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, 2022

☐ **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, 2022** was 57,063,936.

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, 2022	September 30, 2021
CURRENT ASSETS		
Cash and equivalents	$ 144,687	$ 248,653
Accounts receivable, net of allowances of $13,541 and $8,787	429,683	294,804
Inventories	708,178	472,794
Prepaid and other current assets	59,111	76,009
Assets of discontinued operations held for sale	—	275,814
Assets of discontinued operations	487	605
Total Current Assets	1,342,146	1,368,679
PROPERTY, PLANT AND EQUIPMENT, net	299,844	290,222
OPERATING LEASE RIGHT-OF-USE ASSETS	193,448	144,598
GOODWILL	705,356	426,148
INTANGIBLE ASSETS, net	939,024	350,025
OTHER ASSETS	21,791	21,589
ASSETS OF DISCONTINUED OPERATIONS	2,623	3,424
Total Assets	$ 3,504,232	$ 2,604,685
CURRENT LIABILITIES		
Notes payable and current portion of long-term debt	$ 13,085	$ 12,486
Accounts payable	212,038	260,038
Accrued liabilities	306,282	144,928
Current portion of operating lease liabilities	32,426	29,881
Liabilities of discontinued operations held for sale	—	81,023
Liabilities of discontinued operations	30,806	3,280
Total Current Liabilities	594,637	531,636
LONG-TERM DEBT, net	1,574,697	1,033,197
LONG-TERM OPERATING LEASE LIABILITIES	167,549	119,315
OTHER LIABILITIES	257,209	109,585
LIABILITIES OF DISCONTINUED OPERATIONS	3,825	3,794
Total Liabilities	2,597,917	1,797,527
COMMITMENTS AND CONTINGENCIES - See Note 22		
SHAREHOLDERS' EQUITY		
Total Shareholders' Equity	906,315	807,158
Total Liabilities and Shareholders' Equity	$ 3,504,232	$ 2,604,685

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, 2022 and 2021
(Unaudited)

	COMMON STOCK		CAPITAL IN		TREASURY SHARES		ACCUMULATED OTHER		
(in thousands)	SHARES	PAR VALUE	EXCESS OF PAR VALUE	RETAINED EARNINGS	SHARES	COST	COMPREHENSIVE INCOME (LOSS)	DEFERRED COMPENSATION	TOTAL
Balance at September 30, 2021	84,375	$ 21,094	$ 602,181	$ 669,998	27,762	$ (416,850)	$ (45,977)	$ (23,288)	$ 807,158
Net income	—	—	—	19,298	—	—	—	—	19,298
Dividend	—	—	—	(4,739)	—	—	—	—	(4,739)
Shares withheld on employee taxes on vested equity awards	—	—	—	—	422	(10,886)	—	—	(10,886)
Amortization of deferred compensation	—	—	—	—	—	—	—	591	591
Equity awards granted, net	113	28	(28)	—	—	—	—	—	—
ESOP allocation of common stock	—	—	848	—	—	—	—	—	848
Stock-based compensation	—	—	2,866	—	—	—	—	—	2,866
Other comprehensive income, net of tax	—	—	—	—	—	—	(2,751)	—	(2,751)
Balance at December 31, 2021	84,488	$ 21,122	$ 605,867	$ 684,557	28,184	$ (427,736)	$ (48,728)	$ (22,697)	$ 812,385
Net income	—	—	—	65,689	—	—	—	—	65,689
Dividend	—	—	—	(5,352)	—	—	—	—	(5,352)
Amortization of deferred compensation	—	—	—	—	—	—	—	591	591
Equity awards granted, net	258	65	(7,195)	—	(470)	7,130	—	—	—
ESOP allocation of common stock	—	—	638	—	—	—	—	—	638
Stock-based compensation	—	—	4,314	—	—	—	—	—	4,314
Other comprehensive income, net of tax	—	—	—	—	—	—	4,949	—	4,949
Balance at March 31, 2022	84,746	$ 21,187	$ 603,624	$ 744,894	27,714	$ (420,606)	$ (43,779)	$ (22,106)	$ 883,214
Net income	—	—	—	140,287	—	—	—	—	140,287
Dividend	—	—	—	(109,487)	—	—	—	—	(109,487)
Amortization of deferred compensation	—	—	—	—	—	—	—	591	591
Equity awards granted, net	—	—	(484)	—	(32)	484	—	—	—
ESOP allocation of common stock	—	—	757	—	—	—	—	—	757
Stock-based compensation	—	—	5,130	—	—	—	—	—	5,130
Other comprehensive income, net of tax	—	—	—	—	—	—	(14,177)	—	(14,177)
Balance at June 30, 2022	84,746	$ 21,187	$ 609,027	$ 775,694	27,682	$ (420,122)	$ (57,956)	$ (21,515)	$ 906,315

GRIFFON CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
For the Three and Nine Months Ended June 30, 2022 and 2021
(Unaudited)

