12,430,675
Income tax provision	(2,672,635)
Net income	$ 9,758,040
Other comprehensive income (loss)	$ 74,310
Comprehensive income	$ 9,832,350

See accompanying notes to financial statements

T.A. INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
For the year ended December 31, 2019

	Shares outstanding	Common stock	Additional paid-in capital	Accumulated other comprehensive income (loss)	Retained earnings	Net shareholders' equity
Balance at January 1, 2019	2,450,000	$ 2,450,000	$ 6,600,000	$ (6,430,507)	$ 41,359,498	$ 43,978,991
Net Income					9,758,040	9,758,040
Other Comprehensive Income				74,310		74,310
Balance at December 31, 2019	2,450,000	$ 2,450,000	$ 6,600,000	$ (6,356,197)	$ 51,117,538	$ 53,811,341

See accompanying notes to financial statements

T.A. INDUSTRIES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2019

Cash flows from operating activities:		
Net income	$	9,758,040
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		2,364,250
Working capital and other changes related to operations:		
Accounts receivable		(596,349)
Advances to suppliers and other receivable		1,835,983
Inventory		(2,588,712)
Other current assets		(715,096)
Other assets		(3,276,491)
Accounts payable		940,874
Income tax payable		462,602
Accrued and other current liabilities		(961,861)
Deferred tax liabilities/assets		(367,201)
Net cash provided by operating activities		6,856,039
Cash flows from investing activities:		
Proceeds from the sale of construction-in-progress		1,505,979
Purchase of property and equipment		(8,772,708)
Net cash used in investing activities		(7,266,729)
Cash flows from financing activities:		
Payments for revolving line of credit payable		(448,427)
Payments for long-term debts		(470,673)
Net cash used in financing activities		(919,100)
Effect of exchange rate changes		74,310
Net decrease in cash and cash equivalents		(1,255,480)
Cash and cash equivalents at beginning of year		1,709,593
Cash and cash equivalents at end of year	$	454,113
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$	1,218,146
Cash paid during the year for tax	$	3,884,215

See accompanying notes to financial statements

T.A. INDUSTRIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2019

1. Organization

T.A. Industries, Inc. ("Company", "TA"), was incorporated in June of 1995 in the state of California and has branches in Jacksonville, Florida, Aberdeen, Maryland, Greenwood, Indiana, and Houston, Texas. TA has been engaged principally in the import and wholesale distribution of grilles and diffusers. The Company's wholly-owned subsidiary, T.A. Industries Vietnam Co. Ltd., ("TA Vietnam"), established in September 2004 in Vietnam, manufactures all the products TA distributes throughout the U.S. The Company sells its products under the brand name of "Truaire", a well-recognized brand in the industry.

2. Summary of Significant Accounting Policies

Basis of Consolidation
The consolidated financial statements included the accounts of T.A. Industries, Inc., and its wholly-owned subsidiary. All significant inter-company balances and transactions have been eliminated in the consolidated financial statements.

Management Estimates
Management uses estimates and assumptions in preparing financial statements in conformity with generally accepted accounting principles in the U.S. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents
The Company considers operating checking accounts, money market account, and term deposits with less than 90 days maturity to be cash equivalents. As of December 31, 2019, cash and cash equivalents included no Term Deposits with less than 90 days maturity.

Revenue Recognition
Wholesale revenue is recognized when title and the risk and rewards of ownership have passed to the customer based on the terms of sale. This occurs upon shipment of products to customers.

In 2017, TA signed a contract with Home Depot to open a new line of business, a Decorative Line. To gain the new business, TA agreed to pay Home Depot $500,000 and purchase all existing Home Depot inventory for $1,440,160, which had no salvage value. To compensate for the $1,440,160 for the purchase of old inventory, they agreed on a 5% mark-up on all future sales of this new line of business, which the Company will offset against $1,440,160. Accordingly, both $500,000 and $1,440,160 were recorded as pre-payment in the other long-term assets. $500,000 was amortized over the period of 15 years while the $1,440,160 was offset by the 5% mark-up in Decorative Line sales annually. In 2019, the total sale for the Decorative Line business was $4,281,703, including the additional 5% mark-up of $214,085.

The balance at December 31, 2019, was as follows:

Original balance	$1,940,160
2017 reduction	(187,586)
2018 reduction	(249,155)
2019 reduction	(247,419)
Balance as of 12/31/19	$1,256,000
Less current portion	(248,334)
Total	$1,007,666

The Company routinely commits to a one-time or an on-going rebate program as sales incentives to dealers/wholesalers/contractors that require the Company to estimate and accrue the costs of such program. The policy regarding the recognition and presentation within the statement of income and comprehensive income is as follows:

Discounts and Rebates
There are two types of discounts: Sales Discount and Targeted Contractor Accounts ("TCAP") Discount. Sales discounts are given to customers for on-time payment and volume orders for either Home Depot or large-volume customers. TCAP discounts are given to contractor groups with pre-contracted discount incentives based on increased sales on existing accounts and/or sales on new accounts. The rebates are given to buying groups and the Home Depot based on monthly, quarterly, or yearly sales. Buying groups are made up of members purchasing in large quantities to obtain a better price as a whole. The costs of these discounts and rebates are recognized at the date of payment receipt or quarterly or annually. The cost of these discounts and rebates is estimated based on the payment history and the contractual obligations at year-end. Substantially all discounts and rebates are included in the determination of net sales.

Shipping and Handling Costs
The Company records shipping and handling fees collected from its customers as revenue. The Company records inbound freight as a cost of sales, and it records shipping and handling costs associated with shipping products to its customers as selling and administrative expenses. Total shipping and handling fees recorded as revenue and total shipping and handling costs included in selling and administrative expenses were approximately $708,000 and $4,495,000, respectively, for the year ended December 31, 2019.

Allowance for Uncollectible Accounts
Accounts receivable consists primarily of amounts receivable from customers. The Company makes ongoing estimates related to the collectability of its accounts receivable and maintains an allowance for estimated losses resulting from the inability of its customers to make required payments. In determining the amount of the allowance, the Company considers historical levels of credit losses and makes judgments about the creditworthiness of significant customers based on ongoing credit evaluations. The allowance for uncollectible accounts receivable was $39,883 as of December 31, 2019.

Inventories
Inventories are stated at lower of cost, using the first-in first-out method, or market value.

Property and Equipment
Property and equipment are stated at cost. Expenditures for repairs and maintenance are expensed as incurred, and any gain or loss on disposition is included in income as realized. Depreciation and amortization are provided on the straight-line method over the following estimated useful lives:

Automobiles	5 – 10 years
Building and structure	10 – 44 years
Machinery and equipment	5 - 10 years
Office equipment	5 years
Leasehold improvements	Shorter of 31.5 years or term of the lease

Identified Intangible Assets
Intangible assets are stated at cost. The Company capitalizes and amortizes intangible assets on a straight-line basis over the following estimated useful lives:

Goodwill purchased	15 years
Patent	15 years
Loan fees paid	Shorter of 5 years or term of the loan

Impairment of Long-lived Assets and Intangible Assets
The Company assesses potential impairment to its long-lived assets and intangible assets subject to amortization when events or changes in circumstances have made recovery of the assets carrying value unlikely and the carrying amount of the assets exceeds the estimated future undiscounted cash flows. If the assessment indicates that the carrying amounts may not be recoverable, an impairment loss would reduce the assets' carrying amount to its estimated fair value based on the present value of estimated future cash flows. During the year ended December 31, 2019, the Company did not recognize any impairment related to long-lived assets and intangible assets subject to amortization.

Fair Value of Financial Instruments
Substantially all of the Company's current assets and liabilities are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying amounts that approximate fair value because of the short maturity of the instrument. Other financial instruments consist of long-term obligations. The fair value of long-term obligations is estimated based on current interest rates offered to the Company for obligations with similar remaining maturities. The recorded value of these financial instruments approximated fair value at December 31, 2019.

