UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2020

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

For the transition period from to

Commission File Number: 1-06620

GRIFFON CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**11-1893410**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

712 Fifth Ave, 18th Floor	**New York**	**New York**	**10019**
(Address of principal executive offices)			(Zip Code)

(212) 957-5000

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.25 par value	GFF	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

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

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The number of shares of common stock outstanding at **June 30, 2020** was 47,425,488.

Griffon Corporation and Subsidiaries

Contents

Part I – Financial Information
Item 1 – Financial Statements

GRIFFON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	(Unaudited) June 30, 2020	September 30, 2019
CURRENT ASSETS		
Cash and equivalents	$ 71,999	$ 72,377
Accounts receivable, net of allowances of $13,901 and $7,881	359,464	264,450
Contract costs and recognized income not yet billed, net of progress payments of $28,981 and $13,861	92,143	105,111
Inventories	411,028	442,121
Prepaid and other current assets	51,365	40,799
Assets of discontinued operations	1,951	321
Total Current Assets	987,950	925,179
PROPERTY, PLANT AND EQUIPMENT, net	335,318	337,326
OPERATING LEASE RIGHT-OF-USE ASSETS	154,955	—
GOODWILL	439,667	437,067
INTANGIBLE ASSETS, net	354,384	356,639
OTHER ASSETS	31,860	15,840
ASSETS OF DISCONTINUED OPERATIONS	6,086	2,888
Total Assets	$ 2,310,220	$ 2,074,939
CURRENT LIABILITIES		
Notes payable and current portion of long-term debt	$ 9,235	$ 10,525
Accounts payable	218,024	250,576
Accrued liabilities	176,164	124,665
Current portion of operating lease liabilities	29,018	—
Liabilities of discontinued operations	3,730	4,333
Total Current Liabilities	436,171	390,099
LONG-TERM DEBT, net	1,123,365	1,093,749
LONG-TERM OPERATING LEASE LIABILITIES	131,650	—
OTHER LIABILITIES	104,298	109,997
LIABILITIES OF DISCONTINUED OPERATIONS	6,281	3,331
Total Liabilities	1,801,765	1,597,176
COMMITMENTS AND CONTINGENCIES - See Note 21		
SHAREHOLDERS’ EQUITY		
Total Shareholders’ Equity	508,455	477,763
Total Liabilities and Shareholders’ Equity	$ 2,310,220	$ 2,074,939

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

GRIFFON CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
For the Three and Nine Months Ended June 30, 2020 and 2019
(Unaudited)

	COMMON STOCK				TREASURY SHARES				
(in thousands)	**SHARES**	**PAR VALUE**	**CAPITAL IN EXCESS OF PAR VALUE**	**RETAINED EARNINGS**	**SHARES**	**COST**	**ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**	**DEFERRED COMPENSATION**	**TOTAL**
Balance at September 30, 2019	82,775	$ 20,694	$ 519,017	$ 568,516	35,969	$ (536,308)	$ (65,916)	$ (28,240)	$ 477,763
Net income	—	—	—	10,612	—	—	—	—	10,612
Dividend	—	—	—	(3,392)	—	—	—	—	(3,392)
Shares withheld on employee taxes on vested equity awards	—	—	—	—	80	(1,758)	—	—	(1,758)
Amortization of deferred compensation	—	—	—	—	—	—	—	629	629
Equity awards granted, net	182	45	(45)	—	—	—	—	—	—
ESOP allocation of common stock	—	—	609	—	—	—	—	—	609
Stock-based compensation	—	—	3,150	—	—	—	—	—	3,150
Stock-based consideration	—	—	239	—	—	—	—	—	239
Other comprehensive income, net of tax	—	—	—	—	—	—	6,841	—	6,841
Balance at December 31, 2019	82,957	$ 20,739	$ 522,970	$ 575,736	36,049	$ (538,066)	$ (59,075)	$ (27,611)	$ 494,693
Net income	—	—	—	895	—	—	—	—	895
Dividend	—	—	—	(3,422)	—	—	—	—	(3,422)
Shares withheld on employee taxes on vested equity awards	—	—	—	—	261	(5,721)	—	—	(5,721)
Amortization of deferred compensation	—	—	—	—	—	—	—	629	629
Equity awards granted, net	784	196	(196)	—	—	—	—	—	—
ESOP allocation of common stock	—	—	435	—	—	—	—	—	435
Stock-based compensation	—	—	3,662	—	—	—	—	—	3,662
Stock-based consideration	—	—	117	—	—	—	—	—	117
Other comprehensive income, net of tax	—	—	—	—	—	—	(14,834)	—	(14,834)
Balance at March 31, 2020	83,741	$ 20,935	$ 526,988	$ 573,209	36,310	$ (543,787)	$ (73,909)	$ (26,982)	$ 476,454
Net income	—	—	—	21,831	—	—	—	—	21,831
Dividend	—	—	—	(3,558)	—	—	—	—	(3,558)
Amortization of deferred compensation	—	—	—	—	—	—	—	628	628
Equity awards granted, net	(6)	(1)	1	—	—	—	—	—	—
ESOP allocation of common stock	—	—	352	—	—	—	—	—	352
Stock-based compensation	—	—	3,930	—	—	—	—	—	3,930
Stock-based consideration	—	—	116	—	—	—	—	—	116
Other comprehensive income, net of tax	—	—	—	—	—	—	8,702	—	8,702
Balance at June 30, 2020	83,735	$ 20,934	$ 531,387	$ 591,482	36,310	$ (543,787)	$ (65,207)	$ (26,354)	$ 508,455

(in thousands)	COMMON STOCK SHARES	COMMON STOCK PAR VALUE	CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	TREASURY SHARES SHARES	TREASURY SHARES COST	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	DEFERRED COMPENSATION	TOTAL
Balance at September 30, 2018	81,520	$ 20,380	$ 503,396	$ 550,523	35,846	$ (534,830)	$ (34,112)	$ (30,966)	$ 474,391
Net income	—	—	—	8,753	—	—	—	—	8,753
Cumulative catch-up adjustment related to adoption of ASC 606(1)	—	—	—	(5,673)	—	—	—	—	(5,673)
Dividend	—	—	—	(3,143)	—	—	—	—	(3,143)
Shares withheld on employee taxes on vested equity awards	—	—	—	—	83	(1,058)	—	—	(1,058)
Amortization of deferred compensation	—	—	—	—	—	—	—	856	856
Common stock acquired	—	—	—	—	29	(290)	—	—	(290)
Equity awards granted, net	1,201	300	(300)	—	—	—	—	—	—
ESOP allocation of common stock	—	—	(8)	—	—	—	—	—	(8)
Stock-based compensation	—	—	2,933	—	—	—	—	—	2,933
Stock-based consideration	—	—	250	—	—	—	—	—	250
Other comprehensive income, net of tax	—	—	—	—	—	—	(5,450)	—	(5,450)
Balance at December 31, 2018	82,721	$ 20,680	$ 506,271	$ 550,460	35,958	$ (536,178)	$ (39,562)	$ (30,110)	$ 471,561
Net loss	—	—	—	(1,156)	—	—	—	—	(1,156)
Dividend	—	—	—	(3,704)	—	—	—	—	(3,704)
Shares withheld on employee taxes on vested equity awards	—	—	—	—	3	(48)	—	—	(48)
Amortization of deferred compensation	—	—	—	—	—	—	—	507	507
Common stock acquired	—	—	—	—	8	(82)	—	—	(82)
Equity awards granted, net	48	12	(12)	—	—	—	—	—	—
ESOP allocation of common stock	—	—	601	—	—	—	—	—	601
Stock-based compensation	—	—	3,422	—	—	—	—	—	3,422
Stock-based consideration	—	—	303	—	—	—	—	—	303
Other comprehensive income, net of tax	—	—	—	—	—	—	2,880	—	2,880
Balance at March 31, 2019	82,769	$ 20,692	$ 510,585	$ 545,600	35,969	$ (536,308)	$ (36,682)	$ (29,603)	$ 474,284
Net income	—	—	—	13,595	—	—	—	—	13,595
Dividend	—	—	—	(3,415)	—	—	—	—	(3,415)
Amortization of deferred compensation	—	—	—	—	—	—	—	682	682
ESOP allocation of common stock	—	—	435	—	—	—	—	—	435
Stock-based compensation	—	—	3,332	—	—	—	—	—	3,332
Stock-based consideration	—	—	287	—	—	—	—	—	287
Other comprehensive income, net of tax	—	—	—	—	—	—	(1,035)	—	(1,035)
Balance at June 30, 2019	82,769	$ 20,692	$ 514,639	$ 555,780	35,969	$ (536,308)	$ (37,717)	$ (28,921)	$ 488,165

(1) See Note 14 - Recent Accounting Pronouncements and Note 3 - Revenue for additional information.

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

GRIFFON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Revenue	$ 632,061	$ 574,970	$ 1,746,849	$ 1,635,125
Cost of goods and services	467,058	420,487	1,279,893	1,200,092
Gross profit	165,003	154,483	466,956	435,033
Selling, general and administrative expenses	113,509	117,989	357,774	343,526
Income from operations	51,494	36,494	109,182	91,507
Other income (expense)				
Interest expense	(16,725)	(17,288)	(49,807)	(51,334)
Interest income	140	201	711	611
Loss from debt extinguishment, net	(1,235)	—	(7,925)	—
Other, net	806	979	2,199	3,251
Total other expense, net	(17,014)	(16,108)	(54,822)	(47,472)
Income before taxes from continuing operations	34,480	20,386	54,360	44,035
Provision for income taxes	12,649	6,258	21,022	14,664
Income from continuing operations	$ 21,831	$ 14,128	$ 33,338	$ 29,371
Discontinued operations:				
Loss from operations of discontinued operations	—	—	—	(11,000)
Provision (benefit) for income taxes	—	533	—	(2,821)
Loss from discontinued operations	—	(533)	—	(8,179)
Net income	$ 21,831	$ 13,595	$ 33,338	$ 21,192
Income from continuing operations	$ 0.52	$ 0.34	$ 0.80	$ 0.72
Loss from discontinued operations	—	(0.01)	—	(0.20)
Basic earnings per common share	$ 0.52	$ 0.33	$ 0.80	$ 0.52
Basic weighted-average shares outstanding	41,712	40,967	41,483	40,888
Income from continuing operations	$ 0.50	$ 0.33	$ 0.76	$ 0.69
Income (loss) from discontinued operations	—	(0.01)	—	(0.19)
Diluted earnings per common share	$ 0.50	$ 0.31	$ 0.76	$ 0.50
Diluted weighted-average shares outstanding	43,774	43,164	43,818	42,649
Dividends paid per common share	$ 0.0750	$ 0.0725	$ 0.2250	$ 0.2175
Net income	$ 21,831	$ 13,595	$ 33,338	$ 21,192
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustments	9,508	(1,092)	(493)	(3,943)
Pension and other post retirement plans	1,139	184	2,480	552
Change in cash flow hedges	(1,945)	(127)	(1,278)	(214)
Total other comprehensive income (loss), net of taxes	8,702	(1,035)	709	(3,605)
Comprehensive income, net	$ 30,533	$ 12,560	$ 34,047	$ 17,587

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

GRIFFON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended June 30,	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 33,338	$ 21,192
Net loss from discontinued operations	—	8,179
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	47,067	46,172
Stock-based compensation	12,809	11,547
Asset impairment charges - restructuring	4,388	—
Provision for losses on accounts receivable	512	306
Amortization of debt discounts and issuance costs	2,871	4,133
Loss from debt extinguishment, net	7,925	—
Deferred income taxes	448	(353)
Gain on sale of assets and investments	(261)	(111)
Non-cash lease expense	28,648	—
Change in assets and liabilities, net of assets and liabilities acquired:		
Increase in accounts receivable and contract costs and recognized income not yet billed	(81,718)	(33,223)
(Increase) decrease in inventories	34,822	(18,009)
Increase in prepaid and other assets	(17,393)	(3,921)
Decrease in accounts payable, accrued liabilities, income taxes payable and operating lease liabilities	(18,112)	(22,688)
Other changes, net	600	1,758
Net cash provided by operating activities	55,944	14,982
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(34,751)	(27,794)
Acquired businesses, net of cash acquired	(10,531)	(9,219)
Payments related to sale of business	—	(9,500)
Insurance payments	—	(10,604)
Proceeds from sale of assets	339	104
Investment purchase	(130)	(149)
Net cash used in investing activities	(45,073)	(57,162)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(10,639)	(10,262)
Purchase of shares for treasury	(7,479)	(1,478)
Proceeds from long-term debt	1,230,618	156,800
Payments of long-term debt	(1,205,231)	(108,260)
Financing costs	(16,543)	(1,012)
Contingent consideration for acquired businesses	—	(1,686)
Other, net	(31)	(197)
Net cash provided by (used in) financing activities	(9,305)	33,905

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

GRIFFON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended June 30,	
	2020	**2019**
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Net cash used in operating activities	(2,899)	(3,874)
Net cash provided by investing activities	418	—
Net cash used in financing activities	—	—
Net cash used in discontinued operations	(2,481)	(3,874)
Effect of exchange rate changes on cash and equivalents	537	503
NET DECREASE IN CASH AND EQUIVALENTS	(378)	(11,646)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	72,377	69,758
CASH AND EQUIVALENTS AT END OF PERIOD	$ 71,999	$ 58,112

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

GRIFFON CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(US dollars and non US currencies in thousands, except per share data)

(Unaudited)

(Unless otherwise indicated, references to years or year-end refer to Griffon's fiscal period ending September 30)

NOTE 1 – DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

About Griffon Corporation

Griffon Corporation (the "Company", "Griffon", "we" or "us") is a diversified management and holding company that conducts business through wholly-owned subsidiaries. Griffon oversees the operations of its subsidiaries, allocates resources among them and manages their capital structures. Griffon provides direction and assistance to its subsidiaries in connection with acquisition and growth opportunities as well as in connection with divestitures. In order to further diversify, Griffon also seeks out, evaluates and, when appropriate, will acquire additional businesses that offer potentially attractive returns on capital.

The Company was founded in 1959, is a Delaware corporation headquartered in New York, N.Y. and is listed on the New York Stock Exchange (NYSE:GFF).

Griffon currently conducts its operations through three reportable segments:

- Consumer and Professional Products ("CPP") conducts its operations through The AMES Companies, Inc. ("AMES"). Founded in 1774, AMES is the leading North American manufacturer and a global provider of branded consumer and professional tools and products for home storage and organization, landscaping, and enhancing outdoor lifestyles. CPP sells products globally through a portfolio of leading brands including True Temper, AMES, and ClosetMaid.

- Home and Building Products ("HBP") conducts its operations through Clopay Corporation ("Clopay"). Founded in 1964, Clopay is the largest manufacturer and marketer of garage doors and rolling steel doors in North America. Residential and commercial sectional garage doors are sold through professional dealers and leading home center retail chains throughout North America under the brands Clopay, Ideal, and Holmes. Rolling steel door and grille products designed for commercial, industrial, institutional, and retail use are sold under the CornellCookson brand.

- Defense Electronics ("DE") conducts its operations through Telephonics Corporation ("Telephonics"), founded in 1933, a globally recognized leading provider of highly sophisticated intelligence, surveillance and communications solutions for defense, aerospace and commercial customers.

In March 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic, which continues to spread throughout the U.S. and the world. The impact from the rapidly changing U.S. and global market and economic conditions due to the COVID-19 outbreak is uncertain, with disruptions to the business of our customers and suppliers, which could impact our business and consolidated results of operations and financial condition in the future. While we have not incurred significant disruptions to our manufacturing or to our supply chain thus far from the COVID-19 outbreak, we are unable to accurately predict the impact COVID-19 will have due to numerous uncertainties, including the severity of the disease, the duration of the outbreak, actions that may be taken by governmental authorities, the impact to our customers' and suppliers' businesses and other factors identified in Part II, Item 1A "Risk Factors" in this Form 10-Q. We will continue to evaluate the nature and extent of the impact to our business, consolidated results of operations, and financial condition.

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information, and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these financial statements do not include all the information and footnotes required by US GAAP for complete financial statements. As such, they should be read together with Griffon's Annual Report on Form 10-K for the year ended September 30, 2019, which provides a more complete explanation of Griffon's accounting policies, financial position, operating results, business, properties and other matters. In the opinion of management, these financial statements reflect all adjustments considered necessary for a fair statement of interim results. Griffon's CPP operations are seasonal; for this and other reasons, the financial results of the Company for any interim period are not necessarily indicative of the results for the full year.

The condensed consolidated balance sheet information at September 30, 2019 was derived from the audited financial statements included in Griffon's Annual Report on Form 10-K for the year ended September 30, 2019.

The condensed consolidated financial statements include the accounts of Griffon and all subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. These estimates may be adjusted due to changes in economic, industry or customer financial conditions, as well as changes in technology or demand. Significant estimates include allowances for doubtful accounts receivable and returns, net realizable value of inventories, restructuring reserves, valuation of goodwill and intangible assets, percentage of completion method of accounting, pension assumptions, useful lives associated with depreciation and amortization of fixed and intangible assets, warranty reserves, sales incentive accruals, stock based compensation assumptions, income taxes and tax valuation reserves, environmental reserves, legal reserves, insurance reserves and the valuation of assets and liabilities of discontinued operations, acquisition assumptions used and the accompanying disclosures. These estimates are based on management's best knowledge of current events and actions Griffon may undertake in the future. Actual results may ultimately differ from these estimates.

Certain amounts in the prior year have been reclassified to conform to current year presentation.

NOTE 2 – FAIR VALUE MEASUREMENTS

The carrying values of cash and equivalents, accounts receivable, accounts and notes payable, and revolving credit and variable interest rate debt approximate fair value due to either the short-term nature of such instruments or the fact that the interest rate of the revolving credit and variable rate debt is based upon current market rates.

Applicable accounting guidance establishes a fair value hierarchy requiring the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. A financial instrument's categorization within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. The accounting guidance establishes three levels of inputs that may be used to measure fair value, as follows:

- Level 1 inputs are measured and recorded at fair value based upon quoted prices in active markets for identical assets.
- Level 2 inputs include inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of assets or liabilities.
- Level 3 inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The fair values of Griffon's 2028 senior notes approximated $980,000 on June 30, 2020. Fair values were based upon quoted market prices (level 1 inputs).

Insurance contracts with values of $3,324 at June 30, 2020 are measured and recorded at fair value based upon quoted prices in active markets for similar assets (level 2 inputs) and are included in Prepaid and other current assets on the Consolidated Balance Sheets.

Items Measured at Fair Value on a Recurring Basis

At June 30, 2020, trading securities, measured at fair value based on quoted prices in active markets for similar assets (level 2 inputs), with a fair value of $3,028 ($2,365 cost basis), were included in Prepaid and other current assets on the Consolidated Balance Sheets. Realized and unrealized gains and losses on trading securities are included in Other income in the Consolidated Statements of Operations and Comprehensive Income (Loss).

In the normal course of business, Griffon's operations are exposed to the effects of changes in foreign currency exchange rates. To manage these risks, Griffon may enter into various derivative contracts such as foreign currency exchange contracts, including forwards and options. As of June 30, 2020, Griffon entered into several such contracts in order to lock into a foreign currency rate for planned settlements of trade and inter-company liabilities payable in US dollars.

At June 30, 2020, Griffon had $43,500 of Australian dollar contracts at a weighted average rate of $1.46 which qualified for hedge accounting (level 2 inputs). These hedges were all deemed effective as cash flow hedges with gains and losses related to changes in fair value deferred and recorded in Accumulated other comprehensive income (loss) ("AOCI") and Prepaid and other current assets, or Accrued liabilities, until settlement. Upon settlement, gains and losses are recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss) in Cost of goods and services ("COGS"). AOCI included deferred losses of $1,095 ($712, net of tax) at June 30, 2020 and gains of $556 and $1,550 were recorded in COGS during the three and nine months ended June 30, 2020, respectively, for all settled contracts. All contracts expire in 15 to 209 days.

At June 30, 2020, Griffon had $3,125 and $3,000 of Canadian and British Pound dollar contracts, respectively, at a weighted average rate of $1.36 and $0.81, respectively. The contracts, which protect Canadian and United Kingdom operations from currency fluctuations for US dollar based purchases, do not qualify for hedge accounting. For the three and nine months ended June 30, 2020, fair value losses of $222 and $23 were recorded to Other assets and to Other income for the outstanding contracts, based on similar contract values (level 2 inputs). Realized gains of $115 and $202 were recorded in Other income during the three and nine months ended June 30, 2020, respectively, for all settled contracts. All contracts expire in 2 to 328 days.