	COMMON STOCK		CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	TREASURY SHARES		ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	DEFERRED COMPENSATION	TOTAL
(in thousands)	**SHARES**	**PAR VALUE**			**SHARES**	**COST**			
Balance at September 30, 2020	83,739	$ 20,935	$ 583,008	$ 607,518	27,610	$ (413,493)	$ (72,092)	$ (25,725)	$ 700,151
Net income	—	—	—	29,500	—	—	—	—	29,500
Dividend	—	—	—	(4,469)	—	—	—	—	(4,469)
Shares withheld on employee taxes on vested equity awards	—	—	—	—	133	(2,909)	—	—	(2,909)
Amortization of deferred compensation	—	—	—	—	—	—	—	609	609
Equity awards granted, net	494	123	(123)	—	—	—	—	—	—
ESOP allocation of common stock	—	—	596	—	—	—	—	—	596
Stock-based compensation	—	—	3,428	—	—	—	—	—	3,428
Other comprehensive income, net of tax	—	—	—	—	—	—	13,141	—	13,141
Balance at December 31, 2020	84,233	$ 21,058	$ 586,909	$ 632,549	27,743	$ (416,402)	$ (58,951)	$ (25,116)	740,047
Net income	—	—	—	17,112	—	—	—	—	17,112
Dividend	—	—	—	(3,217)	—	—	—	—	(3,217)
Amortization of deferred compensation	—	—	—	—	—	—	—	609	609
Equity awards granted, net	194	48	(48)	—	—	—	—	—	—
ESOP allocation of common stock	—	—	756	—	—	—	—	—	756
Stock-based compensation	—	—	4,349	—	—	—	—	—	4,349
Other comprehensive income, net of tax	—	—	—	—	—	—	4,775	—	4,775
Balance at March 31, 2021	84,427	$ 21,106	$ 591,966	$ 646,444	27,743	$ (416,402)	$ (54,176)	$ (24,507)	$ 764,431
Net income	—	—	—	16,707	—	—	—	—	16,707
Dividend	—	—		(4,546)	—	—	—	—	(4,546)
Amortization of deferred compensation	—	—	—	—	—	—	—	610	610
Equity awards granted, net	(7)	(2)	2	—	—	—	—	—	—
ESOP allocation of common stock	—	—	856	—	—	—	—	—	856
Stock-based compensation	—	—	4,544	—	—	—	—	—	4,544
Other comprehensive income, net of tax	—	—	—	—	—	—	2,739	—	2,739
Balance at June 30, 2021	84,420	$ 21,104	$ 597,368	$ 658,605	27,743	$ (416,402)	$ (51,437)	$ (23,897)	$ 785,341

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,	
	2022	2021	2022	2021
Revenue	$ 768,179	$ 584,218	$ 2,139,545	$ 1,700,423
Cost of goods and services	507,578	424,316	1,452,459	1,215,179
Gross profit	260,601	159,902	687,086	485,244
Selling, general and administrative expenses	157,387	117,796	442,577	347,138
Income from operations	103,214	42,106	244,509	138,106
Other income (expense)				
Interest expense	(24,022)	(15,849)	(61,111)	(47,370)
Interest income	61	49	126	397
Debt extinguishment, net	(5,287)	—	(5,287)	—
Other, net	2,084	587	4,528	1,413
Total other expense, net	(27,164)	(15,213)	(61,744)	(45,560)
Income before taxes from continuing operations	76,050	26,893	182,765	92,546
Provision for income taxes	23,268	12,078	55,119	34,868
Income from continuing operations	$ 52,782	$ 14,815	$ 127,646	$ 57,678
Discontinued operations:				
Income from operations of discontinued operations	113,457	2,180	117,777	3,556
Provision (benefit) for income taxes	25,952	288	20,149	(2,085)
Income from discontinued operations	87,505	1,892	97,628	5,641
Net income	$ 140,287	$ 16,707	$ 225,274	$ 63,319
Basic earnings per common share:				
Income from continuing operations	$ 1.02	$ 0.29	$ 2.48	$ 1.14
Income from discontinued operations	1.69	0.04	1.89	0.11
Basic earnings per common share	$ 2.71	$ 0.33	$ 4.37	$ 1.25
Basic weighted-average shares outstanding	51,734	50,903	51,527	50,779
Diluted earnings per common share:				
Income from continuing operations	$ 0.98	$ 0.28	$ 2.38	$ 1.08
Income from discontinued operations	1.62	0.04	1.82	0.11
Diluted earnings per common share	$ 2.60	$ 0.31	$ 4.19	$ 1.19
Diluted weighted-average shares outstanding	53,914	53,504	53,704	53,306
Dividends paid per common share	$ 0.09	$ 0.08	$ 0.27	$ 0.24
Net income	$ 140,287	$ 16,707	$ 225,274	$ 63,319
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustments	(17,823)	1,160	(14,093)	15,022
Pension and other post retirement plans	1,196	1,245	2,004	4,196
Change in cash flow hedges	2,450	334	110	1,437
Total other comprehensive income (loss), net of taxes	(14,177)	2,739	(11,979)	20,655
Comprehensive income, net	$ 126,110	$ 19,446	$ 213,295	$ 83,974

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,	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 225,274	$ 63,319
Net income from discontinued operations	(97,628)	(5,641)
Adjustments to reconcile net income to net cash (used in) provided by operating activities of continuing operations:		
Depreciation and amortization	47,021	39,118
Stock-based compensation	15,978	15,091
Asset impairment charges - restructuring	2,494	3,882
Provision for losses on accounts receivable	1,008	173
Amortization of debt discounts and issuance costs	2,753	1,984
Debt extinguishment, net	5,287	—
Fair value step-up of acquired inventory sold	5,401	—
Deferred income taxes	1,465	7,232
(Gain) loss on sale of assets and investments	(303)	155
Change in assets and liabilities, net of assets and liabilities acquired:		
Increase in accounts receivable	(81,825)	(34,914)
Increase in inventories	(135,473)	(101,553)
Increase in prepaid and other assets	(13,388)	(4,359)
Increase (decrease) in accounts payable, accrued liabilities, income taxes payable and operating lease liabilities	(44,864)	27,180
Other changes, net	1,799	1,647
Net cash (used in) provided by operating activities - continuing operations	(65,001)	13,314
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(33,516)	(24,949)
Acquired businesses, net of cash acquired	(851,464)	(2,242)
Proceeds from sale of business, net	295,712	—
Proceeds (payments) from investments	14,923	(4,658)
Proceeds from the sale of property, plant and equipment	89	116
Other, net	—	28
Net cash used in investing activities - continuing operations	(574,256)	(31,705)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(14,906)	(12,907)
Purchase of shares for treasury	(10,886)	(2,909)
Proceeds from long-term debt	984,314	20,587
Payments of long-term debt	(427,883)	(18,255)
Financing costs	(17,065)	(571)
Other, net	188	(272)
Net cash provided by (used in) financing activities - continuing operations	513,762	(14,327)

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,	
	2022	**2021**
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Net cash provided by operating activities	26,889	27,035
Net cash provided by (used in) investing activities	(2,627)	8,155
Net cash provided by discontinued operations	24,262	35,190
Effect of exchange rate changes on cash and equivalents	(2,733)	136
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(103,966)	2,608
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	248,653	218,089
CASH AND EQUIVALENTS AT END OF PERIOD	$ 144,687	$ 220,697

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).