Foreign Currency Translation and Foreign Currency Transactions
Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are included in the foreign currency transaction adjustment, a component of accumulated other comprehensive income in shareholders' equity.

The Company's subsidiary has various assets and liabilities, which are denominated in their functional currencies. These balance sheet items are subject to remeasurement, the impact of which is recorded in net of other income and expenses within the consolidated statements of income as other comprehensive income or loss.

Income Taxes
Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the bases of assets and liabilities for financial statement and income tax purposes.

The differences in asset and liability bases relate primarily to depreciable assets (using different methods and periods to calculate depreciation), net operating loss carry forward, and allowance for uncollectible accounts to reduce deferred tax assets to an amount that is more likely than not to be realized.

The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses and tax credits that are available to offset future income taxes. The components of the deferred tax assets and liabilities are classified as current and noncurrent based on their characteristics. Valuation allowances are provided for deferred tax assets based on the management of projection of the sufficiency of future taxable income to realize the assets. The Company records liabilities and tax benefits to uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*.

The Company's income tax filings are subject to audit by various taxing authorities. In evaluating the Company's tax provisions and accruals, future taxable income and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes its estimates are appropriate based on current facts and circumstances.

U.S. income taxes as applicable to the earnings of its non-U.S. subsidiary that are expected to be repatriated are provided currently on the financial statement. The Company determines annually the amount of undistributed income to distribute, but, with the Tax Cuts and Jobs Act of 2017, the Company is not subject to any tax liabilities of future repatriated distribution of non-U.S. earnings indefinitely after the recognition of the initial tax liabilities on deemed mandatory repatriation for undistributed earnings up to year 2017 with the election.

With that election, the Company owed federal income tax liabilities totaling $2,264,562 as of December 31, 2019 (initial liabilities $3,056,085 less $791,523 payments made), and the future payment schedule is as follows:

Year Ending December 31,	
2020	$ 186,425
2021	244,487
2022	458,412
2023	611,217
2024	764,021
	$2,264,562

The Company evaluates all significant tax positions as required by accounting principles generally accepted in the United States of America. As of December 31, 2019, the Company records the impacts properly.

Advertising

Advertising is charged to expenses when the advertisement is placed, and the aggregate amount of advertising expense was $196,247 for the year ended December 31, 2019. These expenses are included in selling and administrative expenses.

3. Inventory

As of December 31, 2019, inventory consisted of the following:

TA	
Inventory in warehouse	$31,792,238
Inventory in transit	6,234,305
Subtotal inventory	$38,026,543
TA VIETNAM	
Raw materials	$ 4,033,951
Tools and supplies	164,571
Work in process	762,097
Finished goods	324,827
Subtotal inventory	$ 5,285,446
	$43,311,989
Less: inter-company profit	(8,385,124)
Total Inventory	$34,926,865

4. Other Current Assets

Other current assets as of December 31, 2019, included the following:

Prepaid income taxes and expenses	$ 3,052,262
Home Depot advance purchase - current	248,334
Deductible value added tax	752,370
Total	$ 4,052,966

5. Property and Equipment

As of December 31, 2019, property and equipment including the subsidiary's consisted of the following:

	TA	TA VIETNAM	Total
Automobiles	$ 1,190,015	$ 595,557	$ 1,785,572
Building and structure	199,822	8,774,372	8,974,194
Machine and equipment	4,339,191	20,066,883	24,406,074
Office equipment	640,319	69,537	709,856
Leasehold improvements	5,940,871	-	5,940,871
	12,310,218	29,506,349	41,816,567
Accumulated depreciation	(5,292,790)	(11,940,624)	(17,233,414)
	$ 7,017,428	$ 17,565,725	$ 24,583,153

6. Intangible Assets

Intangible assets as of December 31, 2019, consisted of the following:

Patents purchased	$ 400,000
Goodwill purchased	132,000
	$ 532,000
Less accumulated amortization	(401,093)
	$ 130,907

Amortization expenses for intangible assets totaled $35,467 for the year ended December 31, 2019.

7. Other Long-Term Assets

Other long-term assets at December 31, 2019, consisted of the following:

Deposit	$ 482
Home Depot advance purchase	1,007,666
Term-loans receivable	6,224,724*
Long-term prepaid	568,593
	$ 7,801,465

*See note 12 for additional information

8. Debts

Revolving Line of Credit

The Company has a revolving line of credit with Comerica Bank with a maximum balance of $18,000,000 due on July 28, 2020. The purpose of the loan is to provide funds for general operations and working capital. The line is secured by substantially all of the Company's assets now owned and hereafter created or acquired by the Company. The interest is based on either the Wall Street Journal's prime rate (current rate is 4.75%) or 30-Day LIBOR rate plus 2.0%.

TA Vietnam has two short-term loans from Vietcombank and Vietinbank. The loan from Vietcombank was entered on September 25, 2019, with a maximum balance of $10,049,278 with interest rates from 3.6% to 3.9% secured by the machinery equipment and factory. The loan from Vietinbank was entered on September 20, 2019, with a maximum balance of $3,000,000 with interest rates of 4.0% secured by the machinery equipment and factory.

As of December 31, 2019, outstanding loan balances from Comerica bank, Vietcombank, and Vietinbank were $10,424,749 and $9,157,361 and 2,837,402, respectively, for a total of $22,419,512.

Long-term Debts

Long-term debt consisted of the following as of December 31, 2019:

Notes payable for three automobile loans and five capital leases that expire on various dates up to November 23, 2021, with interest rates from 0.00% to 5.69%, total monthly payment of $6,716	$ 121,199
Note payable with Comerica that expires on August 31, 2020, with interest of Wall Street Journal prime rate or 30-Day LIBOR rate plus 2.0%, monthly installment payment of $33,333 plus interest	300,009
Less current portion	(371,810)
Total	$ 49,398

9. Accrued and Other Current Liabilities

Accrued and other current liabilities as of December 31, 2019, included the following:

Employees and tax payables	$ 601,828
Commission payable	499,282
Equipment rental payable	181,891
Others	46,094
Total	$1,329,095

10. Income Taxes

The provisions for income taxes for the year ended December 31, 2019, consisted of the following components:

Current:	
Federal	$1,370,283
States	592,994
Foreign	1,076,557
	3,039,834
Deferred:	
Federal	$ (238,131)
States	(129,068)
Foreign	-
	(367,199)
Total	$2,672,635

The provision for income taxes differs from the amount computed by applying the U.S. federal statutory income rate and state statutory income rate of 21% and 6%, respectively, to the pretax book income of the Company, due primarily to state income tax and timing differences of depreciation and amortization of fixed assets and intangible assets.

Beginning deferred tax assets and liabilities as of January 1, 2019:

Deferred income tax assets:	
State tax	$ 74,675
Accounts receivable, bad debt reserve	10,769
Inventory, 263A capitalization	769,770
Net deferred income tax assets	855,214
Deferred income tax liabilities:	
Depreciation and amortization	(235,256)
Deferred income tax asset, net	$ 619,958

Ending deferred tax assets and liabilities as of December 31, 2019:

Deferred income tax assets:	
State tax	$ 191,814
Accounts receivable, bad debt reserve	10,769
Inventory, 263A capitalization	1,180,372
Net deferred income tax assets	1,382,955
Deferred income tax liabilities:	
Depreciation and amortization	(395,797)
Deferred income tax asset, net	$ 987,158

11. Accumulated Other Comprehensive Income/(Loss)

As of December 31, 2019, all accumulated other comprehensive loss, net of tax, represents the cumulative translation adjustment resulting from translating foreign functional currency financial statements into U.S. dollars.

12. Related Party Transactions

<u>Guarantor</u>

Two major shareholders, Mr. Yongki Yi and Mr. Tony Yi, guarantee an $18,000,000 bank line of credit and term loan outstanding from Comerica Bank on behalf of the Company. The shareholders' assets are cross-collateralized as security for this line of credit together with the assets of the companies that are all related through common ownership. These guarantees would require the shareholders to make required payments on the line of credit in the event the Company is unable to do so.