NOTE 3 – REVENUE

The Company recognizes revenue when performance obligations identified under the terms of contracts with its customers are satisfied. A performance obligation is a promise in a contract to transfer a distinct good or service, or a bundle of goods or services, to the customer. A contract with a customer is an agreement which both parties have approved, that creates enforceable rights and obligations, has commercial substance and with respect to which payment terms are identified and collectability is probable. Once the Company has entered a contract or purchase order, it is evaluated to identify performance obligations. For each performance obligation, revenue is recognized when control of the promised products is transferred to the customer, or services are satisfied under the contract or purchase order, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products or services (the transaction price).

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when each performance obligation is satisfied. A majority of the Company's contracts have a single performance obligation which represents, in most cases, the product being sold to the customer. To a lesser extent, some contracts include multiple performance obligations such as a product, the related installation, and extended warranty services. These contracts require judgment in determining the number of performance obligations.

Over 80% of the Company's performance obligations are recognized at a point in time that relates to the manufacture and sale of a broad range of products and components within the CPP and HBP segments, and revenue is recognized when title, and risk and rewards of ownership, have transferred to the customer. A majority of CPP and HBP segment revenue is short cycle in nature with shipments occurring within one year from order and does not include a material long-term financing component, implicitly or explicitly. Less than 20% of the Company's performance obligations are recognized over time or under the percentage-of-completion method; these relate to prime or subcontractors from contract awards with the U.S. Government, as well as foreign governments and other commercial customers within our DE segment. These contracts are typically long-term in nature, usually greater than one year and do not include a material long-term financing component, either implicitly or explicitly. Revenue and profits from such contracts are recognized under the percentage-of-completion (over time) method of accounting. Revenue and profits on fixed-price contracts that contain engineering as well as production requirements are recorded based on the ratio of total actual incurred costs to date to the total estimated costs for each contract (cost-to-cost method).

Sales recognized over time are generally accounted for using an input measure to determine progress completed at the end of the period. Adjustments to estimates for a contract's estimated costs at completion and estimated profit or loss are often required as experience is gained, more information is obtained (even though the scope of work required under the contract may or may not change) and contract modifications occur. The impact of such adjustments to estimates is made on a cumulative basis in the period when such information has become known. For the three and nine months ended June 30, 2020, income from operations included net unfavorable catch up adjustments approximating $4,100 and $9,344, respectively. Gross profit is impacted by a variety of factors, including the mix of products, systems and services, production efficiencies, price competition and general economic conditions. We believe that cumulative costs incurred to date as a percentage of estimated total contract costs at completion is an appropriate measure of progress towards satisfaction of performance obligations, as it most accurately depicts the progress of our work and transfer of control to our customers. For contracts in which anticipated total costs exceed the total expected revenue, an estimated loss is recognized in the period when identifiable. A provision for the entire amount of the estimated loss is recorded on a cumulative basis, and is recorded as a reduction to gross margin on the Consolidated Statements of Operations and Comprehensive Income (Loss). These provisions had an immaterial impact on Griffon's Consolidated Financial Statements. The estimated remaining costs to complete loss contracts as of June 30, 2020 and September 30, 2019 were approximately $8,264 and $9,790, respectively.

For a complete explanation of Griffon’s revenue accounting policies, this note should be read in conjunction with Griffon’s Annual Report on Form 10-K for the year ended September 30, 2019. See Note 12 - Business Segments for revenue from contracts with customers disaggregated by end markets, segments and geographic location.

Transaction Price Allocated to the Remaining Performance Obligations

On June 30, 2020, we had $350,443 of remaining performance obligations, which we also refer to as total backlog. We expect to recognize approximately 72% of our remaining performance obligations as revenue within one year, with the balance to be completed thereafter.

Backlog represents the dollar value of funded orders for which work has not been performed. Backlog generally increases with bookings, and converts into revenue as we incur costs related to contractual commitments or the shipment of product. Given the nature of our business and a larger dependency on international customers, our bookings, and therefore our backlog, is impacted by the longer maturation cycles resulting in delays in the timing and amounts of such awards, which are subject to numerous factors, including fiscal constraints placed on customer budgets; political uncertainty; the timing of customer negotiations; and the timing of governmental approvals.

Contract Balances

Contract assets were $92,143 as of June 30, 2020 compared to $105,111 as of September 30, 2019. The $12,968 decrease in our contract assets balance was primarily due to the timing of billings and work performed on various radar and surveillance programs. Contract assets primarily relate to the Company's right to consideration for work completed but not billed at the reporting date and are recorded in Contract costs and recognized income not yet billed, net of progress payments in the Consolidated Balance Sheets. Contract assets are transferred to receivables when the right to consideration becomes unconditional. Contract costs and recognized income not yet billed consists of amounts accounted for under the percentage of completion method of accounting, and represent recoverable costs and accrued profit that cannot yet be invoiced under the terms of certain long-term contracts. Amounts will be invoiced when applicable contract terms, such as the achievement of specified milestones or product delivery, are met. At June 30, 2020 and September 30, 2019, approximately $7,058 and $13,100, respectively, of contract costs and recognized income not yet billed were expected to be collected after one year. As of June 30, 2020, Contract costs and recognized income not yet billed included approximately $1,874 of reserves for contract risk. As of September 30, 2019, Contract costs and recognized income not yet billed included no reserves for contract risk.

Contract liabilities were $20,719 as of June 30, 2020 compared to $26,259 as of September 30, 2019. The $5,540 decrease in the contract liabilities balance was due to the recognition of revenue primarily from surveillance and airborne maritime surveillance radar programs. Contract liabilities relate to advance consideration received from customers for which revenue has not been recognized. The Company often receives cash payments from customers in advance of the Company’s performance resulting in contract liabilities. These contract liabilities are classified as current on the Consolidated Balance Sheets based on the timing of when the Company expects to recognize revenue. Current contract liabilities are recorded in Accounts payable on the Consolidated Balance Sheets. Contract liabilities are reduced when the associated revenue from the contract is recognized.

NOTE 4 – ACQUISITIONS

Griffon accounts for acquisitions under the acquisition method, in which assets acquired and liabilities assumed are recorded at fair value as of the date of acquisition using a method substantially similar to the goodwill impairment test methodology (level 3 inputs). The operating results of the acquired companies are included in Griffon's consolidated financial statements from the date of acquisition; in each instance, Griffon is in the process of finalizing the initial purchase price allocation unless otherwise noted.

On November 29, 2019, AMES acquired 100% of the outstanding stock of Vatre Group Limited ("Apta"), a leading United Kingdom supplier of innovative garden pottery and associated products sold to leading UK and Ireland garden centers for approximately $10,500 (GBP 8,750), inclusive of a post-closing working capital adjustment, net of cash acquired. This acquisition broadens AMES' product offerings in the UK market and increases its in-country operational footprint. The purchase price was primarily allocated to goodwill of GBP 2,418, acquired intangible assets of GBP 3,454, inventory of GBP 2,914, accounts receivable and other assets of GBP 2,492 and accounts payable and other accrued liabilities of GBP 2,734.

During the nine months ended June 30, 2020, the Company incurred acquisition costs of $2,960. The Company did not incur acquisition costs in the three months ended June 30, 2020. The Company did not incur acquisition costs in the three and nine months ended June 30, 2019.

NOTE 5 – INVENTORIES

Inventories are stated at the lower of cost (first-in, first-out or average) or market.

The following table details the components of inventory:

	At June 30, 2020	At September 30, 2019
Raw materials and supplies	$ 131,021	$ 121,791
Work in process	90,343	93,830
Finished goods	189,664	226,500
Total	$ 411,028	$ 442,121

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

The following table details the components of property, plant and equipment, net:

	At June 30, 2020	At September 30, 2019
Land, building and building improvements	$ 159,225	$ 133,036
Machinery and equipment	585,298	580,698
Leasehold improvements	51,738	49,808
	796,261	763,542
Accumulated depreciation and amortization	(460,943)	(426,216)
Total	$ 335,318	$ 337,326

Depreciation and amortization expense for property, plant and equipment was $13,142 and $13,089 for the quarters ended June 30, 2020 and 2019, respectively, and $39,890 and $38,736 for the nine months ended June 30, 2020 and 2019, respectively. Depreciation included in SG&A expenses was $4,852 and $4,822 for the quarters ended June 30, 2020 and 2019, respectively, and $14,713 and $14,264 for the nine months ended June 30, 2020 and 2019, respectively. Remaining components of depreciation, attributable to manufacturing operations, are included in Cost of goods and services.

Except as described in Note 16, Restructuring Charges, no event or indicator of impairment occurred during the nine months ended June 30, 2020 which would require additional impairment testing of property, plant and equipment.

NOTE 7 – GOODWILL AND OTHER INTANGIBLES

The following table provides changes in the carrying value of goodwill by segment during the nine months ended June 30, 2020:

	At September 30, 2019	Goodwill from acquisitions	Other adjustments including currency translations	At June 30, 2020
Consumer and Professional Products	$ 227,269	$ 3,125	$ (525)	$ 229,869
Home and Building Products	191,253	—	—	191,253
Defense Electronics	18,545	—	—	18,545
Total	$ 437,067	$ 3,125	$ (525)	$ 439,667

The following table provides the gross carrying value and accumulated amortization for each major class of intangible assets:

	At June 30, 2020			At September 30, 2019	
	Gross Carrying Amount	Accumulated Amortization	Average Life (Years)	Gross Carrying Amount	Accumulated Amortization
Customer relationships & other	$ 184,445	$ 64,018	23	$ 183,515	$ 57,783
Technology and patents	19,348	8,075	13	19,167	7,329
Total amortizable intangible assets	203,793	72,093		202,682	65,112
Trademarks	222,684	—		219,069	—
Total intangible assets	$ 426,477	$ 72,093		$ 421,751	$ 65,112

Amortization expense for intangible assets was $2,381 and $2,506 for the quarters ended June 30, 2020 and 2019, respectively, and $7,177 and $7,436 for the nine months ended June 30, 2020 and 2019. Amortization expense for the remainder of 2020 and the next five fiscal years and thereafter, based on current intangible balances and classifications, is estimated as follows: 2020 - $2,416; 2021 - $9,387; 2022 - $9,387; 2023 - $9,234; 2024 - $9,208; 2025 - $9,208; thereafter $82,860.

Griffon performs its annual goodwill impairment testing in the fourth quarter of each year. The 2019 impairment testing resulted in all three reporting units having fair values substantially in excess of their carrying values. In addition to the annual impairment test, the Company is required to regularly assess whether a triggering event has occurred which would require interim impairment testing. Given the general deterioration in economic and market conditions surrounding the COVID-19 pandemic, the Company considered the impact that the COVID-19 pandemic may have on its near and long-term forecasts and completed an interim impairment test as of March 31, 2020. The company determined that there is no impairment to either its goodwill or indefinite-lived intangible assets at March 31, 2020. During the quarter ended June 30, 2020, the Company determined there were no triggering events.

NOTE 8 – INCOME TAXES

During the quarter ended June 30, 2020, the Company recognized a tax provision of $12,649 on income before taxes from continuing operations of $34,480, compared to a tax provision of $6,258 on income before taxes from continuing operations of $20,386 in the comparable prior year quarter. The current year quarter included restructuring charges of $1,633 ($1,224, net of tax), loss from debt extinguishment of $1,235 ($969, net of tax) and net discrete tax and certain other tax provisions, net of $1,828, that affect comparability. The prior year quarter included net discrete tax and certain other tax benefits of $669 that affect comparability. Excluding these items, the effective tax rates for the quarters ended June 30, 2020 and 2019 were 30.8% and 34.0%, respectively.

During the nine months ended June 30, 2020, the Company recognized a tax provision of $21,022 on Income before taxes from continuing operations of $54,360, compared to a tax provision of $14,664 on Income before taxes from continuing operations of $44,035 in the comparable prior year period. The nine month period ended June 30, 2020 included restructuring charges of $11,171 ($8,377, net of tax), acquisition costs of $2,960 ($2,321, net of tax), loss from debt extinguishment of $7,925 ($6,214, net of tax) and net discrete tax provisions of $1,248. The nine month period ended June 30, 2019 included net discrete tax benefits of $299. Excluding these items, the effective tax rates for the nine months ended June 30, 2020 and 2019 were 32.6% and 34.0%, respectively.

In response to the COVID-19 outbreak, the U.S. Congress approved certain changes to the federal tax laws in March 2020. While we are still assessing the impact of the legislation, we do not expect there to be a material impact to our consolidated financial statements at this time.

NOTE 9 – LONG-TERM DEBT

		At June 30, 2020					At September 30, 2019				
		Outstanding Balance	Original Issuer Premium	Capitalized Fees & Expenses	Balance Sheet	Coupon Interest Rate	Outstanding Balance	Original Issuer Premium	Capitalized Fees & Expenses	Balance Sheet	Coupon Interest Rate
Senior notes due 2028	(a)	$1,000,000	$ 375	(14,877)	$ 985,498	5.75%	$ —	$ —	$ —	$ —	—%
Senior notes due 2022	(a)	—	—	—	—	5.25%	1,000,000	867	(9,175)	991,692	5.25%
Revolver due 2025	(b)	104,181	—	(2,544)	101,637	Variable	50,000	—	(1,243)	48,757	Variable
Capital lease - real estate	(d)	11,564	—	(36)	11,528	5.00%	4,388	—	(55)	4,333	5.00%
Non US lines of credit	(e)	—	—	(33)	(33)	Variable	17,576	—	(45)	17,531	Variable
Non US term loans	(e)	30,736	—	(172)	30,564	Variable	36,977	—	(188)	36,789	Variable
Other long term debt	(f)	3,422	—	(16)	3,406	Variable	5,190	—	(18)	5,172	Variable
Totals		1,149,903	375	(17,678)	1,132,600		1,114,131	867	(10,724)	1,104,274	
less: Current portion		(9,235)	—	—	(9,235)		(10,525)	—	—	(10,525)	
Long-term debt		$1,140,668	$ 375	$ (17,678)	$1,123,365		$1,103,606	$ 867	$ (10,724)	$1,093,749	

		Three Months Ended June 30, 2020					Three Months Ended June 30, 2019				
		Effective Interest Rate (1)	Cash Interest	Amort. Debt Discount	Amort. Debt Issuance Costs & Other Fees	Total Interest Expense	Effective Interest Rate (1)	Cash Interest	Amort. Debt Premium	Amort. Debt Issuance Costs & Other Fees	Total Interest Expense
Senior notes due 2028	(a)	5.8%	$12,219	$ —	$ 277	$12,496	n/a	$ —	$ —	$ —	$ —
Senior notes due 2022	(a)	6.2%	1,960	11	155	2,126	5.7%	13,125	68	950	14,143
Revolver due 2025	(b)	Variable	1,597	—	134	1,731	Variable	2,282	—	220	2,502
ESOP Loans	(c)	n/a	—	—	—	—	7.2%	—	—	—	—
Capital lease - real estate	(d)	6.3%	33	—	6	39	5.6%	78	—	7	85
Non US lines of credit	(e)	Variable	4	—	(1)	3	Variable	4	—	3	7
Non US term loans	(e)	Variable	222	—	21	243	Variable	376	—	44	420
Other long term debt	(f)	Variable	102	—	1	103	Variable	149	—	—	149
Capitalized interest			(16)	—	—	(16)		(18)	—	—	(18)
Totals			$16,121	$ 11	$ 593	$16,725		$15,996	$ 68	$ 1,224	$17,288

(1) n/a = not applicable

		Nine Months Ended June 30, 2020					Nine Months Ended June 30, 2019				
		Effective Interest Rate (1)	Cash Interest	Amort. Debt Discount	Amort. Debt Issuance Costs & Other Fees	Total Interest Expense	Effective Interest Rate (1)	Cash Interest	Amort. Debt Premium	Amort. Debt Issuance Costs & Other Fees	Total Interest Expense
Senior notes due 2028	(a)	5.9%	$17,785	$ —	$ 412	$18,197	—%	$ —	$ —	$ —	$ —
Senior notes due 2022	(a)	5.7%	23,125	123	1,734	24,982	5.7%	39,375	202	2,852	42,429
Revolver due 2025	(b)	Variable	4,798	—	531	5,329	Variable	4,846	—	761	5,607
ESOP Loans	(c)	n/a	—	—	—	—	6.6%	937	—	186	1,123
Capital lease - real estate	(d)	6.1%	146	—	19	165	5.5%	294	—	19	313
Non US lines of credit	(e)	Variable	11	—	11	22	Variable	15	—	11	26
Non US term loans	(e)	Variable	786	—	40	826	Variable	1,273	—	97	1,370
Other long term debt	(f)	Variable	394	—	1	395	Variable	478	—	6	484
Capitalized interest			(109)	—	—	(109)		(18)	—	—	(18)
Totals			$46,936	$ 123	$ 2,748	$49,807		$47,200	$ 202	$ 3,932	$51,334

(a) On June 22, 2020, Griffon completed the add-on offering through a private placement $150,000 principal amount of its 5.75% senior notes due 2028, at 100.25% of par, to Griffon's previously issued $850,000 principal amount of its 5.75% senior notes due in 2028, at par, completed on February 19, 2020 (collectively, the “Senior Notes”). Proceeds from the Senior Notes were used to redeem the $1,000,000 of 5.25% senior notes due 2022 (the “2022 Senior Notes"). As of June 30, 2020, outstanding Senior Notes due totaled $1,000,000; interest is payable semi-annually on March 1 and September 1.

The Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries, and subject to certain covenants, limitations and restrictions. On April 22, 2020, Griffon exchanged substantially all of the $850,000 Senior Notes for substantially identical Senior Notes registered under the Securities Act of 1933, as amended (the "Securities Act"), via an exchange offer. Griffon intends to complete an offer to exchange the remaining $150,000 Senior Notes for substantially identical Senior Notes registered under the Securities Act during the fourth quarter of fiscal 2020. The fair value of the 2028 Senior Notes approximated $980,000 on June 30, 2020 based upon quoted market prices (level 1 inputs).

In connection with these transactions, Griffon capitalized $15,289 of underwriting fees and other expenses incurred related to the issuance and exchange of the Senior Notes, which will amortize over the term of such terms. Furthermore, all of the obligations associated with the 2022 Senior Notes were discharged. Additionally, Griffon recognized a $7,925 loss on the early extinguishment of debt of the 5.25% $1,000,000 2022 Senior Notes, comprised primarily of the write-off of $6,725 of remaining deferred financing fees, $607 of tender offer net premium expense and $593 of redemption interest expense.

(b)On January 30, 2020, Griffon amended its revolving credit facility (as amended, the "Credit Agreement") to increase the maximum borrowing availability from $350,000 to $400,000 and extend its maturity date from March 22, 2021 to March 22, 2025. The amended agreement also modified certain other provisions of the facility. The facility includes a letter of credit sub-facility with a limit of $100,000 (increased from $50,000); a multi-currency sub-facility of $200,000 (increased from $100,000); and contains a customary accordion feature that permits us to request, subject to each lender's consent, an increase in the maximum aggregate amount that can be borrowed by up to an additional $100,000 (increased from $50,000).

Borrowings under the Credit Agreement may be repaid and re-borrowed at any time. Interest is payable on borrowings at either a LIBOR or base rate benchmark rate, plus an applicable margin, which adjusts based on financial performance. Current margins are 1.25% for base rate loans and 2.25% for LIBOR loans. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio, as well as customary affirmative and negative covenants, and events of default. The negative covenants place limits on Griffon's ability to, among other things, incur indebtedness, incur liens, and make restricted payments and investments. Borrowings under the Credit Agreement are guaranteed by Griffon’s material domestic subsidiaries and are secured, on a first priority basis, by substantially all domestic assets of the Company and the guarantors, and a pledge of not greater than 65% of the equity interest in Griffon’s material, first-tier foreign subsidiaries. At June 30, 2020, there were $104,181of outstanding borrowings under the Credit Agreement; outstanding standby letters of credit were $21,617; and $274,202 was available, subject to certain loan covenants, for borrowing at that date.