On May 16, 2022, we announced that our Board of Directors initiated a process to review a comprehensive range of strategic alternatives to maximize shareholder value including a sale, merger, divestiture, recapitalization or other strategic transaction. There is no timeline for this review and there is no assurance that the Board of Director's review will result in any transaction being entered into or consummated. As previously announced, we do not intend to disclose further developments until our Board of Directors approves a specific transaction or otherwise concludes its review of strategic alternatives.

On September 27, 2021, Griffon announced it was exploring strategic alternatives for its Defense Electronics ("DE") segment, which consists of its Telephonics subsidiary. On June 27, 2022, we completed the sale of Telephonics to TTM Technologies, Inc. ("TTM") for $330,000 in cash, subject to customary post-closing adjustments. As a result, we have classified the results of operations of our Telephonics business as a discontinued operation in the Consolidated Statements of Operations for all periods presented and classified the related assets and liabilities associated with the discontinued operation as held for sale in the consolidated balance sheets. Accordingly, all references made to results and information in this Quarterly Report on Form 10-Q are to Griffon's continuing operations, unless noted otherwise. Telephonics is recognized globally as a leading provider of highly sophisticated intelligence, surveillance and communications solutions that are deployed across a wide range of land, sea and air applications. Telephonics designs, develops, manufactures and provides logistical support and lifecycle sustainment services to defense, aerospace and commercial customers worldwide.

On January 24, 2022, Griffon acquired Hunter Fan Company ("Hunter"), a market leader in residential ceiling, commercial, and industrial fans, from MidOcean Partners ("MidOcean") for a contractual purchase price of approximately $845,000, subject to customary post-closing adjustments. Hunter, which is part of Griffon's Consumer and Professional Products segment, complements and diversifies our portfolio of leading consumer brands and products. We financed the acquisition of Hunter with a new $800,000 seven year Term Loan B facility; we used a combination of cash on hand and revolving credit facility borrowings to fund the balance of the purchase price and related acquisition and debt expenditures.

Griffon conducts its operations through two reportable segments:

- Consumer and Professional Products ("CPP") is a leading North American manufacturer and a global provider of branded consumer and professional tools; residential, industrial and commercial fans; home storage and organization products; and products that enhance indoor and outdoor lifestyles. CPP sells products globally through a portfolio of leading brands including AMES, since 1774, Hunter, since 1886, True Temper, 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.

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 has impacted, and could continue to impact, our business and consolidated results of operations and financial condition. As of the date of this filing, all of Griffon's facilities are fully operational. We have implemented a variety of new policies and procedures, including additional cleaning, social distancing and restricting on-site visitors, to minimize the risk to our employees of contracting COVID-19. In the United States, we manufacture a substantial majority of the products that we sell. While this helps mitigate the effects of global supplier and transportation disruptions, we are still impacted and 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, 2021, 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, 2021 was derived from the audited financial statements included in Griffon's Annual Report on Form 10-K for the year ended September 30, 2021.

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 accounting principles generally accepted in the United States 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 expected loss allowances for doubtful accounts receivable and returns, net realizable value of inventories, restructuring reserves, valuation of goodwill and intangible assets, sales, assumptions associated with pension benefit obligations and income or expenses, useful lives associated with depreciation and amortization of intangible and fixed assets, warranty reserves, sales incentive accruals, assumption associated with stock based compensation valuation, income taxes and tax valuation reserves, environmental reserves, legal reserves, insurance reserves, the valuation of assets and liabilities of discontinued operations, assumptions associated with valuation of acquired assets and assumed liabilities of acquired companies 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.

On June 30, 2022, the fair values of Griffon's 2028 senior notes and Term Loan B facility approximated $888,759 and $473,100, respectively. Fair values were based upon quoted market prices (level 1 inputs).

Insurance contracts with values of $3,742 at June 30, 2022 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, 2022, marketable debt and equity securities, measured at fair value based on quoted prices in active markets for similar assets (level 2 inputs), with a fair value of $525 ($333 cost basis) were included in Prepaid and other current assets on the Consolidated Balance Sheets. Realized and unrealized gains and losses on marketable debt and equity 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, 2022, 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 U.S. dollars.

At June 30, 2022, Griffon had $27,000 of Australian dollar contracts at a weighted average rate of $1.33 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 gains of $2,116 ($1,482, net of tax) at June 30, 2022. Upon settlement, gains of $936 and $3,199 were recorded in COGS during the three and nine months ended June 30, 2022, respectively. All contracts expire in 29 to 90 days.

At June 30, 2022, Griffon had 61,000 of Chinese Yuan contracts at a weighted average rate of $6.57 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 $1,216 ($887, net of tax) at June 30, 2022. Upon settlement, (losses)/gains of $(220) and $434 were recorded in COGS during the three and nine months ended June 30, 2022, respectively. All contracts expire in 1 to 243 days.

At June 30, 2022, Griffon had $10,450 of Canadian dollar contracts at a weighted average rate of $1.26. The contracts, which protect Canadian operations from currency fluctuations for U.S. dollar based purchases, do not qualify for hedge accounting. For the three and nine months ended June 30, 2022, fair value gains of $223 and $225, respectively, were recorded to Other liabilities and to Other income for the outstanding contracts, based on similar contract values (level 2 inputs). Realized gains of $76 and $74 were recorded in Other income during the three and nine months ended June 30, 2022, respectively for all settled contracts. All contracts expire in 5 to 480 days.

(US dollars and non US currencies in thousands, except per share data)

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, and is the unit of accounting. 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 into 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).

The Company's performance obligations are recognized at a point in time related to the manufacture and sale of a broad range of products and components, and revenue is recognized when title, and risk and rewards of ownership, have transferred to the customer, which is generally upon shipment.

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, 2021. See Note 13 - Business Segments for revenue from contracts with customers disaggregated by end markets, segments and geographic location.