<u>Transactions between related parties:</u>

1. The Company has lease contracts with Twin Sunrise Properties, Inc. and U & Y Investment MD, LLC, both properties 100% owned by two major shareholders, Mr. Yongki Yi and Mr. Tony Yi. The following is the summary of transactions with the two major shareholders for the year ended and as of December 31, 2019:

Lease payments made to and security deposit receivable from Twin Sunrise Properties, Inc, respectively:	$578,462 and $67,500
Lease payments made to and security deposit receivable from U & Y Investment MD, LLC, respectively:	$760,320 and $387,500

2. The Company has three term loan receivables from the companies in Vietnam that are owned by Mr. Tony Yi, one of the major shareholders. The total amount of the loans as of December 31, 2019 was $6,224,724 and the loan balance is included in other long-term assets.

13. Commitments and Contingencies

The Company entered into a non-cancelable operating lease agreement for headquarters office and warehouse space in California expiring on August 31, 2024. Other non-cancelable operating leases for branches in Florida, Maryland, Indiana, and Texas are expiring in years 2025, 2025, 2024, and 2025, respectively. Future expenses from the lease agreements in effect are as follows:

Years ending December, 31,	
2020	$ 5,340,946
2021	5,410,760
2022	5,482,296
2023	5,555,596
2024 and after years	4,775,238
Total	$26,564,836

The Company is not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements.

14. Concentration of Credit Risk

The Company's cash and cash equivalents, along with accounts receivable, involve elements of market and credit risk. The Company maintains two checking accounts in one commercial bank. Cash in these accounts at times exceeded $250,000, while the Federal Deposit Insurance Corporation ("FDIC") secures the checking accounts up to $250,000. There was no unsecured cash balance was as of December 31, 2019.

The Company's revenues are from a variety of customers ranging from large retail stores to small individuals. The Company provides credit in the normal course of business to its customers and performs ongoing credit evaluations of these customers. Historically, the Company has never experienced any significant loss from bad debt.

The Company has certain customers whose revenue individually represented 10% or more of the Company's total revenue and whose accounts receivable balances individually represented 10% or more of the Company's total accounts receivable. For the year ended December 31, 2019, two major customers accounted for approximately 38.5% of gross revenue and the same two major customers accounted for approximately 41.5% of accounts receivable at the end of December 31, 2019.

15. Subsequent Events

Upon reviewing the events and transactions that have occurred after the audit period of December 31, 2019, the Management has determined that no material subsequent events or transactions have occurred that would require the Company either to recognize the financial impact or disclose such events in the financial statements.

EXHIBIT 99.2

T.A. INDUSTRIES, INC.

FINANCIAL STATEMENTS

Nine Months Ended September 30, 2020 and 2019

Contents

T.A. INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
As of September 30, 2020 and September 30, 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,276,171	$ 711,691
Accounts receivable, net	14,450,776	12,393,666
Advance to suppliers	1,389,436	1,344,191
Other receivables	11,362,608	123,653
Inventory	33,100,322	34,864,574
Other current assets	2,956,678	3,104,360
Total current assets	64,535,991	52,542,135
Property and equipment, net	23,510,460	21,863,943
Construction-in-progress	-	1,332,477
Other asset:		
Intangible assets, net	104,307	139,773
Deferred tax assets	1,277,581	908,736
Deposits	808,371	747,335
Other long-term assets	11,245,774	10,536,546
Total other assets	13,436,033	12,332,390
Total assets	$ 101,482,484	$ 88,070,945
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 5,680,597	$ 3,944,611
Income tax payable	4,512,752	2,482,708
Revolving line of credit payable	18,182,640	24,120,598
Current portion of long-term debts	48,363	485,164
Accrued and other current liabilities	691,533	1,491,844
Total current liabilities	29,115,885	32,524,925
Long-term debts	17,508	64,629
Total liabilities	29,133,393	32,589,554
Shareholders' equity:		
Common stock, no par value; 100,000,000 shares authorized, 2,450,000 shares issued and outstanding	2,450,000	2,450,000
Additional paid-in capital	6,600,000	6,600,000
Accumulated other comprehensive income (loss)	(6,384,836)	(6,243,993)
Retained earnings	69,683,927	52,675,384
Total shareholders' equity	72,349,091	55,481,391
Total liabilities and shareholders' equity	$ 101,482,484	$ 88,070,945

See accompanying notes to financial statements

T.A. INDUSTRIES, INC.

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the nine months ended September 30, 2020 and September 30, 2019

	2020	**2019**
Net sales	$ 81,087,651	$ 71,319,872
Cost of sales	34,451,552	32,377,972
Gross profit	46,636,099	38,941,900
Selling and administrative expenses	22,867,049	23,849,405
Income from operations	23,769,050	15,092,495
Interest income (expense), net	(669,555)	(975,914)
Financial income (expense), net	34,595	61,852
Other income (expense), net	261,929	(192,162)
Income before income tax provision	23,396,019	13,986,271
Income tax provision	(4,829,630)	(2,670,384)
Net income	$ 18,566,389	$ 11,315,887
Other comprehensive income (loss)	$ (28,639)	$ 186,513
Comprehensive income	$ 18,537,750	$ 11,502,400

See accompanying notes to financial statements

T.A. INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the nine months ended September 30, 2020 and September 30, 2019

	Shares outstanding		Common stock		Additional paid-in capital		Accumulated other comprehensive income (loss)		Retained earnings		Net shareholders' equity
Balance at December 31, 2019	2,450,000	$	2,450,000	$	6,600,000	$	(6,356,197)	$	51,117,538	$	53,811,341
Net Income									18,566,389		18,566,389
Other Comprehensive Income Loss							(28,639)				(28,639)
Balance at September 30, 2020	2,450,000	$	2,450,000	$	6,600,000	$	(6,384,836)	$	69,683,927	$	72,349,091

	Shares outstanding		Common stock		Additional paid-in capital		Accumulated other comprehensive income (loss)		Retained earnings		Net shareholders' equity
Balance at December 31, 2018	2,450,000	$	2,450,000	$	6,600,000	$	(6,430,506)	$	41,359,497	$	43,978,991
Net Income									11,315,887		11,315,887
Other Comprehensive Income							186,513				186,513
Balance at September 30, 2019	2,450,000	$	2,450,000	$	6,600,000	$	(6,243,993)	$	52,675,384	$	55,481,391

See accompanying notes to financial statements

T.A. INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the nine months ended September 30, 2020 and September 30, 2019

	2020	2019
Cash flows from operating activities:		
Net income	$ 18,566,389	$ 11,315,887
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,001,762	1,722,963
Working capital and other changes related to operations:		
Accounts receivable	(3,444,256)	(1,983,495)
Advances to suppliers and other receivable	(542,204)	697,835
Other receivable	(11,260,721)	619,423
Inventory	1,826,543	(2,526,421)
Other current assets	1,096,289	233,510
Deferred tax assets	(290,423)	(288,778)
Deposit	(61,036)	-
Other long-term assets	(3,444,309)	(6,011,572)
Accounts payable	770,171	(24,940)
Income tax payable	1,764,731	197,288
Accrued and other current liabilities	(637,562)	(799,111)
Net cash provided by operating activities	6,345,374	3,152,589
Cash flows from investing activities:		
Proceeds from the sale of construction-in-progress	-	173,503
Purchase of property and equipment	(932,663)	(5,434,961)
Net cash used in investing activities	(932,663)	(5,261,458)
Cash flows from financing activities:		
Proceeds from revolving line of credit payable	(4,236,872)	1,252,659
Repayments for revolving line of credit	(355,336)	(342,089)
Net cash provided by (used in) financing activities	(4,592,208)	910,570
Effect of exchange rate changes	1,555	200,397
Net increase (decrease) in cash and cash equivalents	822,058	(997,902)
Cash and cash equivalents at beginning of year	454,113	1,709,593
Cash and cash equivalents at end of year	$ 1,276,171	$ 711,691
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 669,677	$ 976,004
Cash paid during the year for tax	$ 1,793,360	$ 2,523,835

See accompanying notes to financial statements

1. Organization

T.A. Industries, Inc. ("Company", "TA"), was incorporated in June of 1995 in the state of California and has branches in Jacksonville, Florida, Aberdeen, Maryland, Greenwood, Indiana, and Houston, Texas. TA has been engaged principally in the import and wholesale distribution of grilles and diffusers. The Company's wholly-owned subsidiary, T.A. Industries Vietnam Co. Ltd., ("TA Vietnam"), established in September 2004 in Vietnam, manufactures all the products TA distributes throughout the U.S. The Company sells its products under the brand name of "Truaire", a well-recognized brand in the industry.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements included the accounts of T.A. Industries, Inc., and its wholly owned subsidiary. All significant inter-company balances and transactions have been eliminated in the consolidated financial statements.