(c)In August 2016 and as amended on June 30, 2017, Griffon’s ESOP entered into a Term Loan with a bank (the "ESOP Agreement"). The Term Loan interest rate was LIBOR plus 3.00%. The Term Loan required quarterly principal payments of $569 with a balloon payment due at maturity. The Term Loan was secured by shares purchased with the proceeds of the loan and with a lien on a specific amount of Griffon assets (which ranked pari passu with the lien granted on such assets under the Credit Agreement) and was guaranteed by Griffon. On March 13, 2019, the ESOP Term Loan was refinanced with an internal loan from Griffon which was funded with cash and a draw under its Credit Agreement. The internal loan interest rate is fixed at 2.91%, matures in June 2033 and requires quarterly payments of principal, currently $635, and interest. The internal loan is secured by shares purchased with the proceeds of the loan. The amount outstanding on the internal loan at June 30, 2020 was $30,513.

(d)Two Griffon subsidiaries have finance leases outstanding for real estate located in Troy, Ohio and Ocala, Florida. The leases mature in 2021 and 2025, respectively, and bear interest at fixed rates of approximately 5.0% and 2.9%, respectively. The Troy, Ohio lease is secured by a mortgage on the real estate and is guaranteed by Griffon. The Ocala, Florida lease contains one five-year renewal option. At June 30, 2020, $11,528 was outstanding, net of issuance costs.

(e) In November 2012, Garant G.P. (“Garant”) entered into a CAD 15,000 ($10,974 as of June 30, 2020) revolving credit facility. The facility accrues interest at LIBOR (USD) or the Bankers Acceptance Rate (CDN) plus 1.3% per annum (1.46% LIBOR USD and 1.56% Bankers Acceptance Rate CDN as of June 30, 2020). The revolving facility matures in October 2022. Garant is required to maintain a certain minimum equity. At June 30, 2020, there were no borrowings under the revolving credit facility with CAD 15,000 ($10,974 as of June 30, 2020) available for borrowing.

In July 2016 and as amended in March 2019, Griffon Australia Holdings Pty Ltd and its Australian subsidiaries (collectively, "Griffon Australia") entered into an AUD 29,625 term loan, AUD 20,000 revolver and AUD 10,000 receivable purchase facility agreement. The term loan requires quarterly principal payments of AUD 1,250 plus interest with a balloon payment of AUD 9,625 due upon maturity in March 2022, and accrues interest at Bank Bill Swap Bid Rate "BBSY" plus 1.95% per annum (2.09% at June 30, 2020). During the quarter ended June 30, 2020, the term loan balance was reduced by AUD 5,000, from AUD 23,375 to AUD 18,375 with proceeds from an AUD 5,000 increase in the commitment of the receivables purchase line from AUD 10,000 to AUD 15,000. The term loan had an outstanding balance of AUD 17,125 ($11,761 as of June 30, 2020). The revolving facility and receivable purchase facility mature in March 2022, but are renewable upon mutual agreement with the lender. The revolving facility and receivable purchase facility accrue interest at BBSY plus 1.9% and 1.35%, respectively, per annum (2.05% and 1.49%, respectively, at June 30, 2020). At June 30, 2020, there were no borrowings under the revolver and the receivable purchase facility. The revolver, receivable purchase facility and the term loan are all secured by substantially all of the assets of Griffon Australia and its subsidiaries. Griffon Australia is required to maintain a certain minimum equity level and is subject to a maximum leverage ratio and a minimum fixed charges cover ratio.

In July 2018, the AMES Companies UK Ltd and its subsidiaries (collectively, "AMES UK") entered into a GBP 14,000 term loan, GBP 4,000 mortgage loan and GBP 5,000 revolver. The term loan and mortgage loan require quarterly principal payments of GBP 350 and GBP 83 plus interest, respectively, and have balloon payments due upon maturity, July 2023, of GBP 7,700 and GBP 2,500, respectively. The Term Loan and Mortgage Loans accrue interest at the GBP LIBOR Rate plus 2.25% and 1.8%, respectively (2.33% and 1.88% at June 30, 2020, respectively). The revolving facility matures in June 2021, but is renewable upon mutual agreement with the lender, and accrues interest at the Bank of England Base Rate plus 1.75% (1.85% as of June 30, 2020). As of June 30, 2020, the revolver had no outstanding balance while the term and mortgage loan balances amounted to GBP 15,398 ($18,975 as of June 30, 2020). The revolver and the term loan are both secured by substantially all of the assets of AMES UK and its subsidiaries. AMES UK is subject to a maximum leverage ratio and a minimum fixed charges cover ratio. An invoice discounting arrangement was canceled and replaced by the above loan facilities.

(f) Other long-term debt primarily consists of a loan with the Pennsylvania Industrial Development Authority, with the balance consisting of capital leases.

At June 30, 2020, Griffon and its subsidiaries were in compliance with the terms and covenants of all credit and loan agreements.

NOTE 10 — SHAREHOLDERS' EQUITY

During 2020, the Company paid a quarterly cash dividend of $0.075 per share in each quarter, totaling $0.225 per share for the nine months ended June 30, 2020. During 2019, the Company paid a quarterly cash dividend of $0.0725 per share, totaling $0.29 per share for the year. A dividend payable was established for the holders of restricted shares; such dividends will be released upon vesting of the underlying restricted shares.

In March 2019, the ESOP Term Loan was refinanced with a loan from Griffon which was funded with cash and a draw on its credit facility; dividends paid on allocated shares in the ESOP are allocated to participant accounts in the form of additional shares.

On July 29, 2020, the Board of Directors declared a quarterly cash dividend of $0.075 per share, payable on September 17, 2020 to shareholders of record as of the close of business on August 20, 2020.

Compensation expense for restricted stock and restricted stock units is recognized ratably over the required service period based on the fair value of the grant, calculated as the number of shares granted multiplied by the stock price on the date of grant and, for performance shares, the likelihood of achieving the performance criteria. Compensation expense for restricted stock granted to two senior executives is calculated as the maximum number of shares granted, upon achieving certain performance criteria, multiplied by the stock price as valued by a Monte Carlo Simulation Model. Compensation cost related to stock-based awards with graded vesting, generally over a period of three to four years, is recognized using the straight-line attribution method and recorded within SG&A expenses.

On January 29, 2016, shareholders approved the Griffon Corporation 2016 Equity Incentive Plan ("Incentive Plan") under which awards of performance shares, performance units, stock options, stock appreciation rights, restricted shares, restricted stock units, deferred shares and other stock-based awards may be granted. On January 31, 2018, shareholders approved Amendment No. 1 to the Incentive Plan pursuant to which, among other things, 1,000,000 shares were added to the Incentive Plan; and on January 30, 2020, shareholders approved Amendment No. 2 to the Incentive Plan, pursuant to which 1,700,000 shares were added to the

Incentive Plan. Options granted under the Incentive Plan may be either “incentive stock options” or nonqualified stock options, generally expire ten years after the date of grant and are granted at an exercise price of not less than 100% of the fair market value at the date of grant. The maximum number of shares of common stock available for award under the Incentive Plan is 5,050,000 (600,000 of which may be issued as incentive stock options), plus (i) any shares reserved for issuance under the 2011 Equity Incentive Plan as of the effective date of the Incentive Plan, and (ii) any shares underlying awards outstanding on such effective date under the 2011 Incentive Plan that are canceled or forfeited. As of June 30, 2020, there were 1,063,148 shares available for grant.

All grants outstanding under former equity plans will continue under their terms; no additional awards will be granted under such plans.

During the first quarter of 2020, Griffon granted 216,523 shares of restricted stock and restricted stock units, subject to certain performance conditions, with vesting periods of three years, with a total fair value of $4,705, or a weighted average fair value of $21.73 per share.

During the second quarter of 2020, Griffon granted 804,674 shares of restricted stock. This included 99,772 shares of restricted stock to seven executives, subject to certain performance conditions, with vesting period of 34 months, with a total fair value of $2,200, or weighted average fair value of $22.05 per share. Griffon also granted 44,902 restricted shares to the non-employee directors of Griffon with a vesting period of three years and a fair value of $990, or a weighted average fair value of $22.05 per share. This also included 660,000 shares of restricted stock granted to two senior executives with a vesting period of four years and a two year post-vesting holding period, subject to the achievement of certain absolute and relative performance conditions relating to the price of Griffon's common stock. So long as the minimum performance condition is attained, the amount of shares that can vest will range from 480,000 to 660,000. The total fair value of these restricted shares using the Monte Carlo Simulation model is approximately $9,534, or a weighted average fair value of $14.45 per share.

During the third quarter of 2020, Griffon granted 7,599 shares of restricted stock, subject to certain performance conditions, with vesting periods of three years, with a total fair value of $125, or a weighted average fair value of $16.45 per share.

The following table summarizes the Company’s compensation expense relating to all stock-based incentive plans:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2020	2019	2020	2019
Restricted stock	$ 3,930	$ 3,332	$ 10,742	$ 9,687
ESOP	577	715	2,067	1,860
Total stock based compensation	$ 4,507	$ 4,047	$ 12,809	$ 11,547

On each of August 3, 2016 and August 1, 2018, Griffon’s Board of Directors authorized the repurchase of up to $50,000 of Griffon’s outstanding common stock. Under this share repurchase program, the Company may purchase shares in the open market, including pursuant to a 10b5-1 plan, or in privately negotiated transactions. During the quarter and nine months ended June 30, 2020, Griffon did not purchase any shares of common stock under these repurchase programs. As of June 30, 2020, an aggregate of $57,955 remains under Griffon's Board authorized repurchase programs.

During the quarter ended June 30, 2020, there were no shares withheld to settle employee taxes due upon the vesting of restricted stock. During the nine months ended June 30, 2020, 340,775 shares, with a market value of $7,409, or $21.74 per share, respectively, were withheld to settle employee taxes due upon the vesting of restricted stock, and were added to treasury stock. Furthermore, during the nine months ended June 30, 2020, an additional 3,307 shares, with a market value of $70, or $21.22 per share, were withheld from common stock issued upon the vesting of restricted stock units to settle employee taxes due upon vesting.

NOTE 11 – EARNINGS PER SHARE (EPS)

Basic EPS (and diluted EPS in periods when a loss exists) was calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the period. Diluted EPS was calculated by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding plus additional common shares that could be issued in connection with stock based compensation.

The following table is a reconciliation of the share amounts (in thousands) used in computing earnings per share:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Common shares outstanding	47,425	46,801	47,425	46,801
Unallocated ESOP shares	(2,108)	(2,314)	(2,108)	(2,314)
Non-vested restricted stock	(3,555)	(3,426)	(3,555)	(3,426)
Impact of weighted average shares	(50)	(94)	(279)	(173)
Weighted average shares outstanding - basic	41,712	40,967	41,483	40,888
Incremental shares from stock based compensation	2,062	2,197	2,335	1,761
Weighted average shares outstanding - diluted	43,774	43,164	43,818	42,649

NOTE 12 – BUSINESS SEGMENTS

In fiscal 2019, Griffon modified its reportable segment structure to provide investors with improved visibility after a series of portfolio repositioning actions which included the divestiture of the Plastics business, the acquisition of ClosetMaid and its subsequent integration into AMES, and the acquisition of CornellCookson by Clopay. The prior year amounts have been recast to reflect the recent change in Griffon's reporting segment structure. Griffon now reports its operations through three reportable segments from continuing operations, as follows:

- CPP conducts its operations through AMES. Founded in 1774, AMES is the leading North American manufacturer and a global provider of branded consumer and professional tools and products for home storage and organization, landscaping, and enhancing outdoor lifestyles. CPP sells products globally through a portfolio of leading brands including True Temper, AMES, and ClosetMaid.

- HBP conducts its operations through Clopay. Founded in 1964, Clopay is the largest manufacturer and marketer of garage doors and rolling steel doors in North America. Residential and commercial sectional garage doors are sold through professional dealers and leading home center retail chains throughout North America under the brands Clopay, Ideal, and Holmes. Rolling steel door and grille products designed for commercial, industrial, institutional, and retail use are sold under the CornellCookson brand.

- DE conducts its operations through Telephonics, founded in 1933, a globally recognized leading provider of highly sophisticated intelligence, surveillance and communications solutions for defense, aerospace and commercial customers.

Information on Griffon's reportable segments from continuing operations is as follows:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
REVENUE	2020	2019	2020	2019
Consumer and Professional Products	$ 328,929	$ 273,710	$ 844,917	$ 777,916
Home and Building Products	219,164	221,521	670,374	631,615
Defense Electronics	83,968	79,739	231,558	225,594
Total consolidated net sales	$ 632,061	$ 574,970	$ 1,746,849	$ 1,635,125

Disaggregation of Revenue

Revenue from contracts with customers is disaggregated by end markets, segments and geographic location, as it more accurately depicts the nature and amount of the Company's revenue. The following table presents revenue disaggregated by end market and segment:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2020	2019	2020	2019
Residential repair and remodel	$ 50,709	$ 35,416	$ 126,304	$ 101,015
Retail	177,271	148,596	441,795	424,537
Residential new construction	14,487	15,345	44,344	43,162
Industrial	9,303	12,880	30,461	34,054
International excluding North America	77,159	61,473	202,013	175,148
Total Consumer and Professional Products	328,929	273,710	844,917	777,916
Residential repair and remodel	109,876	112,730	332,681	316,368
Commercial construction	84,521	83,382	262,708	243,939
Residential new construction	24,767	25,409	74,985	71,308
Total Home and Building Products	219,164	221,521	670,374	631,615
U.S. Government	54,802	46,579	151,126	138,515
International	24,779	30,120	68,333	75,348
Commercial	4,387	3,040	12,099	11,731
Total Defense Electronics	83,968	79,739	231,558	225,594
Total Consolidated Revenue	$ 632,061	$ 574,970	$ 1,746,849	$ 1,635,125

The following table presents revenue disaggregated by geography based on the location of the Company's customer:

REVENUE BY GEOGRAPHIC AREA - DESTINATION	For the Three Months Ended June 30, 2020				For the Nine Months Ended June 30, 2020			
	CPP	HBP	Defense Electronics	Total	CPP	HBP	Defense Electronics	Total
United States	$ 232,544	$ 209,222	$ 56,294	$ 498,060	$ 584,114	$ 635,232	$ 157,508	$ 1,376,854
Europe	29,267	81	8,636	37,984	60,609	109	24,501	85,219
Canada	18,231	7,729	3,012	28,972	53,527	26,849	9,795	90,171
Australia	47,614	—	1,012	48,626	140,874	—	1,807	142,681
All other countries	1,273	2,132	15,014	18,419	5,793	8,184	37,947	51,924
Consolidated revenue	$ 328,929	$ 219,164	$ 83,968	$ 632,061	$ 844,917	$ 670,374	$ 231,558	$ 1,746,849

REVENUE BY GEOGRAPHIC AREA - DESTINATION	**For the Three Months Ended June 30, 2019**				**For the Nine Months Ended June 30, 2019**			
	CPP	**HBP**	**Defense Electronics**	**Total**	**CPP**	**HBP**	**Defense Electronics**	**Total**
United States	$ 193,948	$ 206,489	$ 49,379	$ 449,816	$ 541,309	$ 592,261	$ 148,853	$ 1,282,423
Europe	25,663	31	8,387	34,081	53,871	77	27,188	81,136
Canada	16,246	9,867	2,855	28,968	54,456	27,832	8,542	90,830
Australia	35,829	163	838	36,830	121,617	613	2,426	124,656
All other countries	2,024	4,971	18,280	25,275	6,663	10,832	38,585	56,080
Consolidated revenue	$ 273,710	$ 221,521	$ 79,739	$ 574,970	$ 777,916	$ 631,615	$ 225,594	$ 1,635,125

Griffon evaluates performance and allocates resources based on each segment's operating results before interest income and expense, income taxes, depreciation and amortization, unallocated amounts (mainly corporate overhead), restructuring charges, loss from debt extinguishment and acquisition related expenses, as well as other items that may affect comparability, as applicable ("Segment adjusted EBITDA"). Griffon believes this information is useful to investors for the same reason. The following table provides a reconciliation of Segment adjusted EBITDA to Income before taxes from continuing operations:

	For the Three Months Ended June 30,		**For the Nine Months Ended June 30,**	
	2020	**2019**	**2020**	**2019**
Segment adjusted EBITDA:				
Consumer and Professional Products	$ 37,115	$ 23,970	$ 84,068	$ 73,151
Home and Building Products	39,299	33,851	110,635	85,283
Defense Electronics	4,122	7,280	12,845	17,001
Segment adjusted EBITDA	80,536	65,101	207,548	175,435
Unallocated amounts, excluding depreciation	(11,080)	(12,033)	(34,969)	(34,505)
Adjusted EBITDA	69,456	53,068	172,579	140,930
Net interest expense	(16,585)	(17,087)	(49,096)	(50,723)
Depreciation and amortization	(15,523)	(15,595)	(47,067)	(46,172)
Loss from debt extinguishment	(1,235)	—	(7,925)	—
Restructuring charges	(1,633)	—	(11,171)	—
Acquisition costs	—	—	(2,960)	—
Income before taxes from continuing operations	$ 34,480	$ 20,386	$ 54,360	$ 44,035

Unallocated amounts typically include general corporate expenses not attributable to a reportable segment.

DEPRECIATION and AMORTIZATION	For the Three Months Ended June 30, 2020	For the Three Months Ended June 30, 2019	For the Nine Months Ended June 30, 2020	For the Nine Months Ended June 30, 2019
Segment:				
Consumer and Professional Products	$ 8,197	$ 8,158	$ 24,650	$ 24,148
Home and Building Products	4,507	4,626	13,975	13,683
Defense Electronics	2,666	2,669	7,986	7,926
Total segment depreciation and amortization	15,370	15,453	46,611	45,757
Corporate	153	142	456	415
Total consolidated depreciation and amortization	$ 15,523	$ 15,595	$ 47,067	$ 46,172

CAPITAL EXPENDITURES	For the Three Months Ended June 30, 2020	For the Three Months Ended June 30, 2019	For the Nine Months Ended June 30, 2020	For the Nine Months Ended June 30, 2019
Segment:				
Consumer and Professional Products	$ 7,029	$ 3,187	$ 14,561	$ 11,327
Home and Building Products	3,640	5,088	15,135	10,423
Defense Electronics	1,538	2,064	4,748	5,797
Total segment	12,207	10,339	34,444	27,547
Corporate	25	37	307	247
Total consolidated capital expenditures	$ 12,232	$ 10,376	$ 34,751	$ 27,794

ASSETS	At June 30, 2020	At September 30, 2019
Segment assets:		
Consumer and Professional Products	$ 1,269,540	$ 1,070,510
Home and Building Products	592,038	571,216
Defense Electronics	335,262	347,575
Total segment assets	2,196,840	1,989,301
Corporate	105,343	82,429
Total continuing assets	2,302,183	2,071,730
Assets of discontinued operations	8,037	3,209
Consolidated total	$ 2,310,220	$ 2,074,939

NOTE 13 – EMPLOYEE BENEFIT PLANS

Defined benefit pension expense (income) included in Other Income (Expense), net was as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Interest cost	$ 1,148	$ 1,570	$ 3,450	$ 4,711
Expected return on plan assets	(2,585)	(2,583)	(7,757)	(7,749)
Amortization:				
Prior service cost	3	4	11	11
Recognized actuarial loss	1,042	222	3,126	666
Net periodic expense (income)	$ (392)	$ (787)	$ (1,170)	$ (2,361)

NOTE 14 – RECENT ACCOUNTING PRONOUNCEMENTS

New Accounting Standards Implemented

In March 2020, the Financial Accounting Standards Board ("FASB") issued optional guidance for a limited time relating to accounting for the discontinuation of the LIBOR rate also known as reference rate reform. The amendments in this update provide optional practical expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments in this update are applicable to contract modifications that replace a reference LIBOR rate beginning on March 12, 2020 through December 31, 2022. The optional expedients primarily apply to the Griffon's Credit Agreement and Non-U.S. Term Loans. The optional expedients allow the Company to account for modifications due to reference rate reform by prospectively adjusting the effective interest rate on these agreements. The Company expects to apply the optional practical expedients and exceptions to modifications of its agreements affected by reference rate reform. As of June 30, 2020, the Company has not modified its agreements subject to reference rate reform.