NOTE 4 – ACQUISITIONS

Griffon continually evaluates potential acquisitions that strategically fit within its portfolio or expand its portfolio into new product lines or adjacent markets. Griffon has completed a number of acquisitions that have been accounted for as business combinations, in which assets acquired and liabilities assumed are recorded at fair value as of the date of acquisition and have resulted in the recognition of goodwill. The operating results of the business acquisitions 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 January 24, 2022, Griffon completed the acquisition of Hunter, a market leader in residential ceiling, commercial, and industrial fans, for a contractual purchase price of $845,000, subject to customary post-closing adjustments. The acquisition was primarily financed with a new $800,000 seven year Term Loan B facility; we used a combination of cash on hand and revolver borrowings to fund the balance of the purchase price and related acquisition and debt expenditures. Hunter complements and diversifies Griffon's portfolio of leading consumer brands and products. Since the date of acquisition through June 30, 2022, Hunter's revenue was $176,623. The goodwill recognized was $281,668, which was assigned to the CPP segment, and is not expected to be deductible for income tax purposes. The final purchase price allocation, which is expected to be completed in the first quarter of fiscal 2023, will be based on final appraisals and other analysis of fair values of acquired assets and liabilities. The following unaudited proforma summary from continuing operations presents consolidated information as if the Company acquired Hunter on October 1, 2020:

	Proforma For the Three Months Ended June 30, (unaudited)		Proforma For the Nine Months Ended June 30, (unaudited)	
	2022	**2021**	**2022**	**2021**
Revenue	$ 768,179	$ 669,199	$ 2,230,056	$ 1,984,377
Income from continuing operations	52,782	11,149	127,299	65,811

(US dollars and non US currencies in thousands, except per share data)

Griffon did not include any material, nonrecurring proforma adjustments directly attributable to the business combination in the proforma revenue and earnings. These proforma amounts have been compiled by adding the historical results from continuing operations of Griffon, restated for classifying the results of operations of the Telephonics business as a discontinued operation, to the historical results of Hunter after applying Griffon's accounting policies and the following proforma adjustments:

- Depreciation and amortization that would have been charged assuming the preliminary fair value adjustments to property, plant, and equipment, and intangible assets had been applied from October 1, 2021.
- Additional interest and related expenses from the new $800,000 seven year Term Loan B facility that Griffon used to acquire Hunter Fan reduced by historical Hunter interest expense.
- The tax effects on the above adjustments using the statutory tax rate of 25.7% for Griffon and 27.1% for Hunter.

The calculation of the preliminary purchase price allocation is as follows:

Accounts receivable [(1)]	$	64,602
Inventories[(2)]		110,299
Other current assets		7,940
Property, plant and equipment		15,007
Operating lease right-of-use assets		12,447
Goodwill		281,668
Intangible assets		606,000
Total assets acquired	$	1,097,963
Accounts payable and accrued liabilities	$	71,205
Current portion of operating lease liabilities		3,323
Deferred tax liability(3)		161,381
Long-term operating lease liabilities		9,123
Other long-term liabilities		1,467
Total liabilities assumed	$	246,499
Total net assets acquired	$	851,464

(1) Includes $67,201 of gross accounts receivable of which $2,599 was not expected to be collected. The fair value of accounts receivable approximated book value acquired.
(2) Includes $113,287 of gross inventory of which $2,988 was reserved for obsolete items.
(3) Deferred tax liability recorded on intangibles assets.

The amounts assigned to goodwill and major intangible asset classifications for the Hunter acquisition are as follows:

			Average Life (Years)
Goodwill	$	281,668	N/A
Indefinite-lived intangibles (Hunter and Casablanca brands)		356,000	N/A
Definite-lived intangibles (Customer relationships)		250,000	20
Total goodwill and intangible assets	$	887,668	

On December 22, 2020, AMES acquired Quatro Design Pty Ltd ("Quatro"), a leading Australian manufacturer and supplier of glass fiber reinforced concrete landscaping products for residential, commercial, and public sector projects for a net purchase price of AUD $3,500 (approximately $2,700) in cash. The final purchase price allocated to goodwill and acquired intangibles was AUD $1,038 (approximately $784) and AUD $2,755 (approximately $2,082), respectively, which was assigned to the CPP segment, and is not deductible for income tax purposes.

(US dollars and non US currencies in thousands, except per share data)

During the nine months ended June 30, 2022, the Company incurred acquisition costs of $9,303. During the three months ended June 30, 2022, there were no acquisition costs. During the three and nine months ended June 30, 2021, acquisition costs were de minimis.

NOTE 5 – INVENTORIES

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

The following table details the components of inventory:

	At June 30, 2022	At September 30, 2021
Raw materials and supplies	$ 169,606	$ 133,684
Work in process	51,673	48,531
Finished goods	486,899	290,579
Total	$ 708,178	$ 472,794

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

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

	At June 30, 2022	At September 30, 2021
Land, building and building improvements	$ 154,187	$ 155,574
Machinery and equipment	550,899	520,110
Leasehold improvements	44,435	39,913
	749,521	715,597
Accumulated depreciation and amortization	(449,677)	(425,375)
Total	$ 299,844	$ 290,222

Depreciation and amortization expense for property, plant and equipment was $12,173 and $10,896 for the quarters ended June 30, 2022 and 2021, respectively, and $34,650 and $31,950 for the nine months ended June 30, 2022 and 2021, respectively. Depreciation included in Selling, general and administrative ("SG&A") expenses was $4,578 and $3,724 for the quarters ended June 30, 2022 and 2021, respectively, and $12,234 and $10,672 for the nine months ended June 30, 2022 and 2021, respectively. Remaining components of depreciation, attributable to manufacturing operations, are included in Cost of goods and services.