Management Estimates

Management uses estimates and assumptions in preparing financial statements in conformity with generally accepted accounting principles in the U.S. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents

The Company considers operating checking accounts, money market account, and term deposits with less than 90 days maturity to be cash equivalents. As of September 30, 2020 and 2019, cash and cash equivalents included no term deposits with less than 90 days maturity.

Revenue Recognition

Wholesale revenue is recognized when the title and the risk and rewards of ownership have passed to the customer based on the terms of sale. This occurs upon shipment of products to customers.

In 2017, TA signed a contract with Home Depot to open a new line of business, a Decorative Line. To gain the new business, TA agreed to pay Home Depot $500,000 and purchase all existing Home Depot inventory for $1,440,160, which had no salvage value. To compensate for the $1,440,160 for the purchase of old inventory, they agreed on a 5% mark-up on all future sales of this new line of business, which the Company will offset against $1,440,160. Accordingly, both $500,000 and $1,440,160 were recorded as advance payment in the other long-term assets. The $500,000 was amortized over the period of 15 years while the $1,440,160 was offset by the 5% mark-up in Decorative Line sales annually.

For 9 months in 2020 and 2019, the total sales for the Decorative Line business were $3,510,657 and $3,159,804, including the additional 5% mark-up of $175,533 and $157,990, respectively, which was offset to the advance payment. The balances of the Home Depot advance payment as of September 30, 2020 and 2019, were as follows:

Original balance	$	1,940,160
2017 and 2018 offset and amortization applied		(436,741)
2019 offset and amortization applied – 9 month		(178,999)
Balance as of 9/30/19	$	1,324,420
2019 offset and amortization applied – remaining 3 month		(68,420)
2020 offset and amortization applied – 9 month		(200,532)
Balance as of 9/30/20	$	1,055,468

While the advance payment is included in other long-term assets, the current portion is included in other current assets.

The Company routinely commits to a one-time or an on-going rebate program as sales incentives to dealers/wholesalers/contractors that require the Company to estimate and accrue the costs of such program. The policy regarding the recognition and presentation within the statement of income and comprehensive income is as follows:

Discounts and Rebates
There are two types of discounts: Sales Discount and Targeted Contractor Accounts ("TCAP") Discount. Sales discounts are given to customers for on-time payment and volume orders for either Home Depot or large-volume customers. TCAP discounts are given to contractor groups with pre-contracted discount incentives based on increased sales on existing accounts and/or sales on new accounts. The rebates are given to buying groups and the Home Depot based on monthly, quarterly, or yearly sales. Buying groups are made up of members purchasing in large quantities to obtain a better price as a whole. The costs of these discounts and rebates are recognized at the date of payment receipt or quarterly or annually. The cost of these discounts and rebates is estimated based on the payment history and the contractual obligations at year-end. Substantially all discounts and rebates are included in the determination of net sales.

Shipping and Handling Costs
The Company records shipping and handling fees collected from its customers as revenue. The Company records inbound freight as cost of sales, and it records shipping and handling costs associated with shipping products to its customers as selling and administrative expenses.

Allowance for Uncollectible Accounts

Accounts receivable consists primarily of amounts receivable from customers. The Company makes ongoing estimates related to the collectability of its accounts receivable and maintains an allowance for estimated losses resulting from the inability of its customers to make required payments. In determining the amount of the allowance, the Company considers historical levels of credit losses and makes judgments about the creditworthiness of significant customers based on ongoing credit evaluations. The allowance for uncollectible accounts receivable was $39,833 and $39,883 as of September 30, 2020 and 2019, respectively.

Inventories

Inventories are stated at lower of cost, using the first-in first-out method, or market value.

Property and Equipment

Property and equipment are stated at cost. Expenditures for repairs and maintenance are expensed as incurred, and any gain or loss on disposition is included in income as realized. Depreciation and amortization are provided on the straight-line method over the following estimated useful lives:

Automobiles	5 – 10 years
Building and structure	10 – 44 years
Machinery and equipment	5 - 10 years
Office equipment	5 years
Leasehold improvements	Shorter of 31.5 years or term of the lease

Identified Intangible Assets

Intangible assets are stated at cost. The Company capitalizes and amortizes intangible assets on a straight-line basis over the following estimated useful lives:

Goodwill purchased	15 years
Patent	15 years
Loan fees paid	Shorter of 5 years or term of the loan

Impairment of Long-lived Assets and Intangible Assets

The Company assesses potential impairment to its long-lived assets and intangible assets subject to amortization when events or changes in circumstances have made recovery of the assets carrying value unlikely and the carrying amount of the assets exceeds the estimated future undiscounted cash flows. If the assessment indicates that the carrying amounts may not be recoverable, an impairment loss would reduce the assets' carrying amount to its estimated fair value based on the present value of estimated future cash flows. During the nine months ended September 30, 2020 and 2019, the Company did not recognize any impairment related to long-lived assets and intangible assets subject to amortization.

Fair Value of Financial Instruments

Substantially all of the Company's current assets and liabilities are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying amounts that approximate fair value because of the short maturity of the instrument. Other financial instruments consist of long-term obligations. The fair value of long-term obligations is estimated based on current interest rates offered to the Company for obligations with similar remaining maturities. The recorded value of these financial instruments approximated fair value at September 30, 2020 and 2019.

Foreign Currency Translation and Foreign Currency Transactions

Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are included in the foreign currency transaction adjustment, a component of accumulated other comprehensive income in shareholders' equity.

The Company's subsidiary has various assets and liabilities, which are denominated in their functional currencies. These balance sheet items are subject to remeasurement, the impact of which is recorded in net of other income and expenses within the consolidated statements of income as other comprehensive income or loss.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the bases of assets and liabilities for financial statement and income tax purposes.

The differences in asset and liability bases relate primarily to depreciable assets (using different methods and periods to calculate depreciation), net operating loss carry forward, and allowance for uncollectible accounts to reduce deferred tax assets to an amount that is more likely than not to be realized.

The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses and tax credits that are available to offset future income taxes. The components of the deferred tax assets and liabilities are classified as current and noncurrent based on their characteristics. Valuation allowances are provided for deferred tax assets based on the management of projection of the sufficiency of future taxable income to realize the assets. The Company records liabilities and tax benefits to uncertain tax positions in accordance with FASB ASC 740, *Income Taxes*.

The Company's income tax filings are subject to audit by various taxing authorities. In evaluating the Company's tax provisions and accruals, future taxable income and the reversal of temporary differences, interpretations, and tax planning strategies are considered. The Company believes its estimates are appropriate based on current facts and circumstances.