In February 2016, FASB issued guidance on lease accounting requiring lessees to recognize a right-of-use asset and a lease liability for long-term leases and to disclose additional quantitative and qualitative information about leasing arrangements. During 2019, the Company developed a project plan to guide the implementation of this guidance. The Company completed this plan including surveying the Company's businesses, assessing the Company's portfolio of leases and compiling a central repository of active leases. The Company also implemented a lease accounting software solution to support the new reporting requirements and established a future lease process to keep the lease accounting portfolio up to date. The Company evaluated key policy elections and considerations under the standard and completed an internal policy as well as training to address the new standard requirements. The Company has elected the package of practical expedients and will not apply the recognition requirements to short-term leases. The Company adopted the requirements of the new standard as of October 1, 2019 and applied the modified retrospective approach, whereby the cumulative effect of adoption is recognized as of the date of adoption and comparative prior periods are not retrospectively adjusted. As a result, upon adoption, we have recognized right-of-use assets of $163,552 and lease liabilities of $163,676 associated with our operating leases. The standard had no material impact to retained earnings or on our Condensed Consolidated Statements of Income or Condensed Consolidated Statements of Cash Flows.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) which supersedes nearly all existing revenue recognition guidance. Subsequent to the issuance of Topic 606, the FASB clarified the guidance through several ASUs; hereinafter the collection of revenue guidance is referred to as "ASC 606". The core principle of ASC 606 is that revenue should be recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. On October 1, 2018, the Company adopted ASC 606 using the modified retrospective method for all contracts. Results for reporting periods beginning October 1, 2018 are presented under ASC 606, while prior period amounts were not adjusted and continue to be reported in accordance with the Company's historic accounting under Topic 605, Revenue Recognition. Under the modified retrospective method, the Company recognized the cumulative effect of initially applying this accounting standard as an adjustment to the opening balance in retained earnings of approximately $5,673 as of October 1, 2018. The impact to beginning retained earnings primarily related to certain contracts in the Defense Electronics Segment containing provisions for radar and communication products that have an alternative use and/or no right to payment. The adoption of ASC 606 did not have a material impact on the Company's Consolidated Condensed Financial Statements as of and for the year ended September 30, 2019. See Note 2 - Revenue for additional disclosures required by ASC 606.

In February 2018, the FASB issued guidance that allows companies to reclassify stranded tax effects resulting from the 2017 Tax Cuts and Jobs Act, from accumulated other comprehensive income to retained earnings. This guidance is effective for all entities for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years, with early adoption permitted, and is effective for the Company in fiscal 2020. Upon adoption of this guidance as of October 1, 2019, based on our evaluation, we elected not to reclassify the income tax effects of the Tax Cuts and Jobs Act from accumulated other comprehensive income to retained earnings. The adoption of this standard did not have an impact on the Company's financial condition, results of operations, or cash flow.

Issued but not yet effective accounting pronouncements

In December 2019, the FASB issued guidance on simplifying the accounting for income taxes by clarifying and amending existing guidance related to the recognition of franchise tax, the evaluation of a step up in the tax basis of goodwill, and the effects of enacted changes in tax laws or rates in the effective tax rate computation, among other clarifications. Our effective date for adoption of this ASU is our fiscal year beginning October 1, 2021 with early adoption permitted. We are currently evaluating the effects that the adoption of this guidance will have on our consolidated financial statements and the related disclosures.

In April 2019, the FASB issued guidance relating to accounting for credit losses on financial instruments, including trade receivables and derivatives and hedging. This guidance is effective for all entities for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years, with early adoption permitted, and will be effective for the Company beginning in fiscal year 2021. We do not expect the adoption of this guidance to have a material effect on our consolidated financial statements and the related disclosures.

In August 2018, the FASB issued guidance which modifies the disclosures on fair value measurements by removing the requirement to disclose the amount and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy and the policy for timing of such transfers. This guidance expands the disclosure requirements for Level 3 fair value measurements, primarily focused on changes in unrealized gains and losses included in other comprehensive income (loss). This guidance is effective for fiscal years beginning after December 15, 2019, with early adoption permitted, and will be effective for the Company beginning in fiscal year 2021. We are currently evaluating the effects that the adoption of this guidance will have on our consolidated financial statements and the related disclosures.

In August 2018, the FASB issued guidance to clarify disclosure requirements related to defined benefit pension and other post-retirement plans. The guidance is effective for fiscal years beginning after December 15, 2020, with early adoption permitted, and will be effective for the Company beginning in 2022. We are currently evaluating the effects that the adoption of this guidance will have on our consolidated financial statements and the related disclosures.

In January 2017, the FASB issued guidance that simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. This guidance is effective for annual periods beginning after December 15, 2019, including interim periods within those periods and is effective for the Company beginning October 1, 2020. The Company does not expect this guidance to have a material impact on the Company's financial condition, results of operations or related disclosures.

The Company has implemented all new accounting pronouncements that are in effect and that may impact its financial statements, and does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE 15 – DISCONTINUED OPERATIONS

On November 16, 2017, Griffon announced it entered into a definitive agreement to sell Clopay Plastics Products ("Plastics") and on February 6, 2018, completed the sale to Berry for $465,000, net of certain post-closing adjustments. During the second quarter of 2019, Griffon recorded an $11,000 charge ($7,646, net of tax) to discontinued operations. The charge consisted primarily of a purchase price adjustment to resolve a claim related to the $465,000 Plastics divestiture and included an additional reserve for a legacy environmental matter. During the third quarter of 2019, $9,500 of this charge was paid.

In 2008, as a result of the downturn in the residential housing market, Griffon exited substantially all operating activities of its Installation Services segment which sold, installed and serviced garage doors and openers, fireplaces, floor coverings, cabinetry and a range of related building products, primarily for the new residential housing market. Griffon substantially concluded its remaining disposal activities in 2009.

Installation Services operating results have been reported as discontinued operations in the Consolidated Statements of Operations and Comprehensive Income (Loss) for all periods presented; Installation Services is excluded from segment reporting. There was no Installation Services revenue or income for the three and nine months ended June 30, 2020 and 2019.

In 2017, Griffon recorded $5,700 of reserves in discontinued operations related to historical environmental remediation efforts and to increase the reserve for homeowner association (HOA) claims related to the Clopay Services Corporation discontinued operations in 2008.

The following amounts summarize the total assets and liabilities are primarily for the Installation Services and other discontinued activities which have been segregated from Griffon's continuing operations, and are reported as assets and liabilities of discontinued operations in the Condensed Consolidated Balance Sheets:

	At June 30, 2020	At September 30, 2019
Assets of discontinued operations:		
Prepaid and other current assets	$ 1,951	$ 321
Other long-term assets	6,086	2,888
Total assets of discontinued operations	$ 8,037	$ 3,209
Liabilities of discontinued operations:		
Accrued liabilities, current	$ 3,730	$ 4,333
Other long-term liabilities	6,281	3,331
Total liabilities of discontinued operations	$ 10,011	$ 7,664

At June 30, 2020, Griffon's assets and liabilities for Installations Services and other discontinued operations primarily related to insurance claims, income tax, and product liability, and warranty and environmental reserves.

NOTE 16 – RESTRUCTURING CHARGES

In November 2019, Griffon announced the development of a next-generation business platform for CPP to enhance the growth, efficiency, and competitiveness of its U.S. operations.

This initiative includes three key development areas. First, multiple independent information systems will be unified into a single data and analytics platform which will serve the whole CPP U.S. enterprise. Second, certain CPP U.S. operations will be consolidated to optimize facilities footprint and talent. Third, strategic investments in automation and facilities expansion will be made to increase the efficiency of our manufacturing and fulfillment operations, and support e-commerce growth.

The expected costs to implement this new business platform, over the three-year duration of the project, will include approximately $35,000 of one-time charges and approximately $40,000 in capital investments. The one-time charges are comprised of $16,000 of cash charges, which includes $12,000 personnel-related costs such as training, severance, and duplicate personnel costs and $4,000 of facility and lease exit costs. The remaining $19,000 of charges are non-cash and are primarily related to asset write-downs.

In the quarter and nine months ended June 30, 2020, CPP incurred pre-tax restructuring and related exit costs approximating $1,633 and $11,171, respectively. For the nine month period ended June 30, 2020, cash charges totaled $6,479 and non-cash, asset-related charges totaled $4,692; the cash charges included $4,842 for one-time termination benefits and other personnel-related costs and $1,637 for facility exit costs. Non-cash charges included a $1,968 impairment charge related to a facility's operating lease as well as $671 of leasehold improvements made to the leased facility and $304 of inventory that have no recoverable value, and a $1,749 impairment charge related to machinery and equipment that have no recoverable value at one of the Company's owned manufacturing locations. As a result of these transactions, headcount was reduced by 179.

A summary of the restructuring and other related charges included in Cost of goods and services and Selling, general and administrative expenses in the Company's Condensed Consolidated Statements of Operations were as follows:

	For the Three Months Ended June 30, 2020	For the Nine Months Ended June 30, 2020
Cost of goods and services	$ 20	$ 4,096
Selling, general and administrative expenses	1,613	7,075
Total restructuring charges	$ 1,633	$ 11,171

	For the Three Months Ended June 30, 2020	For the Nine Months Ended June 30, 2020
Personnel related costs	$ 1,050	$ 4,842
Facilities, exit costs and other	583	1,637
Non-cash facility and other	—	4,692
Total	$ 1,633	$ 11,171

The following table summarizes the accrued liabilities of the Company's restructuring actions:

	Cash Charges		Non-Cash	
	Personnel related costs	Facilities & Exit Costs	Facility and Other Costs	Total
Accrued liability at September 30, 2019	$ —	$ —	$ —	$ —
Q1 restructuring charges	2,134	140	4,160	6,434
Cash payments	(621)	(140)	—	(761)
Non-cash charges (1)	—	—	(4,160)	(4,160)
Accrued liability at December 31, 2019	$ 1,513	$ —	$ —	$ 1,513
Q2 restructuring charges	1,658	914	532	3,104
Cash payments	(1,041)	(914)	—	(1,955)
Non-cash charges (1)	—	—	(532)	(532)
Accrued liability at March 31, 2020	$ 2,130	$ —	$ —	$ 2,130
Q3 restructuring charges	1,050	583	—	1,633
Cash payments	(828)	(380)	—	(1,208)
Accrued liability at June 30, 2020	$ 2,352	$ 203	$ —	$ 2,555

(1) Non-cash charges in Facility and Other Costs primarily represent the non-cash write-off of certain long-lived assets in connection with certain facility closures.

NOTE 17 – OTHER INCOME (EXPENSE)

For the quarters ended June 30, 2020 and 2019, Other income (expense) includes $72 and $150, respectively, of net currency exchange gains (losses) in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries, net periodic benefit plan income of $392 and $787, respectively, as well as $294 and $(14), respectively, of net investment (loss) income.

For the nine months ended June 30, 2020 and 2019, Other income (expense) includes $441 and $535, respectively, of net currency exchange gains (losses) in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries, net periodic benefit plan income of $1,170 and $2,361, respectively, as well as $145 and $18, respectively, of net investment (loss) income. During the nine months ended June 30, 2020, Other income (expense) also includes a one-time contract award of $700.

NOTE 18 – WARRANTY LIABILITY

DE offers warranties against product defects for periods generally ranging from one to two years, depending on the specific product and terms of the customer purchase agreement. HBP also offers warranties against product defects for periods generally ranging from one to ten years, with limited lifetime warranties on certain door models. Typical warranties require CPP, HBP and DE to repair or replace the defective products during the warranty period at no cost to the customer. At the time revenue is recognized, Griffon records a liability for warranty costs, estimated based on historical experience, and periodically assesses its warranty obligations and adjusts the liability as necessary. CPP offers an express limited warranty for a period of ninety days on all products from the date of original purchase unless otherwise stated on the product or packaging from the date of original purchase.

Changes in Griffon's warranty liability, included in Accrued liabilities, were as follows:

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2020	2019	2020	2019
Balance, beginning of period	$ 7,789	$ 8,011	$ 7,894	$ 8,174
Warranties issued and changes in estimated pre-existing warranties	5,773	3,780	14,000	12,541
Actual warranty costs incurred	(3,661)	(4,063)	(11,993)	(12,987)
Balance, end of period	$ 9,901	$ 7,728	$ 9,901	$ 7,728

NOTE 19 – OTHER COMPREHENSIVE INCOME (LOSS)

The amounts recognized in other comprehensive income (loss) were as follows:

	Three Months Ended June 30, 2020			Three Months Ended June 30, 2019		
	Pre-tax	Tax	Net of tax	Pre-tax	Tax	Net of tax
Foreign currency translation adjustments	$ 9,508	$ —	$ 9,508	$ (1,092)	$ —	$ (1,092)
Pension and other defined benefit plans	1,443	(304)	1,139	236	(52)	184
Cash flow hedges	(2,779)	834	(1,945)	(199)	72	(127)
Total other comprehensive income (loss)	$ 8,172	$ 530	$ 8,702	$ (1,055)	$ 20	$ (1,035)

	Nine Months Ended June 30, 2020			Nine Months Ended June 31, 2019		
	Pre-tax	Tax	Net of tax	Pre-tax	Tax	Net of tax
Foreign currency translation adjustments	$ (493)	$ —	$ (493)	$ (3,943)	$ —	$ (3,943)
Pension and other defined benefit plans	3,137	(657)	2,480	708	(156)	552
Cash flow hedges	(1,826)	548	(1,278)	(306)	92	(214)
Total other comprehensive income (loss)	$ 818	$ (109)	$ 709	$ (3,541)	$ (64)	$ (3,605)

The components of Accumulated other comprehensive income (loss) are as follows:

	At June 30, 2020	At September 30, 2019
Foreign currency translation adjustments	$ (31,777)	$ (31,284)
Pension and other defined benefit plans	(32,334)	(34,814)
Change in Cash flow hedges	(1,096)	182
	$ (65,207)	$ (65,916)

Amounts reclassified from accumulated other comprehensive income (loss) to income were as follows:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
Gain (Loss)	2020	2019	2020	2019
Pension amortization	$ (1,045)	$ (226)	$ (3,137)	$ (677)
Cash flow hedges	556	663	1,550	1,597
Total gain (loss)	$ (489)	$ 437	(1,587)	920
Tax benefit (expense)	102	(92)	333	(193)
Total	$ (387)	$ 345	$ (1,254)	$ 727

NOTE 20 — LEASES

In February 2016, the FASB issued an Accounting Standards Update (ASU 2016-02) related to the accounting and financial statement presentation for leases. This new guidance requires a lessee to recognize right-of-use ("ROU") assets and lease liabilities on the balance sheet, with an election to exempt leases with a term of twelve months or less. The Company adopted the requirements of the new standard as of October 1, 2019 and applied the modified retrospective approach, whereby the cumulative effect of adoption is recognized as of the date of adoption and comparative prior periods are not retrospectively adjusted. As a result, upon adoption, we have recognized ROU assets of $163,552 and lease liabilities of $163,676 associated with our operating leases. The standard had no material impact to retained earnings or on our Condensed Consolidated Statements of Income or Condensed Consolidated Statements of Cash Flows.

The Company determines if an arrangement is a lease at inception. The ROU assets and short and long-term liabilities associated with our Operating leases are shown as separate line items on our Condensed Consolidated Balance Sheets. Finance leases are included in property, plant, and equipment, net, other accrued liabilities, and other non-current liabilities. The Company's finance leases are immaterial. ROU assets, along with any other related long-lived assets, are periodically evaluated for impairment. In connection with the Company's restructuring activities, during the nine months ended June 30, 2020, a $1,968 impairment charge was recorded related to a facility’s operating lease as well as $671 and of leasehold improvements made to the leased facility that have no recoverable value. See Note 16, Restructuring Charges.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. We use the implicit rate when readily determinable. For leases existing as of October 1, 2019, we have elected to use the remaining lease term as of the adoption date in determining the incremental borrowing rate. Our determination of the lease term may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option.

The Company has elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allows us to carry forward the historical lease classification. We also elected a practical expedient to determine the reasonably certain lease term.

For operating leases, fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. For finance leases and impaired operating leases, the ROU asset is depreciated on a straight-line basis over the remaining lease term, along with recognition of interest expense associated with accretion of the lease liability. For leases with a lease term of 12 months or less (a "Short-term" lease), any fixed lease payments are recognized on a straight-line basis over such term, and are not recognized on the Condensed Consolidated Balance Sheets. Variable lease cost for both operating and finance leases, if any, is recognized as incurred. The Company has lease agreements that contain both lease and non-lease components. For real estate leases, we account for lease components together with non-lease components (e.g., common-area maintenance). Components of operating lease costs are as follows:

	For the Three Months Ended June 30, 2020	For the Nine Months Ended June 30, 2020
Fixed	$ 9,909	$ 28,648
Variable (a), (b)	2,032	5,608
Short-term (b)	1,280	4,103
Total*	$ 13,221	$ 38,359

(a) Primarily related to common-area maintenance and property taxes.
(b) Not recorded on the balance sheet.

Supplemental cash flow information were as follows:

		For the Nine Months ended June 30, 2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$	32,882
Financing cash flows from finance leases		3,202
Total	$	36,084

Supplemental Condensed Consolidated Balance Sheet information related to leases were as follows:

		At June 30, 2020
Operating Leases:		
Right of use assets:		
Operating right-of-use assets	$	154,955
Lease Liabilities:		
Current portion of operating lease liabilities	$	29,018
Long-term operating lease liabilities		131,650
Total operating lease liabilities	$	160,668
Finance Leases:		
Property, plant and equipment, net[1]	$	13,318
Lease Liabilities:		
Notes payable and current portion of long-term debt	$	3,427
Long-term debt, net		9,725
Total financing lease liabilities	$	13,152

(1) Finance lease assets are recorded net of accumulated depreciation of $1,464.

The aggregate future maturities of lease payments for operating leases and finance leases as of June 30, 2020 are as follows (in thousands):

		Operating Leases		Finance Leases
2020[a]	$	8,794	$	1,259
2021		34,624		4,252
2022		29,658		2,673
2023		23,123		2,361
2024		16,904		2,101
2025		14,773		1,382
Thereafter		70,304		—
Total lease payments		198,180		14,028
Less: Imputed Interest		(37,512)		(876)
Present value of lease liabilities	$	160,668	$	13,152

(a) Excluding the nine months ended June 30, 2020

The aggregate minimum lease payments for operating leases, as calculated prior to the adoption of ASU 2016-02, were as follows:

		At September 30, 2019
2020	$	35,176
2021		30,730
2022		26,119
2023		20,008
2024		14,198
Thereafter		78,105
Total	$	204,336

Average lease terms and discount rates were as follows:

	At June 30, 2020
Weighted-average remaining lease term (years)	
Operating leases	8.3
Finance Leases	2.3
Weighted-average discount rate	
Operating Leases	5.17%
Finance Leases	4.36%

NOTE 21 — COMMITMENTS AND CONTINGENCIES

Legal and environmental

Peekskill Site. Lightron Corporation ("Lightron"), a wholly-owned subsidiary of Griffon, once conducted operations at a location in Peekskill in the Town of Cortlandt, New York (the "Peekskill Site") owned by ISC Properties, Inc. ("ISCP"), a wholly-owned subsidiary of Griffon. ISCP sold the Peekskill Site in November 1982.

Subsequently, ISCP was advised by the Department of Environmental Conservation of New York State ("DEC") that random sampling at the Peekskill Site and in a creek near the Peekskill Site indicated concentrations of solvents and other chemicals common to Lightron's prior plating operations. In 1996, ISCP entered into a consent order with the DEC (the "Consent Order"), pursuant to which ISCP was required to perform a remedial investigation and prepare a feasibility study (the "Feasibility Study"). After completing the initial remedial investigation, ISCP conducted, over the next several years, supplemental remedial investigations, including soil vapor investigations, as required by the Consent Order.

In April 2009, the DEC advised ISCP that both the DEC and the New York State Department of Health had reviewed and accepted an August 2007 Remedial Investigation Report and an Additional Data Collection Summary Report dated January 30, 2009. ISCP submitted to the DEC a draft Feasibility Study which was accepted and approved by the DEC in February 2011. ISCP satisfied its obligations under the Consent Order when DEC approved the Remedial Investigation and Feasibility Study for the Peekskill Site. In June, 2011 the DEC issued a Remedial Action Plan for the Peekskill Site that set forth the specific remedies selected and responded to public comments. The approximate cost of the remedy proposed by DEC in its Remedial Action Plan was approximately $10,000.

Following issuance of the Remedial Action Plan, the DEC implemented a portion of its plan, and also performed additional investigation for the presence of metals in soils and sediments downstream from the Peekskill Site. During this investigation chromium was found to be present in sediments further downstream of the Peekskill site than previously detected.