(US dollars and non US currencies in thousands, except per share data)

NOTE 7 – CREDIT LOSSES

The Company is exposed to credit losses primarily through sales of products and services. Trade receivables are recorded at their stated amount, less allowances for discounts, doubtful accounts and returns. The Company's expected loss allowance methodology for trade receivables is primarily based on the aging method of the accounts receivables balances and the financial condition of its customers. The allowances represent estimated uncollectible receivables associated with potential customer defaults on contractual obligations (usually due to customers' potential insolvency), discounts related to early payment of accounts receivables by customers and estimates for returns. The allowance for doubtful accounts includes amounts for certain customers in which a risk of default has been specifically identified, as well as an amount for customer defaults, based on a formula, when it is determined the risk of some default is probable and estimable, but cannot yet be associated with specific customers. Allowance for discounts and returns are recorded as a reduction of revenue and the provision related to the allowance for doubtful accounts is recorded in SG&A expenses.

The Company also considers current and expected future economic and market conditions, such as the COVID-19 pandemic, when determining any estimate of credit losses. Generally, estimates used to determine the allowance are based on assessment of anticipated payment and all other historical, current and future information that is reasonably available. All accounts receivable amounts are expected to be collected in less than one year.

Based on a review of the Company's policies and procedures across all segments, including the aging of its trade receivables, recent write-off history and other factors related to future macroeconomic conditions, Griffon determined that its method to determine credit losses and the amount of its allowances for bad debts is in accordance with the accounting guidance for credit losses on financial instruments, including trade receivables, in all material respects.

The following table provides a roll-forward of the allowance for credit losses that is deducted from the amortized cost basis of accounts receivable to present the net amount expected to be collected:

	Nine months ended June 30,	
	2022	2021
Beginning Balance, October 1	$ 8,787	$ 8,178
Allowance for credit losses acquired	2,599	—
Provision for expected credit losses	2,430	1,287
Amounts written off charged against the allowance	(159)	(238)
Other, primarily foreign currency translation	(116)	20
Ending Balance, June 30	$ 13,541	$ 9,247

(US dollars and non US currencies in thousands, except per share data)

NOTE 8 – GOODWILL AND OTHER INTANGIBLES

The following table provides changes in the carrying value of goodwill by segment during the nine months ended June 30, 2022:

	At September 30, 2021	Hunter Acquisition	Foreign currency translations adjustments	At June 30, 2022
Consumer and Professional Products	$ 234,895	$ 281,668	$ (2,460)	$ 514,103
Home and Building Products	191,253	—	—	191,253
Total	$ 426,148	$ 281,668	$ (2,460)	$ 705,356

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

	At June 30, 2022			At September 30, 2021	
	Gross Carrying Amount	Accumulated Amortization	Average Life (Years)	Gross Carrying Amount	Accumulated Amortization
Customer relationships & other	$ 435,724	$ 87,009	23	$ 187,732	$ 75,794
Technology and patents	13,859	2,851	13	13,429	2,439
Total amortizable intangible assets	449,583	89,860		201,161	78,233
Trademarks	579,301	—		227,097	—
Total intangible assets	$ 1,028,884	$ 89,860		$ 428,258	$ 78,233

The gross carrying amount of intangible assets was impacted by $4,630 related to foreign currency translation.

Amortization expense for intangible assets was $5,514 and $2,409 for the quarters ended June 30, 2022 and 2021, respectively, and $12,371 and $7,168 for the nine months ended June 30, 2022 and 2021, respectively. The increase in intangible assets and amortization is related to the Hunter acquisition.

Amortization expense for the remainder of 2022 and the next five fiscal years and thereafter, based on current intangible balances and classifications, is estimated as follows: 2022 - $5,462; 2023 - $22,000; 2024 - $22,000; 2025 - $22,000; 2026 - $22,000; 2027 - $22,000; thereafter $244,261.

During the nine months ended June 30, 2022, the Company determined that there were no triggering events and, as a result, there was no impairment to either its goodwill or indefinite-lived intangible assets at June 30, 2022.

NOTE 9 – INCOME TAXES

During the quarter ended June 30, 2022, the Company recognized a tax provision of $23,268 on income before taxes from continuing operations of $76,050, compared to a tax provision of $12,078 on income before taxes from continuing operations of $26,893 in the comparable prior year quarter. The current year quarter results included restructuring charges of $5,909 ($4,359, net of tax), fair value step-up of acquired inventory sold of $2,700 ($2,005, net of tax), strategic review (retention and other) of $3,220 ($2,416, net of tax), debt extinguishment, net of $5,287 ($4,022, net of tax), and discrete and certain other tax provisions, net, that affect comparability of $913. The prior year quarter results included restructuring charges of $4,081 ($3,128, net of tax), and discrete tax and certain other tax provisions, net, that affect comparability of $2,850. Excluding these items, the effective tax rates for the quarters ended June 30, 2022 and 2021 were 28.6% and 32.9%, respectively.

During the nine months ended June 30, 2022, the Company recognized a tax provision of $55,119 on income before taxes of $182,765, compared to a tax provision of $34,868 on income before taxes of $92,546 in the comparable prior year period. The nine month period ended June 30, 2022 included restructuring charges of $12,391 ($9,185, net of tax), acquisition costs of $9,303 ($8,149, net of tax), proxy expenses of $6,952 ($5,359, net of tax), fair value step-up of acquired inventory sold of $5,401 ($4,012, net of tax), strategic review (retention and other) of $3,220 ($2,416, net of tax), debt extinguishment, net $5,287 ($4,022, net of tax), and discrete and certain other tax benefits, net, that affect comparability of $661. The nine month period ended June 30, 2021 included restructuring charges of $14,662 ($11,034, net of tax), and discrete tax and certain other tax provisions, net, that affect comparability of $3,219. Excluding these items, the effective tax rates for the nine months ended June 30, 2022 and 2021 were 28.9% and 32.9%, respectively.