U.S. income taxes as applicable to the earnings of its non-U.S. subsidiary that are expected to be repatriated are provided currently on the financial statement. The Company determines annually the amount of undistributed income to distribute, but, with the Tax Cuts and Jobs Act of 2017, the Company is not subject to any tax liabilities of future repatriated distribution of non-U.S. earnings indefinitely after the recognition of the initial tax liabilities on deemed mandatory repatriation for undistributed earnings up to year 2017 with the election.

With that election, the Company owed federal income tax liabilities totaling $2,264,562 as of September 30, 2020 (initial liabilities $3,056,085 less $791,523 payments made), and the future payment schedule is as follows:

Year Ending December 31,	
2020	$ 186,425
2021	244,487
2022	458,412
2023	611,217
2024	764,021
	$2,264,562

The Company evaluated and recorded all significant tax positions as required by accounting principles generally accepted in the U.S. as of September 30, 2020 and 2019.

Advertising

Advertising is charged to expenses when the advertisement is placed, and the aggregate amount of advertising expense was $122,849 and $152,616 for the nine months ended September 30, 2020 and 2019, respectively. These expenses are included in selling and administrative expenses.

3. Other Receivables

Other receivable as of September 30, 2020 and 2019, included the following:

	2020	2019
Receivable from Shareholders	$ 11,261,455	$ -
Receivable from investment	100,000	100,000
Other receivable	1,153	23,653
Total	$ 11,362,608	$ 123,653

4. Inventory

As of September 30, 2020 and 2019, inventory consisted of the following:

	2020	2019
TA		
Inventory in warehouse	$ 30,202,270	$ 30,258,395
Inventory in transit	6,422,182	5,262,208
Subtotal inventory	$ 36,624,452	$ 35,520,603
TA VIETNAM		
Raw materials	$ 4,185,827	$ 5,494,772
Tools and supplies	207,721	208,752
Work in process	700,310	800,477
Finished goods	194,795	204,561
Less devaluation	(141,295)	-
Subtotal inventory	$ 5,147,358	$ 6,708,562
	$ 41,771,810	$ 42,229,165
Less: inter-company profit	(8,671,488)	(7,364,591)
Total Inventory	$ 33,100,322	$ 34,864,574

5. Other Current Assets

Other current assets as of September 30, 2020 and 2019, included the following:

	2020	2019
Prepaid income taxes and expenses	$ 1,945,036	$ 1,782,141
Home Depot advance payment - current	248,334	251,410
Deductible value added tax	763,308	1,070,809
Total	$ 2,956,678	$ 3,104,360

6. Property and Equipment

As of September 30, 2020 and 2019, property and equipment including the subsidiary's consisted of the following:

2020	TA	TA VIETNAM	Total
Automobiles	$ 1,190,015	$ 456,367	$ 1,646,382
Building and structure	199,822	8,761,825	8,961,647
Machine and equipment	4,411,348	21,005,183	25,416,531
Office equipment	640,318	65,061	705,379
Leasehold improvements	5,964,214	-	5,964,214
	12,405,717	30,288,436	42,694,153
Accumulated depreciation	(6,040,569)	(13,143,124)	(19,183,693)
	$ 6,365,148	$ 17,145,312	$ 23,510,460

2019	TA	TA VIETNAM	Total
Automobiles	$ 1,190,015	$ 583,789	$ 1,773,804
Building and structure	199,822	7,315,619	7,515,441
Machine and equipment	4,339,191	18,658,248	22,997,439
Office equipment	631,283	65,061	696,344
Leasehold improvements	5,577,882	-	5,577,882
	11,938,193	26,622,717	38,560,910
Accumulated depreciation	(5,046,319)	(11,650,648)	(16,696,967)
	$ 6,891,874	$ 14,972,069	$ 21,863,943

7. Intangible Assets

Intangible assets as of September 30, 2020 and 2019, consisted of the following:

	2020	**2019**
Patents purchased	$ 400,000	$ 400,000
Goodwill purchased	132,000	132,000
	$ 532,000	$ 532,000
Less accumulated amortization	(427,693)	(392,227)
	$ 104,307	$ 139,773

Amortization expenses for intangible assets totaled $26,600 and $26,600 for the nine months ended September 30, 2020 and 2019, respectively.

8. Other Long-Term Assets

Other long-term assets as of September 30, 2020 and 2019, consisted of the following:

	2020	**2019**
Deposit	$ 1,332	$ 481
Home Depot advance payment	807,134	1,073,010
Term-loans receivable	9,923,304*	8,826,605*
Long-term prepaid	514,004	636,450
	$ 11,245,774	$ 10,536,546

*See note 13 for additional information

9. Debts

Revolving Line of Credit

The Company has a revolving line of credit with Comerica Bank with a maximum balance of $23,000,000 due on July 28, 2021. The purpose of the loan is to provide funds for general operations and working capital. The line is secured by substantially all of the Company's assets now owned and hereafter created or acquired by the Company. The interest is based on either the Wall Street Journal's prime rate (current rate is 4.75%) or 30-Day LIBOR rate plus 2.0%.

TA Vietnam has two short-term loans from Vietcombank and Vietinbank. The loan from Vietcombank was entered on September 25, 2019, with a maximum balance of $10,049,278 with interest rates from 3.6% to 3.9% secured by the machinery equipment and factory. The loan from Vietinbank was entered on September 20, 2019, with a maximum balance of $3,000,000 with interest rates of 4.0% secured by the machinery equipment and factory.

As of September 30, 2020, outstanding loan balances from Comerica Bank, Vietcombank, and Vietinbank were $5,914,749, $9,400,221, and $2,867,670, respectively, for a total of $18,182,640.

As of September 30, 2019, outstanding loan balances from Comerica Bank, Vietcombank, and Vietinbank were $14,274,749, $7,164,052, and $2,681,797, respectively, for a total of $24,120,598.

Long-term Debts

Long-term debt consisted of the following as of September 30, 2020 and 2019:

	2020	2019
Notes payable for automobile loans and capital leases that expire on various dates up to November 23, 2021, with interest rates from 0.00% to 5.69%,	$ 65,871	$ 149,785
Note payable with Comerica that expires on August 31, 2020, with interest of Wall Street Journal prime rate or 30-Day LIBOR rate plus 2.0%,	-	400,008
Less current portion	(48,363)	(485,164)
Total	$ 17,508	$ 64,629

10. Accrued and Other Current Liabilities

Accrued and other current liabilities as of September 30, 2020 and 2019, included the following:

	2020	2019
Employees and tax payables	$ 658,357	$ 643,064
Machine leasing	-	181,578
Commission payable	-	487,252
Others	33,176	179,950
Total	$ 691,533	$ 1,491,844

11. Income Taxes

The provisions for income taxes for the nine months ended September 30, 2020 and 2019, consisted of the following components:

	2020	2019
Current:		
Federal	$ 3,209,029	$ 1,511,606
States	985,758	678,262
Foreign	925,266	769,294
	5,120,053	2,959,162
Deferred:		
Federal	$ (290,423)	$ (195,129)
States	-	(93,649)
	(290,423)	(288,778)
Total	$ 4,829,630	$ 2,670,384

Deferred tax assets and liabilities as of September 30, 2020:

Deferred income tax assets:	
State tax	$ 191,814
Accounts receivable, bad debt reserve	10,769
Inventory, 263A capitalization	1,180,371
Net deferred income tax assets	$ 1,382,954
Deferred income tax liabilities:	
Depreciation and amortization	(105,373)
Deferred income tax asset, net	$ 1,277,581

Deferred tax assets and liabilities as of September 30, 2019:

Deferred income tax assets:	
State tax	$ 162,530
Accounts receivable, bad debt reserve	10,769
Inventory, 263A capitalization	1,077,721
Net deferred income tax assets	$ 1,251,020
Deferred income tax liabilities:	
Depreciation and amortization	(342,284)
Deferred income tax asset, net	$ 908,736

12. Accumulated Other Comprehensive Income/(Loss)

As of September 30, 2020 and 2019, all accumulated other comprehensive loss, net of tax, represents the cumulative translation adjustment resulting from translating foreign functional currency financial statements into U.S. dollars.