In August 2018, the DEC sent a letter to the United States Environmental Protection Agency (the "EPA"), in which the DEC requested that the Peekskill Site be nominated by the EPA for inclusion on the National Priorities List (the "NPL"). Based on DEC's request and on an analysis by a consultant retained by the EPA, on May 15, 2019 the EPA added the Peekskill Site to the

NPL under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) and is now performing a Remedial Investigation/Feasibility Study. The EPA estimates that it will select a remedy in 2022.

It is uncertain what subsequent action the EPA will take. The EPA may, on its own or through the use of consultants, perform further studies of the site and/or subsequently remediate the site, and in such event, would likely seek reimbursement for the costs incurred from potentially responsible parties ("PRPs"). Alternatively, the EPA could enter into negotiations with the PRPs to request that the PRPs perform further studies and/or remediate the site.

Griffon does not acknowledge any responsibility to perform any remediation at the Peekskill Site.

Improper Advertisement Claim involving Union Tools® Products. Beginning in December 2004, a customer of AMES had been named in various litigation matters relating to certain Union Tools products. The plaintiffs in those litigation matters asserted causes of action against the customer of AMES for improper advertisement to end consumers. The allegations suggested that advertisements led the consumers to believe that Union Tools' hand tools were wholly manufactured within boundaries of the United States. The complaints asserted various causes of action against the customer of AMES under federal and state law, including common law fraud. At some point, the customer may seek indemnity (including recovery of its legal fees and costs) against AMES for an unspecified amount. Presently, AMES cannot estimate the amount of loss, if any, if the customer were to seek legal recourse against AMES.

Union Fork and Hoe, Frankfort, NY site. The former Union Fork and Hoe property in Frankfort, NY was acquired by AMES in 2006 as part of a larger acquisition, and has historic site contamination involving chlorinated solvents, petroleum hydrocarbons and metals. AMES has entered into an Order on Consent with the New York State Department of Environmental Conservation. While the Order is without admission or finding of liability or acknowledgment that there has been a release of hazardous substances at the site, AMES is required to perform a remedial investigation of certain portions of the property and to recommend a remediation option. In 2018, Ames submitted a Feasibility Study recommending excavation of shallow soils for lead, arsenic and hydrocarbons in addition to deeper excavation for lead. DEC approved the selection of this remedy in 2019 by issuing a Record of Decision. Remediation activities to satisfy the Record of Decision were completed in June 2020. The DEC has requested investigation of one additional on-site area and Ames has submitted a workplan to satisfy this request. The DEC has also requested that Ames develop and implement a workplan to assess certain off-site areas adjoining the boundaries of the site, which Ames expects to submit in August 2020. AMES has a number of defenses to liability in this matter, including its rights under a previous Consent Judgment entered into between the DEC and a predecessor of AMES relating to the site. Ames' insurer has accepted Ames' claim for a substantial portion of the costs incurred and to be incurred with respect to both the on-site and off-site activities.

U.S. Government investigations and claims

Defense contracts and subcontracts, including Griffon's contracts and subcontracts, are subject to audit and review by various agencies and instrumentalities of the United States government, including among others, the Defense Contract Audit Agency, the Defense Criminal Investigative Service, and the Department of Justice which has responsibility for asserting claims on behalf of the U.S. Government.

In general, departments and agencies of the U.S. Government have the authority to investigate various transactions and operations of Griffon, and the results of such investigations may lead to administrative, civil or criminal proceedings, the ultimate outcome of which could be fines, penalties, repayments or compensatory or treble damages. U.S. Government regulations provide that certain findings against a contractor may lead to suspension or debarment from future U.S. Government contracts or the loss of export privileges for a company or an operating division or subdivision. Suspension or debarment could have a material adverse effect on Telephonics because of its reliance on government contracts.

General legal

Griffon is subject to various laws and regulations relating to the protection of the environment and is a party to legal proceedings arising in the ordinary course of business. Management believes, based on facts presently known to it, that the resolution of the matters above and such other matters will not have a material adverse effect on Griffon's consolidated financial position, results of operations or cash flows.

NOTE 22 — CONSOLIDATING GUARANTOR AND NON-GUARANTOR FINANCIAL INFORMATION

Griffon’s Senior Notes are fully and unconditionally guaranteed, jointly and severally by Clopay Corporation, Telephonics Corporation, The AMES Companies, Inc., ATT Southern LLC, Clopay Ames Holding Corp., ClosetMaid LLC, CornellCookson, LLC and Cornell Real Estate Holdings, LLC, all of which are indirectly 100% owned by Griffon. In accordance with Rule 3-10 of Regulation S-X promulgated under the Securities Act, presented below are condensed consolidating financial information as of June 30, 2020 and September 30, 2019 and for the three and nine months ended June 30, 2020 and 2019. The financial information may not necessarily be indicative of the results of operations or financial position of the guarantor companies or non-guarantor companies had they operated as independent entities. The guarantor companies and the non-guarantor companies include the consolidated financial results of their wholly-owned subsidiaries accounted for under the equity method.

The indentures relating to the Senior Notes (the “Indentures”) contain terms providing that, under certain limited circumstances, a guarantor will be released from its obligations to guarantee the Senior Notes. These circumstances include (i) a sale of at least a majority of the stock, or all or substantially all the assets, of the subsidiary guarantor as permitted by the Indentures; (ii) a public equity offering of a subsidiary guarantor that qualifies as a “Minority Business” as defined in the Indentures (generally, a business the EBITDA of which constitutes less than 50% of the segment adjusted EBITDA of the Company for the most recently ended four fiscal quarters), and that meets certain other specified conditions as set forth in the Indentures; (iii) the designation of a guarantor as an “unrestricted subsidiary” as defined in the Indentures, in compliance with the terms of the Indentures; (iv) Griffon exercising its right to defease the Senior Notes, or to otherwise discharge its obligations under the Indentures, in each case in accordance with the terms of the Indentures; and (v) upon obtaining the requisite consent of the holders of the Senior Notes.

CONDENSED CONSOLIDATING BALANCE SHEETS
At June 30, 2020

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CURRENT ASSETS					
Cash and equivalents	$ 4,727	$ 19,697	$ 47,575	$ —	$ 71,999
Accounts receivable, net of allowances	—	307,625	217,590	(165,751)	359,464
Contract costs and recognized income not yet billed, net of progress payments	—	89,526	2,617	—	92,143
Inventories, net	—	347,703	63,903	(578)	411,028
Prepaid and other current assets	19,519	24,144	5,068	2,634	51,365
Assets of discontinued operations	—	—	1,951	—	1,951
Total Current Assets	24,246	788,695	338,704	(163,695)	987,950
PROPERTY, PLANT AND EQUIPMENT, net	1,232	289,224	44,862	—	335,318
OPERATING LEASE RIGHT-OF-USE ASSETS	9,633	124,566	20,756	—	154,955
GOODWILL	—	375,734	63,933	—	439,667
INTANGIBLE ASSETS, net	93	219,056	135,235	—	354,384
INTERCOMPANY RECEIVABLE	16,555	679,666	84,671	(780,892)	—
EQUITY INVESTMENTS IN SUBSIDIARIES	1,702,746	766,863	3,154,553	(5,624,162)	—
OTHER ASSETS	12,228	39,491	(5,638)	(14,221)	31,860
ASSETS OF DISCONTINUED OPERATIONS	—	—	6,086	—	6,086
Total Assets	$ 1,766,733	$ 3,283,295	$ 3,843,162	$ (6,582,970)	$ 2,310,220
CURRENT LIABILITIES					
Notes payable and current portion of long-term debt	$ —	$ 2,973	$ 6,262	$ —	$ 9,235
Accounts payable and accrued liabilities	58,619	426,260	72,451	(163,142)	394,188
Current portion of operating lease liabilities	1,842	22,229	4,947	—	29,018
Liabilities of discontinued operations	—	—	3,730	—	3,730
Total Current Liabilities	60,461	451,462	87,390	(163,142)	436,171
LONG-TERM DEBT, net	1,087,135	10,258	25,972	—	1,123,365
LONG-TERM OPERATING LEASE LIABILITIES	8,886	106,552	16,212	—	131,650
INTERCOMPANY PAYABLES	77,139	254,479	467,463	(799,081)	—
OTHER LIABILITIES	24,657	77,228	10,242	(7,829)	104,298
LIABILITIES OF DISCONTINUED OPERATIONS	—	—	6,281	—	6,281
Total Liabilities	1,258,278	899,979	613,560	(970,052)	1,801,765
SHAREHOLDERS' EQUITY	508,455	2,383,316	3,229,602	(5,612,918)	508,455
Total Liabilities and Shareholders' Equity	$ 1,766,733	$ 3,283,295	$ 3,843,162	$ (6,582,970)	$ 2,310,220

CONDENSED CONSOLIDATING BALANCE SHEETS
At September 30, 2019

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CURRENT ASSETS					
Cash and equivalents	$ 1,649	$ 25,217	$ 45,511	$ —	$ 72,377
Accounts receivable, net of allowances	—	227,069	38,580	(1,199)	264,450
Contract costs and recognized income not yet billed, net of progress payments	—	104,109	1,002	—	105,111
Inventories, net	—	372,839	69,540	(258)	442,121
Prepaid and other current assets	8,238	25,754	6,951	(144)	40,799
Assets of discontinued operations	—	—	321	—	321
Total Current Assets	9,887	754,988	161,905	(1,601)	925,179
PROPERTY, PLANT AND EQUIPMENT, net	1,184	289,282	46,860	—	337,326
GOODWILL	—	375,734	61,333	—	437,067
INTANGIBLE ASSETS, net	93	224,275	132,271	—	356,639
INTERCOMPANY RECEIVABLE	5,834	864,884	75,684	(946,402)	—
EQUITY INVESTMENTS IN SUBSIDIARIES	1,628,031	581,438	3,233,038	(5,442,507)	—
OTHER ASSETS	8,182	24,635	(2,352)	(14,625)	15,840
ASSETS OF DISCONTINUED OPERATIONS	—	—	2,888	—	2,888
Total Assets	$ 1,653,211	$ 3,115,236	$ 3,711,627	$ (6,405,135)	$ 2,074,939
CURRENT LIABILITIES					
Notes payable and current portion of long-term debt	$ —	$ 3,075	$ 7,450	$ —	$ 10,525
Accounts payable and accrued liabilities	41,796	266,411	68,390	(1,356)	375,241
Liabilities of discontinued operations	—	—	4,333	—	4,333
Total Current Liabilities	41,796	269,486	80,173	(1,356)	390,099
LONG-TERM DEBT, net	1,040,449	3,119	50,181	—	1,093,749
INTERCOMPANY PAYABLES	71,634	457,265	444,557	(973,456)	—
OTHER LIABILITIES	21,569	81,582	15,017	(8,171)	109,997
LIABILITIES OF DISCONTINUED OPERATIONS	—	—	3,331	—	3,331
Total Liabilities	1,175,448	811,452	593,259	(982,983)	1,597,176
SHAREHOLDERS’ EQUITY	477,763	2,303,784	3,118,368	(5,422,152)	477,763
Total Liabilities and Shareholders’ Equity	$ 1,653,211	$ 3,115,236	$ 3,711,627	$ (6,405,135)	$ 2,074,939

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended June 30, 2020

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 515,083	$ 126,847	$ (9,869)	$ 632,061
Cost of goods and services	—	385,717	91,541	(10,200)	467,058
Gross profit	—	129,366	35,306	331	165,003
Selling, general and administrative expenses	5,229	85,512	22,913	(145)	113,509
Income (loss) from operations	(5,229)	43,854	12,393	476	51,494
Other income (expense)					
Interest income (expense), net	(7,013)	(9,537)	(35)	—	(16,585)
Loss from debt extinguishment, net	(1,235)	—	—	—	(1,235)
Other, net	126	(2,852)	4,004	(472)	806
Total other income (expense)	(8,122)	(12,389)	3,969	(472)	(17,014)
Income (loss) before taxes	(13,351)	31,465	16,362	4	34,480
Provision (benefit) for income taxes	(3,533)	10,843	5,335	4	12,649
Income (loss) before equity in net income of subsidiaries	(9,818)	20,622	11,027	—	21,831
Equity in net income (loss) of subsidiaries	31,649	10,920	20,622	(63,191)	—
Net Income (loss)	$ 21,831	$ 31,542	$ 31,649	$ (63,191)	$ 21,831
Comprehensive income (loss)	$ 30,533	$ 36,940	$ 26,251	$ (63,191)	$ 30,533

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Three Months Ended June 30, 2019

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 470,228	$ 118,694	$ (13,952)	$ 574,970
Cost of goods and services	—	350,197	84,568	(14,278)	420,487
Gross profit	—	120,031	34,126	326	154,483
Selling, general and administrative expenses	5,342	85,885	27,252	(490)	117,989
Income (loss) from operations	(5,342)	34,146	6,874	816	36,494
Other income (expense)					
Interest income (expense), net	(7,171)	(9,048)	(868)	—	(17,087)
Other, net	4,963	(15,918)	12,762	(828)	979
Total other income (expense)	(2,208)	(24,966)	11,894	(828)	(16,108)
Income (loss) before taxes	(7,550)	9,180	18,768	(12)	20,386
Provision (benefit) for income taxes	(4,815)	9,124	1,961	(12)	6,258
Income (loss) before equity in net income of subsidiaries	(2,735)	56	16,807	—	14,128
Equity in net income (loss) of subsidiaries	16,330	15,641	56	(32,027)	—
Income (loss) from continuing operations	13,595	15,697	16,863	(32,027)	14,128
Income (loss) from operation of discontinued businesses	—	—	—	—	—
Provision (benefit) from income taxes	—	—	533	—	533
Income (loss) from discontinued operations	—	—	(533)	—	(533)
Net Income (loss)	$ 13,595	$ 15,697	$ 16,330	$ (32,027)	$ 13,595
Comprehensive income (loss)	$ 12,560	$ (597)	$ 32,624	$ (32,027)	$ 12,560

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Nine Months Ended June 30, 2020

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 1,418,975	$ 357,812	$ (29,938)	$ 1,746,849
Cost of goods and services	—	1,058,556	252,331	(30,994)	1,279,893
Gross profit	—	360,419	105,481	1,056	466,956
Selling, general and administrative expenses	19,169	264,698	74,237	(330)	357,774
Income (loss) from operations	(19,169)	95,721	31,244	1,386	109,182
Other income (expense)					
Interest income (expense), net	(20,217)	(28,916)	37	—	(49,096)
Loss from debt extinguishment, net	(7,925)	—	—	—	(7,925)
Other, net	(389)	(6,870)	10,844	(1,386)	2,199
Total other income (expense)	(28,531)	(35,786)	10,881	(1,386)	(54,822)
Income (loss) before taxes	(47,700)	59,935	42,125	—	54,360
Provision (benefit) for income taxes	(17,355)	22,648	15,729	—	21,022
Income (loss) before equity in net income of subsidiaries	(30,345)	37,287	26,396	—	33,338
Equity in net income (loss) of subsidiaries	63,683	26,457	37,287	(127,427)	—
Net income (loss)	$ 33,338	$ 63,744	$ 63,683	$ (127,427)	$ 33,338
Comprehensive income (loss)	$ 34,047	$ 63,744	$ 63,683	$ (127,427)	$ 34,047

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
For the Nine Months Ended June 30, 2019

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
Revenue	$ —	$ 1,352,211	$ 311,219	$ (28,305)	$ 1,635,125
Cost of goods and services	—	1,013,676	215,786	(29,370)	1,200,092
Gross profit	—	338,535	95,433	1,065	435,033
Selling, general and administrative expenses	15,651	255,674	72,478	(277)	343,526
Income (loss) from operations	(15,651)	82,861	22,955	1,342	91,507
Other income (expense)					
Interest income (expense), net	(20,806)	(27,306)	(2,611)	—	(50,723)
Other, net	4,228	(14,102)	14,479	(1,354)	3,251
Total other income (expense)	(16,578)	(41,408)	11,868	(1,354)	(47,472)
Income (loss) before taxes	(32,229)	41,453	34,823	(12)	44,035
Provision (benefit) for income taxes	(12,592)	20,390	6,878	(12)	14,664
Income (loss) before equity in net income of subsidiaries	(19,637)	21,063	27,945	—	29,371
Equity in net income (loss) of subsidiaries	40,829	33,337	21,063	(95,229)	—
Income (loss) from continuing operations	$ 21,192	$ 54,400	$ 49,008	$ (95,229)	$ 29,371
Income (loss) from operations of discontinued businesses	—	—	(11,000)	—	(11,000)
Provision (benefit) from income taxes	—	—	(2,821)	—	(2,821)
Income (loss) from discontinued operations	—	—	(8,179)	—	(8,179)
Net income (loss)	$ 21,192	$ 54,400	$ 40,829	$ (95,229)	$ 21,192
Comprehensive income (loss)	$ 17,587	$ 58,450	$ 36,779	$ (95,229)	$ 17,587

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Nine Months Ended June 30, 2020

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$ 33,338	$ 63,744	$ 63,683	$ (127,427)	$ 33,338
Net cash provided by (used in) operating activities:	(10,683)	35,520	31,107	—	55,944
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment	(306)	(30,497)	(3,948)	—	(34,751)
Acquired businesses, net of cash acquired	—	—	(10,531)	—	(10,531)
Investment purchases	(130)	—	—	—	(130)
Proceeds from sale of assets	—	341	(2)	—	339
Net cash provided by (used in) investing activities	(436)	(30,156)	(14,481)	—	(45,073)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Purchase of shares for treasury	(7,479)	—	—	—	(7,479)
Proceeds from long-term debt	1,224,722	—	5,896	—	1,230,618
Payments of long-term debt	(1,171,365)	(2,647)	(31,219)	—	(1,205,231)
Financing costs	(16,543)	—	—	—	(16,543)
Dividends paid	(10,639)	—	—	—	(10,639)
Other, net	(4,499)	(7,723)	12,191	—	(31)
Net cash provided by (used in) financing activities	14,197	(10,370)	(13,132)	—	(9,305)
CASH FLOWS FROM DISCONTINUED OPERATIONS:					
Net cash provided by (used) in discontinued operations	—	—	(2,481)	—	(2,481)
Effect of exchange rate changes on cash and equivalents	—	(514)	1,051	—	537
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	3,078	(5,520)	2,064	—	(378)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	1,649	25,217	45,511	—	72,377
CASH AND EQUIVALENTS AT END OF PERIOD	$ 4,727	$ 19,697	$ 47,575	$ —	$ 71,999

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
For the Nine Months Ended June 30, 2019

($ in thousands)	Parent Company	Guarantor Companies	Non-Guarantor Companies	Elimination	Consolidation
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss)	$ 21,192	$ 54,400	$ 40,829	$ (95,229)	$ 21,192
Net (income) loss from discontinued operations	—	—	8,179	—	8,179
Net cash provided by (used in) operating activities:	(20,805)	24,179	11,608	—	14,982
CASH FLOWS FROM INVESTING ACTIVITIES:					
Acquisition of property, plant and equipment	(247)	(23,221)	(4,326)	—	(27,794)
Acquired businesses, net of cash acquired	(9,219)	—	—	—	(9,219)
Investment purchases	(149)	—	—	—	(149)
Proceeds from sale of business	(9,500)	—	—	—	(9,500)
Insurance payments	(10,604)	—	—	—	(10,604)
Proceeds from sale of assets	—	79	25	—	104
Net cash provided by (used in) investing activities	(29,719)	(23,142)	(4,301)	—	(57,162)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Purchase of shares for treasury	(1,478)	—	—	—	(1,478)
Proceeds from long-term debt	138,541	116	18,143	—	156,800
Payments of long-term debt	(75,694)	(2,605)	(29,961)	—	(108,260)
Contingent consideration for acquired businesses	—	—	(1,686)	—	(1,686)
Financing costs	(1,012)	—	—	—	(1,012)
Dividends paid	(10,262)	—	—	—	(10,262)
Other, net	(197)	5,694	(5,694)	—	(197)
Net cash provided by (used in) financing activities	49,898	3,205	(19,198)	—	33,905
CASH FLOWS FROM DISCONTINUED OPERATIONS:					
Net cash provided by (used in) discontinued operations	—	—	(3,874)	—	(3,874)
Effect of exchange rate changes on cash and equivalents	—	(118)	621	—	503
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(626)	4,124	(15,144)	—	(11,646)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	15,976	16,353	37,429	—	69,758
CASH AND EQUIVALENTS AT END OF PERIOD	$ 15,350	$ 20,477	$ 22,285	$ —	$ 58,112

(Unless otherwise indicated, US dollars and non US currencies are in thousands, except per share data)

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

BUSINESS

Overview

Griffon Corporation (the “Company”, “Griffon”, "we" or "us") is a diversified management and holding company that conducts business through wholly-owned subsidiaries. The Company was founded in 1959, is a Delaware corporation headquartered in New York, N.Y. and is listed on the New York Stock Exchange (NYSE:GFF).