(US dollars and non US currencies in thousands, except per share data)

NOTE 10 – LONG-TERM DEBT

		At June 30, 2022					At September 30, 2021				
		Outstanding Balance	**Original Issuer Premium/(Discount)**	**Capitalized Fees & Expenses**	**Balance Sheet**	**Coupon Interest Rate**	**Outstanding Balance**	**Original Issuer Premium/(Discount)**	**Capitalized Fees & Expenses**	**Balance Sheet**	**Coupon Interest Rate**
Senior notes due 2028	(a)	$ 984,775	$ 278	(11,562)	$ 973,491	5.75 %	$1,000,000	$ 315	$(13,293)	$ 987,022	5.75 %
Term Loan B due 2029	(b)	498,000	(1,187)	(9,174)	487,639	Variable	—	— —	—	—	n/a
Revolver due 2025	(b)	97,816	—	(1,350)	96,466	Variable	13,483	—	(1,718)	11,765	Variable
Finance lease - real estate	(c)	13,426	—	—	13,426	Variable	14,594	—	(4)	14,590	Variable
Non US lines of credit	(d)	—	—	(6)	(6)	Variable	3,012	—	(17)	2,995	Variable
Non US term loans	(d)	14,193	—	(39)	14,154	Variable	25,684	—	(91)	25,593	Variable
Other long term debt	(e)	2,625	—	(13)	2,612	Variable	3,733	—	(15)	3,718	Variable
Totals		1,610,835	(909)	(22,144)	1,587,782		1,060,506	315	(15,138)	1,045,683	
less: Current portion		(13,085)	—	—	(13,085)		(12,486)	—	—	(12,486)	
Long-term debt		$1,597,750	$ (909)	$(22,144)	$1,574,697		$1,048,020	$ 315	$(15,138)	$1,033,197	

(US dollars and non US currencies in thousands, except per share data)

		Three Months Ended June 30, 2022					Three Months Ended June 30, 2021				
		Effective Interest Rate	Cash Interest	Amort. Debt (Premium)/Discount	Amort. Debt Issuance Costs & Other Fees	Total Interest Expense	Effective Interest Rate	Cash Interest	Amort. Debt Premium	Amort. Debt Issuance Costs & Other Fees	Total Interest Expense
Senior notes due 2028	(a)	6.0 %	$ 14,340	$ (12)	$ 516	$ 14,844	6.0 %	$ 14,375	$ (12)	$ 496	$ 14,859
Term Loan B due 2029	(b)	3.9 %	7,129	61	485	7,675	n/a	—	—	—	—
Revolver due 2025	(b)	Variable	1,056	—	123	1,179	Variable	344	—	123	467
Finance lease - real estate	(c)	5.6 %	187	—	—	187	5.7 %	215	—	6	221
Non US lines of credit	(d)	Variable	4	—	5	9	Variable	4	—	4	8
Non US term loans	(d)	Variable	141	—	9	150	Variable	169	—	18	187
Other long term debt	(e)	Variable	54	—	—	54	Variable	107	—	—	107
Capitalized interest			(76)	—	—	(76)		—	—	—	—
Totals			$ 22,835	$ 49	$ 1,138	$ 24,022		$ 15,214	$ (12)	$ 647	$ 15,849

		Nine Months Ended June 30, 2022					Nine Months Ended June 30, 2021				
		Effective Interest Rate	Cash Interest	Amort. Debt (Premium)/Discount	Amort. Debt Issuance Costs & Other Fees	Total Interest Expense	Effective Interest Rate	Cash Interest	Amort. Debt Premium	Amort. Debt Issuance Costs & Other Fees	Total Interest Expense
Senior notes due 2028	(a)	6.0 %	$ 43,090	$ (36)	$ 1,552	$ 44,606	6.0 %	$ 43,125	$ (35)	$ 1,566	$ 44,656
Term Loan B due 2029	(b)	3.7 %	11,896	91	717	12,704	n/a	—	—	—	—
Revolver due 2025	(b)	Variable	2,307	—	368	2,675	Variable	760	—	368	1,128
Finance lease - real estate	(c)	5.6 %	577	—	4	581	5.4 %	671	—	19	690
Non US lines of credit	(d)	Variable	14	—	12	26	Variable	11	—	12	23
Non US term loans	(d)	Variable	492	—	44	536	Variable	503	—	53	556
Other long term debt	(e)	Variable	212	—	1	213	Variable	329	—	1	330
Capitalized interest			(230)	—	—	(230)		(13)	—	—	(13)
Totals			$ 58,358	$ 55	$ 2,698	$ 61,111		$ 45,386	$ (35)	$ 2,019	$ 47,370

(a) During 2020, Griffon issued, at par, $1,000,000 of 5.75% Senior Notes due in 2028 (the "2028 Senior Notes"). Proceeds from the 2028 Senior Notes were used to redeem $1,000,000 of 5.25% Senior Notes due 2022. During the period ended June 30, 2022, Griffon purchased $15,225 of 2028 Senior Notes in the open market at a weighted average discount of 92.19% of par, or $14,036. In connection with these purchases, Griffon recognized a $1,009 net gain on the early extinguishment of debt comprised of $1,189 of face value in excess of purchase price, offset by $180 related to the write-off of underwriting fees and other expenses. As of June 30, 2022, outstanding 2028 Senior Notes due totaled $984,775; interest is payable semi-annually on March 1 and September 1. Subsequent to June 30, 2022, Griffon purchased $10,000 of 2028 Senior Notes in the open market at a weighted average discount of 91.25% of par, or $9,125.

The 2028 Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries, and subject to certain covenants, limitations and restrictions. The 2028 Senior Notes were registered under the Securities Act of 1933, as amended (the "Securities Act") via an exchange offer. The fair value of the 2028 Senior Notes approximated $888,759 on June 30, 2022 based upon quoted market prices (level 1 inputs). In connection with the issuance and exchange of the 2028 Senior Notes, Griffon capitalized $16,448 of underwriting fees and other expenses incurred, which is being amortized over the term of such notes, and at June 30, 2022, $11,562 remained to be amortized.

(b) On January 24, 2022, Griffon amended and restated its Revolving Credit Facility (as amended, "Credit Agreement") to provide for a new $800,000 Term Loan B facility, due January 24, 2029, in addition to its current $400,000 revolving credit facility ("Revolver"), and replaced LIBOR with SOFR (Secured Overnight Financing Rate). The Term Loan B contains a SOFR floor of 0.50% and a current spread of 2.75%. Additionally, there are two interest rate step-downs tied to achieving decreased secured leverage ratio thresholds. The Original Issue Discount for the Term Loan B was 99.75%. In connection with this amendment, Griffon capitalized $15,466 of underwriting fees and other expenses incurred, which are being amortized over the term of the loan.