13. Related Party Transactions

Guarantors

Two major shareholders, Mr. Yongki Yi and Mr. Tony Yi, guarantee a $21,000,000 bank line of credit and term loan outstanding from Comerica Bank on behalf of the Company. The shareholders' assets are cross-collateralized as security for this line of credit together with the assets of the companies that are all related through common ownership. These guarantees would require the shareholders to make required payments on the line of credit in the event the Company is unable to do so.

Transactions between related parties:

1. The Company has lease contracts with the properties owned by two major shareholders, Mr. Yongki Yi and Mr. Tony Yi. The following is a summary of transactions of which the two major shareholders own 100% ownership for the year ended and as of September 30, 2020 and 2019, respectively:

	2020	2019	Deposit
Lease payments made to and security deposit receivable from Twin Sunrise Properties, Inc.:	$ 405,000	$ 405,000	$ 64,288
Lease payments made to and security deposit receivable from U & Y Investment MD, LLC:	$ 364.800	$ 364,800	$ 387,500
Lease payments made to and security deposit receivable from U & Y Investment FL, LLC:	$ 533,702	$ 533,702	$ 27,914

2. The Company has various term loan receivables from the companies in Vietnam that are owned by Mr. Tony Yi, one of the major shareholders. The total amounts of the loans as of September 30, 2020 and 2019 were $9,923,304 and $8,826,605, respectively, and the loan balance is included in other long-term assets.

3. The Company advanced to two major shareholders, Mr. Yongki Yi and Mr. Tony Yi, equally in the total amount of $11,261,455 and $ 0 as of September 30, 2020 and 2019, respectively. The advance is treated as a short-term loan that is offset against their bonuses and dividends before the end of each year. The loan balance is included in other receivables.

14. Commitments and Contingencies

In 2019, the Company entered into a non-cancelable operating lease agreement for headquarters office and warehouse space in California expiring on August 31, 2024. Other non-cancelable operating leases for branches in Florida, Maryland, Indiana, and Texas are expiring in years 2025, 2025, 2024, and 2025, respectively. Future expenses from the lease agreements in effect are as follows:

Years ending September 30,	
2021	$ 5,410,760
2022	5,482,296
2023	5,555,597
2024 and after years	4,775,238
Total	$21,223,891

The Company is not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements.

15. Concentration of Credit Risk

The Company's cash and cash equivalents, along with accounts receivable, involve elements of market and credit risk. The Company maintains two checking accounts in one commercial bank. Cash in these accounts at times exceeded $250,000, while the Federal Deposit Insurance Corporation ("FDIC") secures the checking accounts up to $250,000. There was no unsecured cash balance as of June 30, 2020 and 2019.

The Company's revenues are from a variety of customers ranging from large retail stores to small individuals. The Company provides credit in the normal course of business to its customers and performs ongoing credit evaluations of these customers. Historically, the Company has never experienced any significant loss from bad debt.

The Company has certain customers whose revenue individually represented 10% or more of the Company's total revenue and whose accounts receivable balances individually represented 10% or more of the Company's total accounts receivable. For the nine months ended September 30, 2020 and 2019, two major customers accounted for approximately 34.6 % and 36.0% of gross revenue, respectively, and the same two major customers accounted for approximately 39.5 % and 36.0% of accounts receivable at the end of September 30, 2020 and 2019, respectively.

16. Subsequent Events

Upon reviewing the events and transactions that have occurred after the audit period of September 30, 2020, the Management has determined that no material subsequent events or transactions have occurred that would require the Company either to recognize the financial impact or disclose such events in the financial statements.

Exhibit 99.3

CSW INDUSTRIALS, INC.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

On December 15, 2020, CSW Industrials, Inc. (the “Company” or “CSW”) acquired 100% of the outstanding equity of T.A. Industries, Inc. (“TRUaire”), a leading manufacturer of grilles, registers, and diffusers for the residential and commercial HVAC/R end market, based in Santa Fe Springs, California. The acquisition also included TRUaire’s wholly-owned manufacturing facility based in Vietnam. The acquisition is expected to extend the Company’s product offerings to the HVAC/R market as well as provide strategic distribution facilities.

The contractual consideration paid for TRUaire included cash of $284 million ($288.1 million after working capital and closing cash adjustments) and 849,852 shares of the Company’s common stock (valued at approximately $76.0 million at transaction signing on November 4, 2020) valued at $97.7 million at transaction close based on the closing market price of the Company's common shares on the acquisition date. The cash consideration was funded through a combination of cash on hand and borrowings under the Company’s revolving credit facility. The 849,852 shares of common stock delivered to the sellers were reissued from treasury shares. The material terms of the acquisition were previously disclosed by the Company in the Company’s current report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on December 16, 2020.

The following unaudited pro forma combined financial statements should be read in conjunction with the historical financial statements and accompanying notes of the Company included in the Quarterly Report on Form 10-Q as of and for the three and six months ended September 30, 2020, filed with the SEC on October 30, 2020, the Annual Report on Form 10-K for the year ended March 31, 2020, filed with the SEC on May 20, 2020, as well as the notes to the unaudited pro forma combined financial statements included in this Form 8-K, and the historical financial statements and related notes of TRUaire included in this Form 8-K.

TRUaire’s audited financial statements and accompanying notes as of and for the year ended December 31, 2019 are included as Exhibit 99.1 to this Form 8-K. In addition, TRUaire’s unaudited condensed consolidated financial statements as of and for the nine months ended September 30, 2020 are included as Exhibit 99.2 to this Form 8-K. The presentation of the unaudited pro forma combined statements of operations reflect the combined results of operations as if the acquisition had occurred on April 1, 2019, the beginning of the Company’s 2020 fiscal year, and include the accounting for the transaction and present other transaction effects that have occurred or are reasonably expected to occur.

The preliminary allocation of the consideration presented in Note 3 and used to prepare the unaudited pro forma combined financial statements is based on a preliminary valuation of assets acquired and liabilities assumed. Accordingly, the purchase price allocation is considered preliminary and may materially change before final determination. The preliminary pro forma purchase price adjustments have been made solely for the purpose of providing the unaudited pro forma combined financial statements included herewith. A final determination of these fair values shall be based on the actual net tangible and intangible assets of TRUaire that exist as of the closing date of the acquisition. In addition, the unaudited pro forma combined financial statements do not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies or revenue synergies that may result from the acquisition. The unaudited pro forma combined financial statements also do not reflect pro forma adjustments for non-recurring charges related to integration activities or exit costs that may be incurred by the Company or TRUaire in connection with the acquisition.

The unaudited pro forma condensed combined financial information has been prepared by management in accordance with Regulation S-X Article 11, “Pro Forma Financial Information,” as amended by the final rule, “Amendments to Financial Disclosures About Acquired and Disposed Businesses,” as adopted by the U.S. Securities and Exchange Commission (the “SEC”) on May 21, 2020 (“Article 11”) and is presented in U.S. dollars. The Company elected to voluntarily comply with the amended Article 11 in advance of the mandatory compliance date. The pro forma condensed combined financial information has been presented for informational purposes only and is not necessarily indicative of the combined financial position or results of operations that would have been realized had the acquisition of TRUaire occurred as of the dates indicated, nor is it meant to be indicative of any anticipated combined financial position or future results of operations that the Company will experience after the acquisition.