Business Strategy

We own and operate, and seek to acquire, businesses in multiple industries and geographic markets. Our objective is to maintain leading positions in the markets we serve by providing innovative, branded products with superior quality and industry-leading service. We place emphasis on our iconic and well-respected brands, which helps to differentiate us and our offerings from our competitors and strengthens our relationship with our customers and those who ultimately use our products.

Through operating a diverse portfolio of businesses, we expect to reduce variability caused by external factors such as market cyclicality, seasonality, and weather. We achieve diversity by providing various product offerings and brands through multiple sales and distribution channels, and conducting business across multiple countries which we consider our home markets.

Griffon oversees the operations of its subsidiaries, allocates resources among them and manages their capital structures. Griffon provides direction and assistance to its subsidiaries in connection with acquisition and growth opportunities as well as in connection with divestitures. As long-term investors, having substantial experience in a variety of industries, our intent is to continue the growth and strengthening of our existing businesses, and to diversify further through investments in our businesses and through acquisitions.

Over the past three years, we have undertaken a series of transformative transactions. We integrated our most significant acquisitions into our wholly owned subsidiaries, The AMES Companies, Inc. ("AMES") and Clopay Corporation ("Clopay"), expanding the scope of both AMES and Clopay. In particular, CornellCookson has been integrated into Clopay, so that our leading company in residential garage doors and sectional commercial doors now includes a leading manufacturer of rolling steel doors and grille products. ClosetMaid was combined with AMES, and we established an integrated headquarters for AMES in Orlando, Florida. AMES is now positioned to fulfill its mission of Bringing Brands Together™ with the leading brands in home and garage organization, outdoor décor, and lawn, garden and cleaning tools. As a result of the expanded scope of the AMES and Clopay businesses, effective with our 2019 10-K filing on November 22, 2019, we now report each as a separate segment. Clopay remains in the Home and Building Products ("HBP") segment and AMES now constitutes our new Consumer and Professional Products ("CPP") segment.

Impact of COVID-19 on Our Business

Our first priority is the health and safety of our employees, our customers and their families. As of the date of this filing, all of Griffon's facilities are fully operational. All of Griffon's facilities have implemented a variety of new policies and procedures, including additional cleaning, social distancing, staggered shifts and prohibiting or significantly restricting on-site visitors, to minimize the risk to our employees of contracting COVID-19.

Since the end of the second quarter of fiscal 2020 and through the date of this filing, all of our businesses are experiencing normal or better order patterns compared with the same time period last year, with the exception of HBP's residential sectional garage door business, which experienced an 18% decline in orders in April; however, the quarter ended with volume in line with prior year driven by strong May and June orders. Our supply chains have generally not experienced significant disruption, and at this time we do not anticipate any such material disruption in the near term. Many U.S. states have lifted executive orders requiring all workers to remain at home unless their work is critical, essential, or life-sustaining. Regardless, we believe that, based on the various standards published to date, the work our employees are performing are either critical, essential and/or life-sustaining for the following reasons: 1) DE is a defense and national security-related operation supporting the U.S. Government, with a portion of its business being directly with the U.S. Government; 2) HBP residential and commercial garage doors, rolling steel doors and related products that (a) provide protection and support for the efficient and safe movement of people, goods, and equipment in and out of residential and commercial facilities, (b) help prevent fires from spreading from one location to another, and (c) protect warehouses and homes, and their contents, from damage caused by strong weather events such as hurricanes and tornadoes; and

3) CPP tools and storage products provide critical support for the national infrastructure including construction, maintenance and manufacturing and is part of the essential supply base to many of its largest customers including Home Depot, Lowe's and Menards. Our AMES international facilities are operational, as they meet the applicable standards in their respective countries.

Griffon believes it has adequate liquidity to invest in its existing businesses and execute its business plan, while managing its capital structure on both a short-term and long-term basis. In January 2020, Griffon increased total borrowing capacity under its revolving credit facility ("Credit Agreement") by $50,000, to $400,000 (of which $274,202 was available at June 30, 2020), and extended maturity of the facility to 2025. In addition the Credit Agreement has a $100,000 accordion feature (subject to lender consent). In February 2020, Griffon refinanced $850,000 of its $1,000,000 of senior notes due 2022 with new senior notes with a maturity of 2028 and in June 2020, refinanced the remaining $150,000 under the same terms and indenture as the $850,000 senior notes due 2028. While the first half of Griffon’s fiscal year is typically a net cash usage period, April typically begins Griffon’s period of strong cash generation, which usually continues through the end of the fiscal year. We will continue to actively monitor the situation and may take further actions that impact our business operations as may be required by federal, state or local authorities or that we determine are in the best interests of our employees, customers, suppliers and shareholders. While we are unable to determine or predict the nature, duration or scope of the overall impact the COVID-19 pandemic will have on our business, results of operations, liquidity or capital resources, we believe it is important to discuss where our company stands today, how our response to COVID-19 is progressing and how our operations and financial condition may change as the fight against COVID-19 progresses. Please see Part II, item 1A "Risk Factors" in this Form 10-Q.

Business Highlights

On February 19, 2020, Griffon issued, at par, $850,000 of 5.75% Senior Notes due in 2028 (the “2028 Senior Notes”) and on June 8, 2020 Griffon issued an additional $150,000, at 100.25% of par, of notes under the same indenture. Proceeds from the 2028 Senior Notes were used to redeem the $1,000,000 of 5.25% Senior Notes due 2022.

In January 2020, Griffon amended its Credit Agreement to increase the total amount available for borrowing from $350,000 to $400,000, extend its maturity date from March 22, 2021 to March 22, 2025 and modify certain other provisions of the facility.

In November 2019, Griffon announced the development of a next-generation business platform for CPP to enhance the growth, efficiency, and competitiveness of its U.S. operations.

This initiative includes three key development areas. First, multiple independent information systems will be unified into a single data and analytics platform which will serve the whole CPP U.S. enterprise. Second, certain CPP U.S. operations will be consolidated to optimize facilities footprint and talent. Third, strategic investments in automation and facilities expansion will be made to increase the efficiency of our manufacturing and fulfillment operations, and support e-commerce growth.

The roll-out of the new business platform will occur over approximately a three-year period, with completion expected by the end of calendar 2022. When fully implemented, these actions will result in an annual cash savings of $15,000 to $20,000, and a $20,000 to $25,000 reduction in inventory, both based on operating levels at the beginning of the initiative.

The cost to implement this new business platform, over the three-year duration of the project, will include approximately $35,000 of one-time charges and approximately $40,000 in capital investments. The one-time charges are comprised of $16,000 of cash charges, which includes $12,000 personnel-related costs such as training, severance, and duplicate personnel costs and $4,000 of facility and lease exit costs. The remaining $19,000 of charges are non-cash and are primarily related to asset write-downs.

On November 29, 2019, AMES acquired Vatre Group Limited ("Apta"), a leading United Kingdom supplier of innovative garden pottery and associated products sold to leading UK and Ireland garden centers for approximately $10,500 (GBP 8,750), inclusive of a post-closing working capital adjustment, net of cash acquired. This acquisition broadens AMES' product offerings in the UK market and increases its in-country operational footprint.

On September 5, 2017, Griffon announced the acquisition of ClosetMaid LLC ("ClosetMaid") and the commencement of the strategic alternatives process for Clopay Plastic Products ("Plastics"), beginning the transformation of Griffon.

In October 2017, we acquired ClosetMaid from Emerson Electric Co. (NYSE:EMR) for an effective purchase price of approximately $165,000. ClosetMaid, founded in 1965, is a leading North American manufacturer and marketer of wood and wire closet organization, general living storage and wire garage storage products, and sells to some of the largest home center retail chains, mass merchandisers, and direct-to-builder professional installers in North America. We believe that ClosetMaid is the leading brand in its category, with excellent consumer recognition.

In February 2018, we closed on the sale of our Plastics business to Berry Global, Inc. ("Berry") for approximately $465,000, net of certain post-closing adjustments, thus exiting the specialty plastics industry that the Company had entered when it acquired Clopay in 1986. This transaction provided immediate liquidity and positions the Company to improve its cash flow conversion given the historically higher capital needs of Plastics' operations as compared to Griffon's remaining businesses.

In March 2018, we announced the combination of the ClosetMaid operations with those of AMES. ClosetMaid generated over $300,000 in revenue in the first twelve months after the acquisition, and we anticipate the integration with AMES will unlock additional value given the complementary products, customers, warehousing and distribution, manufacturing, and sourcing capabilities of the two businesses.

In June 2018, Clopay acquired CornellCookson, Inc. ("CornellCookson"), a leading provider of rolling steel service doors, fire doors, and grilles, for an effective purchase price of approximately $170,000. This transaction strengthened Clopay's strategic portfolio with a line of commercial rolling steel door products to complement Clopay's sectional door offerings in the commercial industry, and expands the Clopay network of professional dealers focused on the commercial market. CornellCookson generated over $200,000 in revenue in its first full year of operations following the acquisition.

During fiscal 2017 and 2018, Griffon also completed a number of other acquisitions to expand and enhance AMES' global footprint. In the United Kingdom, Griffon acquired La Hacienda, an outdoor living brand of unique heating and garden décor products, in July 2017, and Kelkay, a manufacturer and distributor of decorative outdoor landscaping, in February 2018. These two businesses provided AMES with additional brands and a platform for growth in the UK market and access to leading garden centers, retailers, and grocers in the UK and Ireland.

In Australia, Griffon acquired Hills Home Living, the iconic brand of clotheslines and home products, from Hills Limited (ASX:HIL) in December 2016. In September 2017, Griffon acquired Tuscan Path, an Australian provider of pots, planters, pavers, decorative stone, and garden décor products. These acquisitions broadened AMES' outdoor living and lawn and garden business, strengthening AMES’ portfolio of brands and its market position in Australia and New Zealand.

In November 2017, Griffon acquired Harper Brush Works, a leading U.S. manufacturer of cleaning products for professional, home, and industrial use, from Horizon Global (NYSE:HZN). This acquisition expanded the AMES line of long-handle tools in North America to include brooms, brushes, and other cleaning products.

We believe these actions have established a solid foundation for continuing organic growth in sales, profit, and cash generation and bolsters Griffon’s platforms for opportunistic strategic acquisitions.

Further Information

Griffon posts and makes available, free of charge through its website at *www.griffon.com*, its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as well as press releases, as soon as reasonably practicable after such materials are published or filed with or furnished to the Securities and Exchange Commission (the “SEC”). The information found on Griffon's website is not part of this or any other report it files with or furnishes to the SEC.

For information regarding revenue, profit and total assets of each segment, see the Reportable Segments footnote in the Notes to Consolidated Financial Statements.

Reportable Segments:

Griffon currently conducts its operations through three reportable segments:

- CPP conducts its operations through AMES. Founded in 1774, AMES is the leading North American manufacturer and a global provider of branded consumer and professional tools and products for home storage and organization, landscaping, and enhancing outdoor lifestyles. CPP sells products globally through a portfolio of leading brands including True Temper, AMES, and ClosetMaid.

- HBP conducts its operations through Clopay. Founded in 1964, Clopay is the largest manufacturer and marketer of garage doors and rolling steel doors in North America. Residential and commercial sectional garage doors are sold through professional dealers and leading home center retail chains throughout North America under the brands Clopay, Ideal, and

Holmes. Rolling steel door and grille products designed for commercial, industrial, institutional, and retail use are sold under the CornellCookson brand.

- DE conducts its operations through Telephonics Corporation, founded in 1933, a globally recognized leading provider of highly sophisticated intelligence, surveillance and communications solutions for defense, aerospace and commercial customers.

OVERVIEW

Revenue for the quarter ended June 30, 2020 was $632,061 compared to $574,970 in the prior year comparable quarter, an increase of approximately 10%, driven by increased revenue at CPP and DE of 20% and 5%, respectively, partially offset by decreased revenue at HBP of 1%. Organic revenue growth was 9%. Income from continuing operations was $21,831 or $0.50 per share, compared to $14,128, or $0.33 per share, in the prior year quarter. The current year quarter results from continuing operations included the following:

– Restructuring charges of $1,633 ($1,224, net of tax, or $0.03 per share);
– Loss from debt extinguishment $1,235 ($969, net of tax, or $0.02 per share);
– Discrete and certain other tax provision, net, of $1,828 or $0.04 per share.

The prior year quarter results from continuing operations included discrete and certain other tax benefits, net, of $669 or $0.02 per share.

Excluding these items from the respective quarterly results, Income from continuing operations would have been $25,852, or $0.59 per share, in the current year quarter compared to $13,459, or $0.31 per share in the prior year quarter.

Revenue for the nine months ended June 30, 2020 was $1,746,849 compared to $1,635,125 in the prior year period, an increase of 7%, driven by increased revenue at CPP and HBP driven by strong customer demand in the home improvement space. Organic growth was 6%. CPP revenue increased by 9%, 7% organically. HBP revenue increased by 6% and DE revenue increased by 3%. Income from continuing operations was $33,338 or $0.76 per share, compared to $29,371, or $0.69 per share, in the prior year period. The current year-to-date results from continuing operations included the following:

– Restructuring charges of $11,171 ($8,377, net of tax, or $0.19 per share);
– Loss from debt extinguishment $7,925 ($6,214, net of tax, or $0.14 per share);
– Acquisition costs of $2,960 ($2,321, net of tax, or $0.05 per share); and
– Discrete and certain other tax provision, net, of $1,248 or $0.03 per share.

The prior year-to-date results from continuing operations included discrete and certain other tax benefits, net, of $299 or $0.01 per share.

Excluding these items from the respective periods, Income from continuing operations would have been $51,498, or $1.18 per share in the current year period ended June 30, 2020 compared to $29,072, or $0.68 per share, in the comparable prior year period.

Griffon evaluates performance based on Net income and the related Earnings per share excluding restructuring charges, loss from debt extinguishment, acquisition related expenses and discrete and certain other tax items, as well as other items that may affect comparability, as applicable. Griffon believes this information is useful to investors for the same reason. The following table provides a reconciliation of Income from continuing operations to Adjusted income from continuing operations and Earnings per share from continuing operations to Adjusted earnings per share from continuing operations:

GRIFFON CORPORATION AND SUBSIDIARIES
RECONCILIATION OF INCOME FROM CONTINUING OPERATIONS
TO ADJUSTED INCOME FROM CONTINUING OPERATIONS
(Unaudited)

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2020	2019	2020	2019
Income from continuing operations	$ 21,831	$ 14,128	$ 33,338	$ 29,371
Adjusting items:				
Restructuring charges	1,633	—	11,171	—
Loss from debt extinguishment	1,235	—	7,925	—
Acquisition costs	—	—	2,960	—
Tax impact of above items	(675)	—	(5,144)	—
Discrete and certain other tax provisions (benefits), net	1,828	(669)	1,248	(299)
Adjusted income from continuing operations	$ 25,852	$ 13,459	$ 51,498	$ 29,072
Diluted earnings per common share	$ 0.50	$ 0.33	$ 0.76	$ 0.69
Adjusting items, net of tax:				
Restructuring charges	0.03	—	0.19	—
Loss from debt extinguishment	0.02	—	0.14	—
Acquisition costs	—	—	0.05	—
Discrete and certain other tax provisions (benefits), net	0.04	(0.02)	0.03	(0.01)
Adjusted earnings per common share	$ 0.59	$ 0.31	$ 1.18	$ 0.68
Weighted-average shares outstanding (in thousands)	43,774	43,164	43,818	42,649

Note: Due to rounding, the sum of earnings per common share and adjusting items, net of tax, may not equal adjusted earnings per common share.

The tax impact for the above reconciling adjustments from GAAP to non-GAAP Net income and EPS is determined by comparing the Company's tax provision, including the reconciling adjustments, to the tax provision excluding such adjustments.

RESULTS OF CONTINUING OPERATIONS

Three and Nine months ended June 30, 2020 and 2019

In the fourth quarter of fiscal 2019, Griffon modified its reportable segment structure to provide investors with improved visibility after a series of portfolio repositioning actions which included the divestiture of the Plastics business, the acquisition of ClosetMaid and its subsequent integration into AMES, and the acquisition of CornellCookson by Clopay. Griffon now reports its operations through three reportable segments: the newly formed CPP segment, which consists of AMES; HBP, which consists of Clopay; and DE, which consists of Telephonics.

Griffon evaluates performance and allocates resources based on each segment's operating results before interest income and expense, income taxes, depreciation and amortization, unallocated amounts (primarily corporate overhead), restructuring charges, loss on debt extinguishment and acquisition related expenses, as well as other items that may affect comparability, as applicable (“Adjusted EBITDA”, a non-GAAP measure). Griffon believes this information is useful to investors for the same reason.

See table provided in Note 12 - Business Segments for a reconciliation of Segment Adjusted EBITDA to Income before taxes from continuing operations.

Consumer and Professional Products

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2020		2019		2020		2019	
Revenue	$ 328,929		$ 273,710		$ 844,917		$ 777,916	
Adjusted EBITDA	37,115	11.3%	23,970	8.8%	84,068	9.9%	73,151	9.4%
Depreciation and amortization	8,197		8,158		24,650		24,148	

For the quarter ended June 30, 2020, revenue increased $55,219 or 20%, compared to the prior year period, primarily due to increased volume of 19%, driven by increased consumer demand for home improvement initiatives in North America and Australia resulting from COVID-19 stay at home orders, favorable price and mix of 1% and incremental revenue from the Apta acquisition of 2%, partially offset by an unfavorable impact of foreign exchange of 2%. Organic growth was 18%.

For the quarter ended June 30, 2020, Adjusted EBITDA increased 55% to $37,115 compared to $23,970 in the prior year period. The favorable variance resulted primarily from the increased revenue noted above, partially offset by increased tariffs and COVID-19 related inefficiencies and direct costs. For the quarter ended June 30, 2020, EBITDA reflects an unfavorable foreign exchange impact of 2%.

For the nine months ended June 30, 2020, revenue increased $67,001 or 9%, compared to the prior year period, driven by increased volume of 6% for reasons noted above, favorable price and mix of 2% and incremental revenue from the Apta acquisition of 2%, partially offset by a 1% unfavorable impact due to foreign exchange. Organic growth was 7%.

For the nine months ended June 30, 2020, Adjusted EBITDA increased 15% to $84,068 compared to $73,151 in the prior year period. The favorable variance primarily resulted increased revenue noted above, partially offset by tariffs and COVID-19 related inefficiencies and direct costs. For the nine months ended June 30, 2020, EBITDA reflects an unfavorable foreign exchange impact of 2%.

Direct COVID-19 related expenses totaled approximately $2,207 and $2,471 for the quarter and year to date periods, respectively.

Segment depreciation and amortization remained consistent with the prior year comparable quarter and increased $502 from the year-to-date comparable period primarily due to the onset of depreciation for new assets placed in service.

On November 29, 2019, AMES acquired Vatre Group Limited ("Apta"), a leading United Kingdom supplier of innovative garden pottery and associated products sold to leading UK and Ireland garden centers for approximately $10,500 (GBP 8,750), inclusive of a post-closing working capital adjustment, net of cash acquired. This acquisition broadens AMES' product offerings in the UK market and increases its in-country operational footprint.

Strategic Initiative and Restructuring Charges

In November 2019, Griffon announced the development of a next-generation business platform for CPP to enhance the growth, efficiency, and competitiveness of its U.S. operations.

This initiative includes three key development areas. First, multiple independent information systems will be unified into a single data and analytics platform which will serve the whole CPP U.S. enterprise. Second, certain CPP U.S. operations will be consolidated to optimize facilities footprint and talent. Third, strategic investments in automation and facilities expansion will be made to increase the efficiency of our manufacturing and fulfillment operations, and support e-commerce growth.

The roll-out of the new business platform will occur over approximately a three-year period, with completion expected by the end of calendar 2022. When fully implemented, these actions will result in an annual cash savings of $15,000 to $20,000, and a $20,000 to $25,000 reduction in inventory, both based on operating levels at the beginning of the initiative.