The Term Loan B facility requires nominal quarterly principal payments of $2,000, beginning with the quarter ended June 30, 2022; potential additional annual principal payments based on a percentage of excess cash flow and certain secured leverage thresholds starting with the fiscal year ending September 30, 2023; and a final balloon payment due at maturity. Term Loan B borrowings may generally be repaid without penalty but may not be re-borrowed. During the period ended June 30, 2022, Griffon prepaid $300,000 aggregate principal amount of the Term Loan B, which permanently reduced the outstanding balance. In connection with the prepayment of the Term Loan B Griffon recognized a $6,296 charge on the prepayment of debt, $5,575 related to the write-off of underwriting fees and other expenses and $721 of the original issuer discount. The Term Loan B facility is subject to the same affirmative and negative covenants that apply to the Revolver, but is not subject to any financial maintenance covenants. Term Loan B borrowings are secured by the same collateral as the Revolver. The fair value of the Term Loan B facility approximated $473,100 on June 30, 2022 based upon quoted market prices (level 1 inputs). At June 30, 2022, $9,174 of underwriting fees and other expenses incurred, remained to be amortized.

The Revolver's maximum borrowing availability is $400,000 and it matures on March 22, 2025. The Revolver includes a letter of credit sub-facility with a limit of $100,000; a multi-currency sub-facility of $200,000; 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.

In addition, on December 9, 2021, Griffon replaced the Revolver GBP LIBOR benchmark rate with a Sterling Overnight Index Average ("SONIA"). Borrowings under the Revolver may be repaid and re-borrowed at any time. Interest is payable on borrowings at either a SOFR, SONIA or base rate benchmark rate, plus an applicable margin, which adjusts based on financial performance. Current margins are 0.75% for base rate loans, 1.75% for SOFR loans and 1.75% for SONIA loans. The Revolver 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. Both the Revolver and Term Loan B 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, 2022, there were $97,816 of outstanding borrowings under the Revolver; outstanding standby letters of credit were $12,287; and $289,897 was available, subject to certain loan covenants, for borrowing at that date.

(c) Griffon has one finance lease outstanding for real estate located in Ocala, Florida. The lease matures in 2025 and bears interest at a fixed rate of approximately 5.6%. The Ocala, Florida lease contains two five-year renewal options. At June 30, 2022, $13,426 was outstanding. During the year-to-date period ended June 30, 2022, the financing lease on the Troy, Ohio location expired. The lease bore interest at a rate of approximately 5.0%, was secured by a mortgage on the real estate, which was guaranteed by Griffon, and had a one dollar buyout at the end of the lease. Griffon exercised the one dollar buyout option in November 2021. Refer to Note 21- Leases for further details.

(d) In November 2012, Garant G.P. (“Garant”), a Griffon wholly owned subsidiary, entered into a CAD 15,000 ($11,666 as of June 30, 2022) revolving credit facility. The facility accrues interest at LIBOR (USD) or the Bankers Acceptance Rate (CDN) plus 1.3% per annum (3.09% LIBOR USD and 3.86% Bankers Acceptance Rate CDN as of June 30, 2022). The revolving facility matures in October 2022, but is renewable upon mutual agreement with the lender. Garant is required to maintain a certain minimum equity. At June 30, 2022, there were no outstanding borrowings under the revolving credit facility with CAD 15,000 ($11,666 as of June 30, 2022) available.

During the period ended March 31,2022, Griffon Australia Holdings Pty Ltd and its Australian subsidiaries (collectively, "Griffon Australia") amended its AUD 18,375 term loan, AUD 20,000 revolver and AUD 15,000 receivable purchase facility agreement that was entered into in July 2016 and further amended in fiscal 2020. Griffon Australia paid off the term loan in the amount of AUD 9,625 and canceled the AUD 20,000 revolver. The amendment refinanced the existing AUD 15,000 receivable purchase facility. The receivable purchase facility matures in March 2023, but is renewable upon mutual agreement with the lender. The receivable purchase facility accrues interest at BBSY (Bank Bill Swap Rate) plus 1.25%, respectively, per annum (2.39% at June 30, 2022). At June 30, 2022, there was no balance outstanding under the receivable purchase facility with AUD 15,000 ($10,392 as of June 30, 2022) available. The receivable purchase facility is secured by substantially all of the assets of Griffon Australia and its subsidiaries. Griffon Australia is required to maintain a certain minimum equity level.

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 438 and GBP 105 plus interest, respectively, and have balloon payments due upon maturity, July 2023, of GBP 7,088 and GBP 2,349, respectively. Effective in January 2022, the Term Loan and Mortgage Loan were amended to replace GBP LIBOR with SONIA. The Term Loan and Mortgage Loans each accrue interest at the SONIA Rate plus 1.92% (3.11% at June 30, 2022). The revolving facility accrues interest at the Bank of England Base Rate plus 3.25% (4.50% as of June 30, 2022). The revolving credit facility matures in September 2022, but is renewable upon mutual agreement with the lender. As of June 30, 2022, the revolver had no outstanding balance while the term and mortgage loan balances amounted to GBP 11,603 ($14,193 as of June 30, 2022). The revolver and the term loan are both secured by substantially all the assets of AMES UK and its subsidiaries. AMES UK is subject to a maximum leverage ratio and a minimum fixed charges cover ratio. During the period ended March 31, 2022, AMES UK entered into a $8,500 trade loan facility agreement. The trade loan facility has a maximum loan period of 135 days and expired on June 30, 2022. The trade facility accrues interest at the Mid-point of the FED Target Range plus 2.50% (4.13% as of June 30, 2022).

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

At June 30, 2022, Griffon and its subsidiaries were in compliance with the terms and covenants of all credit and loan agreements.

NOTE 11 — SHAREHOLDERS’ EQUITY

During the nine months ended June 30, 2022, the Company paid three quarterly cash dividends of $0.09 per share each. During 2021, the Company paid a quarterly cash dividend of $0.08 per share, totaling $0.32 per share for the year.