CSW Industrials, Inc.
Pro Forma Condensed Consolidated Balance Sheets as of September 30, 2020
(Unaudited)

(Amounts in thousands, except per share amounts)	Historical: CSW Industrials, Inc.	Historical: T.A. Industries, Inc.	Pro Forma Adjustments	Note	Pro Forma Combined
ASSETS					
Current assets:					
Cash and cash equivalents	$ 47,299	$ 1,276	$ (41,190)	(a)	$ 7,385
Accounts receivable, net of allowance for expected credit losses of $576	70,092	14,451	-		84,543
Inventories, net	52,090	33,100	-		85,190
Prepaid expenses and other current assets	5,377	15,709	(6,011)	(b)(g)	15,075
Total current assets	174,858	64,536	(47,201)		192,193
Property, plant and equipment, net of accumulated depreciation of $79,864	57,734	23,510	4,771	(c)	86,015
Goodwill	92,419	-	132,186	(d)	224,605
Intangible assets, net	43,368	104	218,082	(e)	261,554
Other assets	23,288	13,332	38,840	(f)(g)(t)	75,460
Total assets	$ 391,667	$ 101,482	$ 346,678		$ 839,827
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	$ 20,736	$ 5,681	-		$ 26,417
Accrued and other current liabilities	36,113	5,204	11,648	(h)(t)	52,965
Current portion of long-term debt	561	48	(48)	(i)	561
Total current liabilities	57,410	10,933	11,600		79,943
Long-term debt	10,056	18,200	226,652	(i)	254,908
Retirement benefits payable	1,853	-	-		1,853
Other long-term liabilities	20,307	-	116,831	(j)(t)	137,138
Total liabilities	89,626	29,133	355,083		473,842
Equity:					
Common shares, $0.01 par value	160	2,450	(2,450)	(k)	160
Shares authorized – 50,000,000	-	-	-		
Shares issued – 16,115	-	-	-		-
Preferred shares, $0.01 par value	-	-	-		-
Shares authorized (10,000) and issued (0)	-	-	-		-
Additional paid-in capital	50,936	6,600	44,594	(k)	102,130
Treasury shares, at cost (496 shares)	(79,401)	-	46,462	(k)	(32,939)
Retained earnings	339,397	69,684	(103,396)	(k)(l)	305,685
Accumulated other comprehensive loss	(9,051)	(6,385)	6,385	(k)	(9,051)
Total equity	302,041	72,349	(8,405)		365,985
Total liabilities and equity	$ 391,667	$ 101,482	$ 346,678		$ 839,827

CSW Industrials, Inc.
Pro Forma Condensed Combined Statement of Operations
(Unaudited)
(Amounts in thousands, except per share amounts)

	Historical				
	Year Ended March 31, 2020	Year Ended December 31, 2019			
	CSW Industrials, Inc.	T.A. Industries, Inc.	Pro Forma Adjustments	Note	Pro Forma Combined
Revenues, net	$ 385,871	$ 94,414	$ -		$ 480,285
Cost of revenues	(208,821)	(42,270)	(32,884)	(m)(n)(q)(t)	(283,975)
Gross profit	177,050	52,144	(32,884)		196,310
Selling, general and administrative expenses	(102,238)	(37,407)	15,550	(n)(r)(t)	(124,095)
Depreciation and amortization	(7,794)	(983)	(12,933)	(o)	(21,710)
Impairment expenses	(951)	-	-		(951)
Operating income	66,067	13,754	(30,267)		49,554
Interest expense, net	(1,331)	(1,218)	(4,175)	(p)	(6,724)
Other expense, net	(7,135)	(106)	-		(7,241)
Income before income taxes	57,601	12,430	(34,442)		35,589
Provision for income taxes	(12,784)	(2,673)	7,546	(s)	(7,911)
Net income	$ 44,817	$ 9,757	$ (26,896)		$ 27,678
Basic earnings per common share	$ 2.98				$ 1.74
Diluted earnings per common share	$ 2.95				$ 1.72
Weighted-average shares of common stock outstanding (in thousands)					
Basic	15,039				15,889
Diluted	15,206				16,056

CSW Industrials, Inc.
Pro Forma Condensed Combined Statement of Operations
(Unaudited)
(Amounts in thousands, except per share amounts)

	Historical				
	Six Months Ended September 30, 2020	Six Months Ended June 30, 2020			
	CSW Industrials, Inc.	T.A. Industries, Inc.	Pro Forma Adjustments	Note	Pro Forma Combined
Revenues, net	$ 195,904	$ 52,378	$ -		$ 248,282
Cost of revenues	(104,416)	(22,233)	(12,350)	(m)(n)(t)	(138,999)
Gross profit	91,488	30,145	(12,350)		109,283
Selling, general and administrative expenses	(49,217)	(14,433)	11,937	(n)(t)	(51,713)
Depreciation and amortization	(3,839)	(528)	(6,467)	(o)	(10,834)
Impairment expenses	-	-	-		-
Operating income	38,432	15,184	(6,880)		46,736
Interest expense, net	(602)	(505)	(2,088)	(p)	(3,195)
Other expense, net	(667)	244	-		(423)
Income before income taxes	37,163	14,923	(8,968)		43,118
Provision for income taxes	(8,851)	(3,523)	2,152	(s)	(10,222)
Net income	$ 28,312	$ 11,400	$ (6,816)		$ 32,896
Basic earnings per common share	$ 1.92				$ 2.11
Diluted earnings per common share	$ 1.91				$ 2.10
Weighted-average shares of common stock outstanding (in thousands)					
Basic	14,727				15,577
Diluted	14,825				15,675

Note 1. Basis of pro forma preparation

The unaudited pro forma combined financial statements are based on the historical consolidated financial statements of the Company and the historical financial statements of TRUaire, after giving effect to the acquisition using the acquisition method of accounting in accordance with Accounting Standards Codification Topic 805, Business Combinations, (ASC 805) and applying the assumptions and adjustments described in the accompanying notes. As it relates to the pro forma income statement for the six months ended September 30, 2020, the TRUaire consolidated statement of operations included in these pro forma combined financial statements are for the six months ended June 30, 2020. As it relates to the pro forma income statement for the fiscal year ended March 31, 2020, the TRUaire consolidated statement of operations included in these pro forma combined financial statements are for the twelve months ended December 31, 2019. The unaudited pro forma combined statements are presented as if the acquisition had occurred on April 1, 2019, the beginning of the Company's fiscal year ended March 31, 2020.

Note 2. Accounting policies

During preparation of the unaudited pro forma condensed combined financial information, CSW management has performed a preliminary analysis and is not aware of any material differences other than the pro forma reclassifications detailed in Note 5. Accordingly, this unaudited pro forma condensed combined financial information assumes no material differences in accounting policies between the two companies, other than the pro forma reclassifications detailed in Note 5. Following the acquisition date, CSW management will conduct a final review of TRUaire's accounting policies in order to determine if differences in accounting policies require adjustment or reclassification of TRUaire's results of operations or reclassification of assets or liabilities to conform to CSW's accounting policies. As a result of this review, CSW management may identify differences that, when adjusted or reclassified, could have a material impact on this unaudited pro forma condensed combined financial information.

Note 3. Preliminary purchase price allocation

The TRUaire acquisition was accounted for as a business combination under ASC 805. Pursuant to ASC 805, the Company allocated the TRUaire purchase price to tangible and identifiable intangible assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date, December 15, 2020. The excess of the purchase price over those fair values was recorded to goodwill. The Company's evaluation of the facts and circumstances available of December 15, 2020, to assign fair values to assets acquired and liabilities assumed, including income tax related amounts, is ongoing. As the Company completes further analysis of tangible assets, intangible assets and liabilities assumed, additional information impacting the assets acquired and the related allocation thereof, may become available. A change in information related to the net assets acquired may change the amount of the purchase price assigned to goodwill, and, as a result, the preliminary fair values set forth below are subject to adjustments when additional information is obtained and valuations are completed. Provisional adjustments, if any, will be recognized during the reporting period in which the adjustments are determined. The Company expects to finalize the purchase price allocation as soon as practicable, but no later than one year from the acquisition date. The following table summarizes the Company's best initial estimate of the aggregate fair value of the assets acquired and liabilities assumed at the date of acquisition (in thousands).