The cost to implement this new business platform, over the three-year duration of the project, will include approximately $35,000 of one-time charges and approximately $40,000 in capital investments. The one-time charges are comprised of $16,000 of cash charges, which includes $12,000 personnel-related costs such as training, severance, and duplicate personnel costs and $4,000 of facility and lease exit costs. The remaining $19,000 of charges are non-cash and are primarily related to asset write-downs.

In connection with this initiative, during the nine months ended June 30, 2020, CPP incurred pre-tax restructuring and related exit costs approximating $11,171, comprised of cash charges of $6,479 and non-cash, asset-related charges of $4,692; the cash charges included $4,842 for one-time termination benefits and other personnel-related costs and $1,637 for facility exit costs. During the quarter and nine month period ended June 30, 2020, capital expenditures of $3,371 and $3,671, respectively, were driven by investment in CPP business intelligence systems and e-commerce facility.

	Cash Charges		Non-Cash Charges		
	Personnel related costs	Facilities, exit costs and other	Facility and other	Total	Capital Investments
Anticipated Charges	$ 12,000	$ 4,000	$ 19,000	$ 35,000	$ 40,000
Q1 FY2020 Activity	(2,134)	(140)	(4,160)	(6,434)	—
Q2 FY2020 Activity	(1,658)	(914)	(532)	(3,104)	(300)
Q3 FY2020 Activity	(1,050)	(583)	—	(1,633)	(3,371)
Total charges	(4,842)	(1,637)	(4,692)	(11,171)	(3,671)
Estimate to Complete	$ 7,158	$ 2,363	$ 14,308	$ 23,829	$ 36,329

Home and Building Products

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2020		2019		2020		2019	
Revenue	$ 219,164		$ 221,521		$ 670,374		$ 631,615	
Adjusted EBITDA	39,299	17.9%	33,851	15.3%	110,635	16.5%	85,283	13.5%
Depreciation and amortization	4,507		4,626		13,975		13,683	

For the quarter ended June 30, 2020, revenue decreased $2,357 or 1%, compared to the prior year period, due to decreased volume driven by reduced residential sectional garage door orders in April of approximately18% and a subsequent recovery in May and June.

For the quarter ended June 30, 2020, Adjusted EBITDA increased 16% to $39,299 compared to $33,851 in the prior year period. EBITDA benefited from general operational efficiency improvements, partially offset by the decrease in revenue and COVID-19 related inefficiencies and direct costs.

For the nine months ended June 30, 2020, revenue increased $38,759 or 6%, compared to the prior year period, driven by increased volume of 4%, and favorable mix and pricing of 2%.

For the nine months ended June 30, 2020, Adjusted EBITDA increased 30% to $110,635 compared to $85,283 in the prior year period. The favorable variance resulted from the increased revenue noted above and general operational efficiency improvements, partially offset by COVID-19 related inefficiencies and direct costs.

Direct COVID-19 related expenses totaled approximately $1,700 for the quarter and year-to-date periods.

Segment depreciation and amortization decreased $119 from the prior year quarter due to fully depreciated assets, and increased $292 from the prior year-to-date period primarily due to the onset of depreciation for new assets placed in service.

On January 31, 2019, HBP announced a $14,000 investment in facilities infrastructure and equipment at its CornellCookson location in Mountain Top, Pennsylvania. This project includes a 90,000 square foot expansion to the already existing 184,000 square foot facility, along with the addition of state of the art manufacturing equipment. Through this expansion, the CornellCookson Mountain Top location will improve its manufacturing efficiency and shipping operations, as well as increase manufacturing capacity to support full-rate production of new and core products. The project was substantially completed by the end of calendar 2019.

Defense Electronics

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2020		2019		2020		2019	
Revenue	$ 83,968		$ 79,739		$ 231,558		$ 225,594	
Adjusted EBITDA	4,122	4.9%	7,280	9.1%	12,845	5.5%	17,001	7.5%
Depreciation and amortization	2,666		2,669		7,986		7,926	

For the quarter ended June 30, 2020, revenue increased $4,229, or 5%, compared to the prior year period, primarily due to increased deliveries and volume of radar and communication systems, partially offset by reduced volume of airborne surveillance systems.

For the quarter ended June 30, 2020, Adjusted EBITDA decreased $3,158, or 43%, compared to the prior year comparable period, driven by unfavorable program mix, and program inefficiencies on radar and communications systems.

For the nine months ended June 30, 2020, revenue increased $5,964, or 3%, compared to the prior year period, primarily due to increased deliveries and volume of radar and communication systems revenue, partially offset by reduced multi-mode radar and maritime surveillance radar revenue.

For the nine months ended June 30, 2020, Adjusted EBITDA decreased $4,156, or 24%, compared to the prior year comparable period due to unfavorable program mix, program inefficiencies and increased operating expenses primarily due to bid and proposal activities.

Direct COVID-19 related expenses totaled approximately $600 and $700 for the quarter and year-to-date periods, respectively.

Segment depreciation and amortization remained consistent with both the prior year comparable quarter and year-to-date period.

During the nine months ended June 30, 2020, DE was awarded several new contracts and received incremental funding on existing contracts approximating $192,700. Contract backlog was $350,443 at June 30, 2020, an $18,703 increase from the second quarter, with 72% expected to be fulfilled in the next 12 months. Backlog was $389,300 at September 30, 2019. Backlog is defined as unfilled firm orders for products and services for which funding has been both authorized and appropriated by the customer, or by Congress, in the case of US government agencies.

Unallocated

For the quarter ended June 30, 2020, unallocated amounts, excluding depreciation, consisted primarily of corporate overhead costs totaling $11,080 compared to $12,033 in the prior year quarter. For the nine months ended June 30, 2020, unallocated amounts, excluding depreciation, consisted primarily of corporate overhead costs totaling $34,969 compared to $34,505 in the prior year quarter. The decrease in the current quarter compared to the respective prior year quarter primarily relates to decreases in consulting fees, travel and administrative office costs; and the increase for nine months ended June 30, 2020 compared to the respective prior year period primarily relates to compensation and incentive costs.

Segment Depreciation and Amortization

Segment depreciation and amortization remained consistent with the prior year quarter and increased $854 for the nine months ended June 30, 2020 compared to the comparable prior year period, primarily due to the onset of depreciation for new assets placed in service.

Other Income (Expense)

For the quarters ended June 30, 2020 and 2019, Other income (expense) includes $72 and $150, respectively, of net currency exchange gains in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries, net periodic benefit plan income of $392 and $787, respectively, as well as $294 and $(14), respectively, of net investment (loss) income.

For the nine months ended June 30, 2020 and 2019, Other income (expense) includes $441 and $535, respectively, of net currency exchange gains in connection with the translation of receivables and payables denominated in currencies other than the functional currencies of Griffon and its subsidiaries, net periodic benefit plan income of $1,170 and 2,361, respectively, as well as $145 and $18, respectively, of net investment (loss) income. During the nine months ended June 30, 2020, Other income (expense) also includes a one-time contract award of $700.

Provision for income taxes

During the quarter ended June 30, 2020, the Company recognized a tax provision of $12,649 on income before taxes from continuing operations of $34,480, compared to a tax provision of $6,258 on income before taxes from continuing operations of $20,386 in the comparable prior year quarter. The current year quarter included restructuring charges of $1,633 ($1,224, net of tax), loss from debt extinguishment of $1,235 ($969, net of tax) and net discrete tax and certain other tax provisions, net of $1,828, that affect comparability. The prior year quarter included net discrete tax and certain other tax benefits of $669 that affect comparability. Excluding these items, the effective tax rates for the quarters ended June 30, 2020 and 2019 were 30.8% and 34.0%, respectively.

During the nine months ended June 30, 2020, the Company recognized a tax provision of $21,022 on Income before taxes from continuing operations of $54,360, compared to a tax provision of $14,664 on Income before taxes from continuing operations of $44,035 in the comparable prior year period. The nine month period ended June 30, 2020 included restructuring charges of $11,171 ($8,377, net of tax), acquisition costs of $2,960 ($2,321, net of tax), loss from debt extinguishment of $7,925 ($6,214, net of tax) and net discrete tax provisions of $1,248. The nine month period ended June 30, 2019 included net discrete tax benefits of $299. Excluding these items, the effective tax rates for the nine months ended June 30, 2020 and 2019 were 32.6% and 34.0%, respectively.

In response to the COVID-19 outbreak, the U.S. Congress approved certain changes to the federal tax laws in March 2020. While we are still assessing the impact of the legislation, we do not expect there to be a material impact to our consolidated financial statements at this time.

Stock based compensation

For the quarters ended June 30, 2020 and 2019, stock based compensation expense, which includes expenses for both restricted stock grants and the ESOP, totaled $4,507 and $4,047, respectively. For the nine months ended June 30, 2020 and 2019, stock based compensation expense, which includes expenses for both restricted stock grants and the ESOP totaled $12,809 and $11,547, respectively.

Comprehensive income (loss)

For the quarter ended June 30, 2020, total other comprehensive income, net of taxes, of $8,702 included income of $9,508 from foreign currency translation adjustments primarily due to the strengthening of the Euro, British Pound, and Canadian and Australian Dollars all in comparison to the US Dollar; a $1,139 benefit from pension amortization of actuarial losses; and a $1,945 loss on cash flow hedges.

For the quarter ended June 30, 2019, total other comprehensive loss, net of taxes, of $1,035 included a loss of $1,092 from foreign currency translation adjustments primarily due to the weakening of the Euro, British Pound and Australian Dollar, partially offset by the strengthening of the Canadian Dollar, all in comparison to the US Dollar; a $184 benefit from pension amortization of actuarial losses; and a $127 loss on cash flow hedges.

For the nine months ended June 30, 2020, total other comprehensive income, net of taxes, of $709, included a loss of $493 from foreign currency translation adjustments primarily due to the weakening of the Canadian Dollar, partially offset by the strengthening of the Euro, British Pound and Australian currencies, all in comparison to the US Dollar, a $2,480 benefit from pension amortization of actuarial losses and a $1,278 loss on cash flow hedges.

For the nine months ended June 30, 2019, total other comprehensive loss, net of taxes, of $3,605 included a loss of $3,943 from foreign currency translation adjustments primarily due to the weakening of the Euro, British Pound, and Canadian and Australian Dollars, all in comparison to the US Dollar; a $552 benefit from pension amortization of actuarial losses; and a $214 loss on cash flow hedges.

Discontinued operations

During the quarter ended March 31, 2019, Griffon recorded an $11,000 charge ($7,646, net of tax) to discontinued operations. The charge consisted primarily of a purchase price adjustment to resolve a claim related to the $475,000 PPC divestiture and included an additional reserve for a legacy environmental matter.

At June 30, 2020, Griffon's assets and liabilities are primarily for the Installations Services and other discontinued operations primarily related to insurance claims, income tax and product liability, warranty reserves and environmental reserves. See Note 15, Discontinued Operations.

LIQUIDITY AND CAPITAL RESOURCES

Management assesses Griffon's liquidity in terms of its ability to generate cash to fund its operating, investing and financing activities. Significant factors affecting liquidity are: cash flows from operating activities, capital expenditures, acquisitions, dispositions, bank lines of credit and the ability to attract long-term capital under satisfactory terms. Griffon believes it has sufficient liquidity available to invest in its existing businesses and execute strategic acquisitions, while managing its capital structure on both a short-term and long-term basis.

The following table is derived from the Condensed Consolidated Statements of Cash Flows:

Cash Flows from Continuing Operations	**For the Nine months ended June 30,**	
(in thousands)	**2020**	**2019**
Net Cash Flows Provided by (Used In):		
Operating activities	$ 55,944	$ 14,982
Investing activities	(45,073)	(57,162)
Financing activities	(9,305)	33,905

Cash provided by operating activities from continuing operations for the nine months ended June 30, 2020 was $55,944 compared to $14,982 in the comparable prior year period. Cash provided by income from continuing operations, adjusted for non-cash expenditures, was partially offset by a net increase in working capital predominately consisting of net increases in accounts receivable and prepaid and other assets, a decrease in accounts payable due to the timing of payments, partially offset by a decrease in inventory. The working capital variances in the cash flow in the current year excludes a $28,648 benefit due to the October 1, 2019 prospective adoption of lease accounting guidance, which was in working capital in the prior year.

During the nine months ended June 30, 2020, Griffon used $45,073 of cash in investing activities from continuing operations compared to $57,162 used in the prior year comparable period. Payments for acquired businesses totaled $10,531 compared to $9,219 in the prior year comparable period. On November 29, 2019, AMES acquired 100% of the outstanding stock of Apta, a leading United Kingdom supplier of innovative garden pottery and associated products sold to leading UK and Ireland garden centers for approximately $10,500 (GBP 8,750), inclusive of a post-closing working capital adjustment, net of cash acquired. Payments for acquired businesses in the prior year consisted solely of a final purchase price adjustment for CornellCookson. Payments in the prior year comparable period also included $9,500 related to a purchase price adjustment to resolve a claim related to the $475,000 PPC divestiture and an insurance payment of $10,604 pertaining to the settlement of a certain life insurance benefit. Capital expenditures, net of proceeds from the sale of assets, for the nine months ended June 30, 2020 totaled $34,412, an increase of $6,722 from the prior year period.

During the nine months ended June 30, 2020, cash used by financing activities from continuing operations totaled $9,305 as compared to $33,905 provided by in the comparable prior year period. On June 22, 2020, Griffon completed an add-on offering through a private placement of $150,000 aggregate principal amount of its 5.75% senior notes due 2028, at 100.25% of par, to Griffon's previously issued $850,000 principal amount of its 5.75% senior notes due in 2028, at par, completed on February 19, 2020 (collectively the “Senior Notes”). Proceeds from the Senior Notes were used to redeem the $1,000,000 of 5.25% Senior Notes due 2022. Cash provided by financing activities in the current period also included financing payments of $16,543 primarily associated with the redemption of the $1,000,000 of 5.25% Senior Notes due 2022 with the proceeds from the issuance of $850,000 of 5.75% Senior Notes due 2028; and the amendment and extension of the Company's revolving credit facility increasing the maximum borrowing availability from $350,000 to $400,000 and extending its maturity date from March 22, 2021 to March 22, 2025. At June 30, 2020, there were $104,181 in outstanding borrowings under the Credit Agreement, compared to $122,806 in outstanding borrowings at the same date in the prior year.

During the nine months ended June 30, 2020, the Board of Directors approved three quarterly cash dividends of $0.075 per share each. On July 29, 2020, the Board of Directors declared a quarterly cash dividend of $0.075 per share, payable on September 17, 2020 to shareholders of record as of the close of business on August 20, 2020.

During the nine months ended June 30, 2020, 340,775 shares, with a market value of $7,409, or $21.74 per share were withheld to settle employee taxes due upon the vesting of restricted stock, and were added to treasury stock. Furthermore, during the nine months ended June 30, 2020, an additional 3,307 shares, with a market value of $70, or $21.22 per share, were withheld from common stock issued upon the vesting of restricted stock units to settle employee taxes due upon vesting.

On August 3, 2016 and August 1, 2018, Griffon’s Board of Directors authorized the repurchase of up to $50,000 of Griffon’s outstanding common stock. Under these share repurchase programs, the Company may, from time to time, purchase shares of its common stock in the open market, including pursuant to a 10b5-1 plan, or in privately negotiated transactions. During the quarter and nine months ended June 30, 2020, Griffon did not purchase any shares of common stock under these repurchase programs. As of June 30, 2020, an aggregate of $57,955 remains under Griffon's Board authorized repurchase programs.

Through June 30, 2020, COVID-19 has not had a material impact on our operations, and we anticipate our current cash balances, cash flows from operations and sources of liquidity will be sufficient to meet our cash requirements.

Payments related to Telephonics revenue are received in accordance with the terms of development and production subcontracts; certain of such receipts are progress or performance based payments. With respect to CPP and HBP, there have been no material adverse impacts on payment for sales.

A small number of customers account for, and are expected to continue to account for, a substantial portion of Griffon's consolidated revenue. For the nine months ended June 30, 2020:

- The United States Government and its agencies, through either prime or subcontractor relationships, represented 9% of Griffon's consolidated revenue and 65% of Telephonics' revenue.
- The Home Depot represented 18% of Griffon's consolidated revenue, 28% of CPP's revenue and 12% of HBP's revenue.

No other customer exceeded 10% of consolidated revenue. Future operating results will continue to depend substantially on the success of Griffon's largest customers and our ongoing relationships with them. Orders from these customers are subject to change and may fluctuate materially. The loss of all or a portion of the volume from any one of these customers could have a material adverse impact on Griffon's liquidity and results of operations.

Cash and Equivalents and Debt *(in thousands)*	**June 30, 2020**	**September 30, 2019**
Cash and equivalents	$ 71,999	$ 72,377
Notes payables and current portion of long-term debt	9,235	10,525
Long-term debt, net of current maturities	1,123,365	1,093,749
Debt discount/premium and issuance costs	17,303	9,857
Total debt	1,149,903	1,114,131
Debt, net of cash and equivalents	**$ 1,077,904**	**$ 1,041,754**

On June 22, 2020, Griffon completed the add-on offering through a private placement of $150,000 principal amount of its 5.75% senior notes due 2028, at 100.25% of par, to Griffon's previously issued $850,000 principal amount of its 5.75% senior notes due in 2028, at par, completed on February 19, 2020 (collectively, the "Senior Notes"). Proceeds from the Senior Notes were used to redeem the $1,000,000 of 5.25% senior notes due 2022 (the "2022 Senior Notes"). As of June 30, 2020, outstanding Senior Notes due totaled $1,000,000; interest is payable semi-annually on March 1 and September 1.

The Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries, and subject to certain covenants, limitations and restrictions. On April 22, 2020, Griffon exchanged substantially all of the $850,000 Senior Notes for substantially identical Senior Notes registered under the Securities Act of 1933, as amended (the "Securities Act"), via an exchange offer. Griffon intends to complete an offer to exchange the remaining $150,000 Senior Notes for substantially identical Senior Notes registered under the Securities Act during the fourth quarter of fiscal 2020. The fair value of the Senior Notes approximated $980,000 on June 30, 2020 based upon quoted market prices (level 1 inputs).

In connection with these transactions, Griffon capitalized $15,289 of underwriting fees and other expenses incurred related to the issuance and exchange of the 2028 Senior Notes, which will amortize over the term of such terms. Furthermore, all of the obligations associated with the 2022 Senior Notes were discharged. Additionally, Griffon recognized a $7,925 loss on the early extinguishment of debt of the 5.25% $1,000,000 2022 Senior Notes, comprised primarily of the write-off of $6,725 of remaining deferred financing fees, $607 of tender offer net premium expense and $593 of redemption interest expense.

On January 30, 2020, Griffon amended its revolving credit facility (as amended, the "Credit Agreement") to increase the maximum borrowing availability from $350,000 to $400,000 and extend its maturity date from March 22, 2021 to March 22, 2025. The amended agreement also modified certain other provisions of the facility. The facility includes a letter of credit sub-facility with a limit of $100,000 (increased from $50,000); a multi-currency sub-facility of $200,000 (increased from $100,000); and contains a customary accordion feature that permits us to request, subject to each lender's consent, an increase in the maximum aggregate amount that can be borrowed by up to an additional $100,000 (increased from $50,000).

Borrowings under the Credit Agreement may be repaid and re-borrowed at any time. Interest is payable on borrowings at either a LIBOR or base rate benchmark rate, plus an applicable margin, which adjusts based on financial performance. Current margins are 1.25% for base rate loans and 2.25% for LIBOR loans. The Credit Agreement has certain financial maintenance tests including a maximum total leverage ratio, a maximum senior secured leverage ratio and a minimum interest coverage ratio, as well as customary affirmative and negative covenants, and events of default. The negative covenants place limits on Griffon's ability to, among other things, incur indebtedness, incur liens, and make restricted payments and investments. Borrowings under the Credit Agreement are guaranteed by Griffon's material domestic subsidiaries and are secured, on a first priority basis, by substantially all domestic assets of the Company and the guarantors, and a pledge of not greater than 65% of the equity interest in Griffon's material, first-tier foreign subsidiaries. At June 30, 2020, there were $104,181 of outstanding borrowings under the Credit

Agreement; outstanding standby letters of credit were $21,617; and $274,202 was available, subject to certain loan covenants, for borrowing at that date.

In August 2016, and as amended on June 30, 2017, Griffon's ESOP entered into a Term Loan with a bank (the "ESOP Agreement"). The Term Loan interest rate was LIBOR plus 3.00%. The Term Loan required quarterly principal payments of $569 with a balloon payment due at maturity. The Term Loan was secured by shares purchased with the proceeds of the loan and with a lien on a specific amount of Griffon assets (which ranked pari passu with the lien granted on such assets under the Credit Agreement) and was guaranteed by Griffon. On March 13, 2019, the ESOP Term Loan was refinanced with an internal loan from Griffon, which was funded with cash and a draw under its Credit Agreement. The internal loan interest rate is fixed at 2.91%, matures in June 2033 and requires quarterly payments of principal, currently $635, and interest. The internal loan is secured by shares purchased with the proceeds of the loan. The amount outstanding on the internal loan at June 30, 2020 was $30,513.

Two of Griffon's subsidiaries have finance leases outstanding for real estate located in Troy, Ohio and Ocala, Florida. The leases mature in 2021 and 2025, respectively, and bear interest at fixed rates of approximately 5.0% and 2.9%, respectively. The Troy, Ohio lease is secured by a mortgage on the underlying real estate and is guaranteed by Griffon. The Ocala, Florida lease contains one five-year renewal option. At June 30, 2020, $11,528 was outstanding, net of issuance costs.

In November 2012, Garant G.P. ("Garant") entered into a CAD 15,000 ($10,974 as of June 30, 2020) revolving credit facility. The facility accrues interest at LIBOR (USD) or the Bankers Acceptance Rate (CDN) plus 1.3% per annum (1.46% LIBOR USD and 1.56% Bankers Acceptance Rate CDN as of June 30, 2020). The revolving facility matures in October 2022. Garant is required to maintain a certain minimum equity. At June 30, 2020, there were no borrowings under the revolving credit facility with CAD 15,000 ($10,974 as of June 30, 2020) available for borrowing.

In July 2016 and as amended in March 2019, Griffon Australia Holdings Pty Ltd and its Australian subsidiaries (collectively, "Griffon Australia") entered into an AUD 29,625 term loan, AUD 20,000 revolver and AUD 10,000 receivable purchase facility agreement. The term loan requires quarterly principal payments of AUD 1,250 plus interest with a balloon payment of AUD 9,625 due upon maturity in March 2022, and accrues interest at Bank Bill Swap Bid Rate "BBSY" plus 1.95% per annum (2.09% at June 30, 2020). During the quarter ended June 30, 2020, the term loan balance was reduced by AUD 5,000, from AUD 23,375 to AUD 18,375 with proceeds from an AUD 5,000 increase in the commitment of the receivables purchase line from AUD 10,000 to AUD 15,000. The term loan had an outstanding balance of AUD 17,125 ($11,761 as of June 30, 2020). The revolving facility and receivable purchase facility mature in March 2022, but are renewable upon mutual agreement with the lender. The revolving facility and receivable purchase facility accrue interest at BBSY plus 1.9% and 1.35%, respectively, per annum (2.05% and 1.49%, respectively, at June 30, 2020). At June 30, 2020, there were no borrowings under the revolver and the receivable purchase facility. The revolver, receivable purchase facility and the term loan are all secured by substantially all of the assets of Griffon Australia and its subsidiaries. Griffon Australia is required to maintain a certain minimum equity level and is subject to a maximum leverage ratio and a minimum fixed charges cover ratio.

In July 2018, the AMES Companies UK Ltd and its subsidiaries (collectively, "AMES UK") entered into a GBP 14,000 term loan, GBP 4,000 mortgage loan and GBP 5,000 revolver. The term loan and mortgage loan require quarterly principal payments of GBP 350 and GBP 83 plus interest, respectively, and have balloon payments due upon maturity, July 2023, of GBP 7,700 and GBP 2,500, respectively. The Term Loan and Mortgage Loans accrue interest at the GBP LIBOR Rate plus 2.25% and 1.8%, respectively (2.33% and 1.88% at June 30, 2020, respectively). The revolving facility matures in June 2021, but is renewable upon mutual agreement with the lender, and accrues interest at the Bank of England Base Rate plus 1.75% (1.85% as of June 30, 2020). As of June 30, 2020, the revolver had no outstanding balance while the term and mortgage loan balances amounted to GBP 15,398 ($18,975 as of June 30, 2020). The revolver and the term loan are both secured by substantially all of the assets of AMES UK and its subsidiaries. AMES UK is subject to a maximum leverage ratio and a minimum fixed charges cover ratio. An invoice discounting arrangement was canceled and replaced by the above loan facilities.

Other long-term debt primarily consists of a loan with the Pennsylvania Industrial Development Authority, with the balance consisting of capital leases.

At June 30, 2020, Griffon and its subsidiaries were in compliance with the terms and covenants of its credit and loan agreements. Net Debt to EBITDA (Leverage), as calculated in accordance with the definition in the Credit Agreement, was 4.4x at June 30, 2020.

On each of August 3, 2016 and August 1, 2018, Griffon's Board of Directors authorized the repurchase of $50,000 of Griffon's outstanding common stock. Under these share repurchase programs, the Company may, from time to time, purchase shares of its common stock in the open market, including pursuant to a 10b5-1 plan, or in privately negotiated transactions. As of June 30, 2020, an aggregate of $57,955 remains under Griffon's Board authorized repurchase programs.

During the quarter ended June 30, 2020, there were no shares withheld to settle employee taxes due upon the vesting of restricted stock. During the nine months ended June 30, 2020, 340,775 shares, with a market value of $7,409, or $21.74 per share were withheld to settle employee taxes due upon the vesting of restricted stock, and were added to treasury stock. Furthermore, during the nine months ended June 30, 2020, an additional 3,307 shares, with a market value of $70, or $21.22 per share, were withheld from common stock issued upon the vesting of restricted stock units to settle employee taxes due upon vesting.

During 2019, the Company declared and paid regular cash dividends totaling $0.29 per share. During the nine months ended June 30, 2020, the Board of Directors approved and paid three quarterly cash dividends of $0.075 per share each. The Company currently intends to pay dividends each quarter; however, payment of dividends is determined by the Board of Directors at its discretion based on various factors, and no assurance can be provided as to the payment of future dividends.

On July 29, 2020, the Board of Directors declared a quarterly cash dividend of $0.075 per share, payable on September 17, 2020 to shareholders of record as of the close of business on August 20, 2020.

During the nine months ended June 30, 2020 and 2019, Griffon used cash for discontinued operations from operating activities of $2,481 and $3,874, respectively, primarily related to the settling of certain liabilities and environmental costs associated with the Plastics business and Installations Services.

CRITICAL ACCOUNTING POLICIES

The preparation of Griffon’s consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires the use of estimates, assumptions, judgments and subjective interpretations of accounting principles that have an impact on assets, liabilities, revenue and expenses. These estimates can also affect supplemental information contained in public disclosures of Griffon, including information regarding contingencies, risk and its financial condition. These estimates, assumptions and judgments are evaluated on an ongoing basis and based on historical experience, current conditions and various other assumptions, and form the basis for estimating the carrying values of assets and liabilities, as well as identifying and assessing the accounting treatment for commitments and contingencies. Actual results may materially differ from these estimates. There have been no changes in Griffon’s critical accounting policies from September 30, 2019.

Griffon’s significant accounting policies and procedures are explained in the Management Discussion and Analysis section in the Annual Report on Form 10-K for the year ended September 30, 2019. In the selection of the critical accounting policies, the objective is to properly reflect the financial position and results of operations for each reporting period in a consistent manner that can be understood by the reader of the financial statements. Griffon considers an estimate to be critical if it is subjective and if changes in the estimate using different assumptions would result in a material impact on the financial position or results of operations of Griffon.

RECENT ACCOUNTING PRONOUNCEMENTS

The FASB issues, from time to time, new financial accounting standards, staff positions and emerging issues task force consensus. See the Notes to Condensed Consolidated Financial Statements for a discussion of these matters.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, especially “Management’s Discussion and Analysis”, contains certain “forward-looking statements” within the meaning of the Securities Act, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements relate to, among other things, income (loss), earnings, cash flows, revenue, changes in operations, operating improvements, industries in which Griffon Corporation (the “Company” or “Griffon”) operates and the United States and global economies. Statements in this Form 10-Q that are not historical are hereby identified as “forward-looking statements” and may be indicated by words or phrases such as “anticipates,” “supports,” “plans,” “projects,” “expects,” “believes,” “should,” “would,” “could,” “hope,” “forecast,” “management is of the opinion,” “may,” “will,” “estimates,” “intends,” “explores,” “opportunities,” the negative of these expressions, use of the future tense and similar words or phrases. Such forward-looking statements are subject to inherent risks and uncertainties that could cause actual results to differ materially from those expressed in any forward-looking statements. These risks and uncertainties include, among others: current economic conditions and uncertainties in the housing, credit and capital markets; Griffon’s ability to achieve expected savings from cost control, restructuring, integration and disposal initiatives; the ability to identify and successfully consummate and integrate value-adding acquisition opportunities; increasing competition and pricing pressures in the markets served by Griffon’s operating companies; the ability of Griffon’s operating companies to expand into new geographic and product markets and to anticipate and meet customer demands for new products and product enhancements and innovations; reduced military spending by the government on projects for which

Telephonics supplies products, including as a result of defense budget cuts or other government actions; the ability of the federal government to fund and conduct its operations; increases in the cost or lack of availability of raw materials such as resin, wood and steel, components or purchased finished goods, including any potential impact on costs or availability resulting from tariffs; changes in customer demand or loss of a material customer at one of Griffon's operating companies; the potential impact of seasonal variations and uncertain weather patterns on certain of Griffon's businesses; political events that could impact the worldwide economy; a downgrade in Griffon's credit ratings; changes in international economic conditions including interest rate and currency exchange fluctuations; the reliance by certain of Griffon's businesses on particular third party suppliers and manufacturers to meet customer demands; the relative mix of products and services offered by Griffon's businesses, which impacts margins and operating efficiencies; short-term capacity constraints or prolonged excess capacity; unforeseen developments in contingencies, such as litigation, regulatory and environmental matters; unfavorable results of government agency contract audits of Telephonics; Griffon's ability to adequately protect and maintain the validity of patent and other intellectual property rights; the cyclical nature of the businesses of certain of Griffon's operating companies; possible terrorist threats and actions and their impact on the global economy; the impact of COVID-19 on the U.S. and the global economy, including business disruptions, reductions in employment and an increase in business and operating facility failures, specifically among our customers and suppliers; Griffon's ability to service and refinance its debt; and the impact of recent and future legislative and regulatory changes, including, without limitation, the Tax Cuts Jobs Act of 2017. Additional important factors that could cause the statements made in this Quarterly Report on Form 10-Q or the actual results of operations or financial condition of Griffon to differ are discussed under the caption "Item 1A. Risk Factors" and "Special Notes Regarding Forward-Looking Statements" in Griffon's Annual Report on Form 10-K for the year ended September 30, 2019. Readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements speak only as of the date made. Griffon undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Item 3 - Quantitative and Qualitative Disclosure About Market Risk

Griffon's business' activities necessitate the management of various financial and market risks, including those related to changes in interest rates, foreign currency rates and commodity prices.

Interest Rates

Griffon's exposure to market risk for changes in interest rates relates primarily to variable interest rate debt and investments in cash and equivalents.

The Credit Agreement and certain other of Griffon's credit facilities have a LIBOR-based variable interest rate. Due to the current and expected level of borrowings under these facilities, a 100 basis point change in LIBOR would not have a material impact on Griffon's results of operations or liquidity.

Foreign Exchange

Griffon conducts business in various non-US countries, primarily in Canada, Australia, the United Kingdom, Mexico and China; therefore, changes in the value of the currencies of these countries affect Griffon's financial position and cash flows when translated into US Dollars. Griffon has generally accepted the exposure to exchange rate movements relative to its non-US operations. Griffon may, from time to time, hedge its currency risk exposures. A change of 10% or less in the value of all applicable foreign currencies would not have a material effect on Griffon's financial position and cash flows.

Item 4 - Controls and Procedures

Under the supervision and with the participation of Griffon's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), Griffon's disclosure controls and procedures, as defined by Exchange Act Rule 13a-15(e) and 15d-15(e), were evaluated as of the end of the period covered by this report. Based on that evaluation, Griffon's CEO and CFO concluded that Griffon's disclosure controls and procedures were effective at the reasonable assurance level.

During the period covered by this report, there were no changes in Griffon's internal control over financial reporting which materially affected, or are reasonably likely to materially affect, Griffon's internal control over financial reporting.

Limitations on the Effectiveness of Controls

Griffon believes that a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all controls issues and instances of fraud, if any, within a company have been detected. Griffon's disclosure controls and procedures, as defined by Exchange Act Rule 13a-15(e) and 15d-15(e), are designed to provide reasonable assurance of achieving their objectives.

PART II - OTHER INFORMATION

Item 1 Legal Proceedings

None

Item 1A Risk Factors

In addition to the other information set forth in this report, carefully consider the factors discussed below and in Item 1A to Part I in Griffon's Annual Report on Form 10-K for the year ended September 30, 2019, which could materially affect Griffon's business, financial condition or future results. The risks described in Griffon's Annual Report on Form 10-K are not the only risks facing Griffon. Additional risks and uncertainties not currently known to Griffon or that Griffon currently deems to be immaterial also may materially adversely affect Griffon's business, financial condition and/or operating results.

The COVID-19 outbreak could adversely impact our results of operations.

The future impact of the COVID-19 outbreak and the spread of the pathogen on a global basis could adversely affect our business in a number of respects, although the extent, nature and timing of such impact cannot be predicted at this time. The COVID-19 outbreak has led countries around the world, as well as most states in the U.S., to implement restrictions relating to the operation of almost all types of businesses. Within the U.S., the standards vary from state to state, but typically require all but "critical", "essential" or "life-sustaining" businesses to close all offices and facilities. We believe, based on the various standards published to date, that our businesses meet the requisite standard in all U.S states. We also believe that our businesses meet the applicable standards to remain open in Canada and Australia. As of the date of this filing, all of our manufacturing and distribution facilities in the U.S., Canada, Australia and China are operating, although some of them are operating at reduced capacity as a result of enacting procedures designed to prevent the spread of the virus such as social distancing and staggered shifts. The AMES manufacturing plant in Reynosa, Mexico, as well as AMES' facilities in the UK, Ireland and New Zealand were temporarily closed for various periods during the period March through June 2020, but have resumed operations. However, changing standards regarding what type of facilities are permitted to remain open, as well as evolving interpretations of existing standards, in both the United States and around the globe, could result in additional closures of Griffon facilities.

To date, our supply chain has not experienced significant disruptions, and at this time we do not anticipate any such significant disruptions in the near term. However, our suppliers could be required by government authorities to temporarily cease operations in accordance with the various restrictions discussed above; might be limited in their production capacity due to complying with restrictions relating to the operation of businesses during the COVID-19 pandemic; or could suffer their own supply chain disruptions, impacting their ability to continue to supply us with the quantity of materials required by us.

If as a result of the COVID-19 outbreak governments take additional protective actions, or extend the time period for existing protective actions, it may have a material adverse impact on Griffon's business and operating results. This could include additional closures of our facilities; the extension of the term of closure for those of our facilities that are currently closed; or the closure of the facilities of our customers, suppliers, or other vendors in our supply chain. Any disruption of our supply chain or the businesses of our customers could adversely impact our business and results of operations. The COVID-19 outbreak has worsened in many U.S. states over the last four to eight weeks, and recently certain states have put in place new restrictions regarding the operation of many types of businesses or have tightened up restrictions already in place. In addition, the widespread public health crisis caused by the COVID-19 outbreak has adversely impacted the economies and financial markets worldwide, resulting in an economic downturn that has adversely impacted many businesses, including ours. The extent and duration of the impact on the global economy and financial markets from the COVID-19 outbreak is difficult to predict, and the extent to which the COVID-19 outbreak will negatively affect us and the duration of any potential business disruption is uncertain. The impact to our results will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of the COVID-19 outbreak and the actions taken by authorities and other entities to contain the COVID-19 outbreak or treat its impact, and the impact of such actions, all of which are beyond our control. These potential impacts, while uncertain, could adversely affect our operating results. To the extent the COVID-19 outbreak adversely affects our business, operations, financial condition and operating results, it may also have the effect of heightening many of the other risks described in this "Risk Factors" section (including those described in Griffon's Annual Report on Form 10-K for the year ended September 30, 2019, such as those relating to our high level of indebtedness, our need to generate sufficient cash flows to service our indebtedness, and our ability to comply with the covenants contained in the agreements that govern our indebtedness).

See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources" for a discussion of the impact, to date, of the COVID-19 outbreak on sales levels in our various business.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

(c) **ISSUER PURCHASES OF EQUITY SECURITIES**

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid Per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs (1)	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs (1)
April 1 - 30, 2020	—	$ —	—	
May 1 - 31, 2020	—	—	—	
June 1 - 30, 2020	—	—	—	
Total	—	$ —	—	$ 57,955

1. On each of August 3, 2016 and August 1, 2018, the Company's Board of Directors authorized the repurchase of up to $50,000 of Griffon common stock; as of June 30, 2020, an aggregate of $57,955 remained available for the purchase of Griffon common stock under these repurchase programs. Amount consists of shares purchased by the Company in open market purchases pursuant to such Board authorized stock repurchase program.

Item 3 Defaults Upon Senior Securities

None

Item 4 Mine Safety Disclosures

None

Item 5 Other Information

Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Election of New Director

On July 29, 2020, Jerome L. Coben was elected to serve on Griffon's Board of Directors as a Class II Director, and was appointed to serve on the Nominating and Governance Committee. Mr. Coben also entered into a customary indemnification agreement with Griffon which provides that Griffon will indemnify Mr. Coben to the fullest extent permitted by applicable law, and which includes provisions relating to the advancement of expenses incurred by or on behalf of Mr. Coben. This indemnification agreement is in the same form as the indemnification agreement entered into between Griffon and each of its other directors and each of its executive officers; the form of the indemnification agreement is filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.

Mr. Coben will receive compensation for his services pursuant to our director compensation program. This program is filed as Exhibit 10.4 to the Quarterly Report on Form 10-Q for the quarter ended December 31, 2019. Pursuant to our director compensation program, Mr. Coben received a grant of 4,296 restricted shares of Griffon common stock at the time of his election to the Board, which grant vests at the rate of one-third a year for three years.

Item 6	Exhibits
4.1	Registration Rights Agreement, dated as of June 22, 2020, by and among Griffon Corporation, the Guarantors party thereto and BofA Securities, Inc., as the Representative of the several Initial Purchasers (Exhibit 4.1 to the Current Report on Form 8-K filed June 22, 2020 (Commission File No. 1-06620)).
31.1	Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification pursuant to Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certifications pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Purchase Agreement, dated as of June 8, 2020, by and among Griffon Corporation, the Guarantors named therein and BofA Securities, Inc., as Representative of the several Initial Purchasers named therein (Exhibit 99.1 to the Current Report on Form 8-K filed June 9, 2020 (Commission File No. 1-06620)).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Document
101.DEF	XBRL Taxonomy Extension Definitions Document
101.LAB	XBRL Taxonomy Extension Labels Document
101.PRE	XBRL Taxonomy Extension Presentations 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 thereunto duly authorized.

GRIFFON CORPORATION

/s/ Brian G. Harris

Brian G. Harris
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ W. Christopher Durborow

W. Christopher Durborow
Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Date: July 30, 2020

Exhibit 31.1

CERTIFICATION

I, Ronald J. Kramer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Griffon Corporation;

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

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

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

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

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

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

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

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

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

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

Date: July 30, 2020

/s/ Ronald J. Kramer

Ronald J. Kramer
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Brian G. Harris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Griffon Corporation;

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

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

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

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

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

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

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

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

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

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

Date: July 30, 2020

/s/ Brian G. Harris

Brian G. Harris
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32

**CERTIFICATIONS PURSUANT TO
18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ronald J. Kramer, Chief Executive Officer of Griffon Corporation, hereby certify that the Form 10-Q of Griffon Corporation for the period ended June 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Griffon Corporation.

/s/ Ronald J. Kramer

Name: Ronald J. Kramer
Date: July 30, 2020

I, Brian G. Harris, Senior Vice President and Chief Financial Officer of Griffon Corporation, hereby certify that the Form 10-Q of Griffon Corporation for the period ended June 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of Griffon Corporation.

/s/ Brian G. Harris

Name: Brian G. Harris
Date: July 30, 2020

A signed original of this written statement required by Section 906 has been provided to Griffon Corporation and will be retained by Griffon Corporation and furnished to the Securities and Exchange Commission or its staff upon request.