Assets acquired:	
Cash and cash equivalents	$ 1,471
Accounts receivable, net	13,467
Prepaid and other current assets	6,285
Inventory	46,313
Property and equipment	28,832
Intangible assets	237,500
Goodwill	129,169
Other non-current assets	59,390
Total assets acquired	522,427
Total liabilities assumed	(136,692)
Less: Transaction costs	7,100
Total net assets acquired less transaction costs	$ 378,635

The consideration for the acquisition is summarized below:

Acquisition Consideration (amounts in thousands, except for shares)	
Cash (a)	$ 288,079
Common Stock (849,852 shares)	97,656
Total consideration transferred	$ 385,735

(a) Includes $8.3 million in tax liabilities to be paid by the Company on behalf of the sellers, within 90 days following the acquisition date, pursuant to the purchase agreement

Note 4. Long-Term Debt

The Company has a five-year, $250.0 million revolving credit facility agreement, with an additional $50.0 million accordion feature, which matures on September 15, 2022 (the "Revolving Credit Facility"). On December 1, 2020, the Company entered into an amendment of the Revolving Credit Facility to utilize the accordion feature and increase the commitment from $250.0 million to $300.0 million, which also reduced the available incremental commitment by a corresponding amount. In connection with the acquisition, the Company borrowed $245.0 million to fund a portion of the cash considerations. Until the Company reports its leverage ratio at December 31, 2020, borrowings under this facility bear interest at a rate of prime plus 0.25% or London Interbank Offered Rate ("LIBOR") plus 1.25%. The interest rates for our borrowings will increase 0.5% in accordance with the existing terms, as our leverage ratio to be reported for the quarter ended December 31, 2020 will exceed 2.00x. The Company pays a commitment fee of 0.15% for the unutilized portion of the Revolving Credit Facility. Interest and commitment fees are payable at least quarterly and the outstanding principal balance is due at the maturity date. The Revolving Credit Facility is secured by substantially all of the Company's domestic assets.

Note 5. Pro forma adjustments

The pro forma adjustments are based on the Company's preliminary estimates and assumptions that are subject to change including with respect to final purchase price and allocation thereof. Accordingly, the purchase price allocation is considered preliminary and may materially change before final determination. The changes would affect the values assigned to tangible or intangible assets and the amount of depreciation and amortization expense recorded in the combined financial statements. The following adjustments have been reflected in the unaudited pro forma combined financial statements as if the acquisition occurred on April 1, 2019:

(a) Represents the cash consideration paid in connection with the acquisition ($279.8 million, net of $8.3 million tax liabilities to be paid by the Company on behalf of the sellers, within 90 days following the acquisition date, pursuant to the purchase agreement), cash received in connection with borrowings against the revolving line of credit to fund the acquisition ($244.9 million) and interest expense associated with those borrowings as if they were funded as of April 1, 2019 ($6.3 million).

(b) Represents the current portion of tax indemnity assets acquired in connection with the acquisition ($5.0 million) as well as certain other current assets acquired in connection with the acquisition.

(c) Represents the fair value step-up associated with property, plant and equipment acquired in connection with the acquisition ($5.5 million), offset by the related accumulated depreciation.

(d) Represents the preliminary estimate of goodwill arising from the excess of the purchase price over the fair value of tangible and intangible assets acquired and liabilities assumed.

(e) Represents the preliminary estimate of intangible assets and estimated amortization expense for the periods below (amounts in thousands):

			Amortization	
	Estimated Fair Value	Estimated Useful Life in Years	For the Six Months Ended September 30, 2020	For the Year Ended December 31, 2020
Trade name	43,500	Indefinite	—	—
Customer relationships	194,000	15	6,467	12,933
Total preliminary estimate of intangibles acquired	237,500		6,467	12,933

(f) Represents the establishment of right-of-use assets related to the accounting for leases in connection with the acquisition ($49.0 million) and the long-term portion of tax indemnity assets established in connection with the acquisition ($7.5 million), partially offset by the amortization of right-of-use assets ($7.8 million).

(g) Represents settlements of historical short term ($11.3 million in prepaid expenses and other current assets) and long-term ($9.9 million in other assets) loans receivable from the sellers in connection with the acquisition.

(h) Represents tax liabilities to be paid by the Company on behalf of the sellers within 90 days following the acquisition date ($8.3 million), accrued expenses associated with acquisition-related transaction costs ($7.1 million), the establishment of short-term lease liabilities in connection with the acquisition ($4.8 million), other current liabilities of ($0.9 million), partially offset primarily by a reduction due to the tax benefit of pro forma adjustments of $9.7 million.

(i) Represents the incremental borrowings against the Company's revolving line of credit in connection with the acquisition ($244.9 million) (see note 4), partially offset by the settlement of a revolving loan previously held by TRUaire ($18.2 million) in connection with the acquisition.

(j) Represents the following in connection with the acquisition: establishment of deferred tax liabilities ($56.2 million), establishment of long-term lease liabilities ($45.4 million) and the recognition of tax contingencies ($22.5 million), partially offset by the reduction of long-term leases liabilities ($7.3 million).

(k) Represents the elimination of TRUaire's historical equity which included common shares ($2.5 million), additional paid-in-capital ($6.6 million), retained earnings ($69.7 million), partially offset by accumulated other comprehensive loss ($6.4 million). Also includes the issuance of 849,852 shares of the Company's common stock valued at approximately $97.7 million at the close of the acquisition.

(l) Represents the effect of income statement pro forma adjustments described in this Form 8-K totaling $33.7 million ($26.9 million for the year ended March 31, 2020 and $6.8 million for the six months ended September 30, 2020) on retained earnings as of September 30, 2020.

(m) Represents the incremental cost of revenues related to the depreciation of property plant and equipment as a result of the fair value step-up in connection with the acquisition for the year ended March 31, 2020 and the six months ended September 30, 2020, $0.5 million and $0.2 million, respectively.

(n) Represents a reclassification from selling, general and administrative expense to cost of revenue in connection with the acquisition to align TRUaire's accounting policies to those of the Company ($12.0 million and $22.8 million for the six months ended September 30, 2020 and the 12 months ended December 31, 2020, respectively).

(o) Represents the amortization expense for the six months ended September 30, 2020 ($6.5 million) and the year ended March 31, 2020 ($12.9 million) associated with the customer relationships acquired in connection with the acquisition.

(p) Represents the interest expense for the six months ended September 30, 2020 ($2.1 million) and the year ended March 31, 2020 ($4.2 million) associated with the borrowings related to the acquisition. Note that the weighted average interest rate used for the purposes of these combined financial statements is 1.6%. Should that interest rate increase by 1%, the annual impact on interest expense will be an increase of approximately $2.5 million (see Note 4).

(q) Represents the incremental cost of revenues as a result of amortizing the fair value step-up of inventory ($9.2 million for the year ended March 31, 2020) and the depreciation of property plant and equipment, which was also stepped-up in connection with the acquisition ($0.5 million).

(r) Represents transaction costs associated with the acquisition which were incurred subsequent to March 31, 2020. These costs have been included as if they had been incurred on April 1, 2019 ($7.1 million).

(s) Represents the income tax effect of pro forma adjustments excluding non-deductible transaction costs using an effective tax rate of 24%.

(t) Represents the scheduled amortization of the right-of-use assets and reductions of lease liabilities ("scheduled movement") for the year ended March 31, 2020 and the six months ended September 30, 2020. The scheduled movement resulted in additional cost of revenues of $0.4 million and $0.1 million for the year ended March 31, 2020 and the six months ended September 30, 2020, respectively. The scheduled movement also resulted in additional selling, general and administrative expenses of $0.1 million for the year ended March 31, 2020.

In addition to the above, certain compensation costs incurred by TRUaire prior to the acquisition are not expected to continue in the future. These amounts have not been eliminated in the pro forma adjustments. The total of these amounts were $5.6 million and $7.6 million for the six months ended June 30, 2020 and the twelve months ended March 31, 2020, respectively.