On June 27, 2022, the Board of Directors declared a special cash dividend of $2.00 per share, payable on July 20, 2022 to shareholders of record as of the close of business on July 8, 2022. On July 27, 2022, the Board of Directors declared a quarterly cash dividend of $0.09 per share, payable on September 15, 2022 to shareholders of record as of the close of business on August 18, 2022. As of June 30, 2022, the Company accrued $104,053 in connection with the declaration of the special dividend. For all dividends, a dividend payable is established for the holders of restricted shares; such dividends will be released upon vesting of the underlying restricted shares.

On January 29, 2016, shareholders approved the Griffon Corporation 2016 Equity Incentive Plan (the "Original Incentive Plan") pursuant to which, among other things, 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 Original Incentive Plan pursuant to which, among other things, 1,000,000 shares were added to the Original Incentive Plan; and on January 30, 2020, shareholders approved Amendment No. 2 to the Original Incentive Plan, pursuant to which 1,700,000 shares were added to the Original Incentive Plan. On February 17, 2022, shareholders approved the Amended and Restated 2016 Equity Incentive Plan (the “Amended Incentive Plan”), which amended and restated the Original Incentive Plan and pursuant to which, among other things, 1,200,000 shares were added to the Original Incentive Plan. Options granted under the Amended 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 Amended Incentive Plan is 6,250,000 (600,000 of which may be issued as incentive stock options), plus (i) any shares that were reserved for issuance under the Original Incentive Plan as of the effective date of the Original Incentive Plan, and (ii) any shares underlying awards outstanding on such date under the 2011 Incentive Plan that were subsequently canceled or forfeited. As of June 30, 2022, there were 835,517 shares available for grant.

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.

During the first quarter of 2022, Griffon granted 236,973 shares of restricted stock and restricted stock units. This included 218,162 shares of restricted stock and restricted stock units, subject to certain performance conditions, with vesting periods of thirty-four months, with a total fair value of $6,285, or a weighted average fair value of $28.81 per share. Furthermore, this included an 18,811 shares of restricted stock award granted to one executive, with a vesting period of three years and a total fair value of $507 or a weighted average fair value of $26.97 per share.

During the second quarter of 2022, Griffon granted 711,725 shares of restricted stock. This included 199,195 shares of restricted stock to nine executives with a vesting period of three years, with a total fair value of $1,494, or a weighted average fair value of $22.50 per share. This also included 454,146 shares of restricted stock granted to two senior executives with a vesting period of thirty-four months and a two-year post-vesting holding period, subject to the achievement of certain performance conditions relating to required levels of return on invested capital and the relative total shareholder return of Griffon's common stock as compared to a market index. So long as the minimum performance condition is attained, the amount of shares that can vest will range from 113,538 to 454,146. The total fair value of these restricted shares, assuming achievement of the performance conditions at target, is approximately $5,456, or a weighted average fair value of $24.03 per share. Additionally, Griffon granted 58,384 restricted shares to the non-employee directors of Griffon with a vesting period of one year and a fair value of $1,375, or a weighted average fair value of $23.55 per share. During the nine months ended June 30, 2022, 501,718 shares granted were issued out of treasury stock.

During the third quarter of 2022, Griffon granted 31,663 shares of restricted stock. This included 31,208 shares of restricted stock, subject to certain performance conditions, with vesting periods of thirty-two months, with a total fair value of $700, or a weighted average fair value of $22.43 per share. Furthermore, this included 455 shares of a restricted stock award granted to one executive, with a vesting period of 3 years and a total fair value of $9 or a weighted average fair value of $18.89 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,	
	2022	2021	2022	2021
Restricted stock	$ 5,130	$ 4,544	$ 13,334	$ 12,321
ESOP	889	1,046	2,644	2,770
Total stock based compensation	$ 6,019	$ 5,590	$ 15,978	$ 15,091

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 nine months ended June 30, 2022, Griffon did not purchase any shares of common stock under these repurchase programs. As of June 30, 2022, an aggregate of $57,955 remains under Griffon's Board authorized repurchase programs.

During the nine months ended June 30, 2022, 421,860 shares, with a market value of $10,742, or $25.46 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, 2022, an additional 5,480 shares, with a market value of $144, or $26.31 per share, were withheld from common stock issued upon the vesting of restricted stock units to settle employee taxes due upon vesting.

NOTE 12 – EARNINGS PER SHARE (EPS)

Basic EPS 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,	
	2022	2021	2022	2021
Common shares outstanding	57,064	56,677	57,064	56,677
Unallocated ESOP shares	(1,396)	(1,912)	(1,396)	(1,912)
Non-vested restricted stock	(3,565)	(3,814)	(3,565)	(3,814)
Impact of weighted average shares	(369)	(48)	(576)	(172)
Weighted average shares outstanding - basic	51,734	50,903	51,527	50,779
Incremental shares from stock based compensation	2,180	2,601	2,177	2,527
Weighted average shares outstanding - diluted	53,914	53,504	53,704	53,306

(US dollars and non US currencies in thousands, except per share data)

NOTE 13 – BUSINESS SEGMENTS

Griffon reports its operations through two reportable segments, as follows:

- Consumer and Professional Products ("CPP") is a leading North American manufacturer and a global provider of branded consumer and professional tools; residential, industrial and commercial fans; home storage and organization products; and products that enhance indoor and outdoor lifestyles. CPP sells products globally through a portfolio of leading brands including AMES, since 1774, Hunter, since 1886, True Temper, and ClosetMaid.

- Home and Building Products ("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.

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	**2022**	**2021**	**2022**	**2021**
Consumer and Professional Products	$ 362,634	$ 324,826	$ 1,056,819	$ 947,739
Home and Building Products	405,545	259,392	1,082,726	752,684
Total revenue	$ 768,179	$ 584,218	$ 2,139,545	$ 1,700,423

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,	
	2022	**2021**	**2022**	**2021**
Residential repair and remodel	$ 47,126	$ 50,165	$ 136,363	$ 146,325
Retail	191,284	154,212	538,355	447,206
Residential new construction	11,387	12,147	33,733	40,202
Industrial	24,748	12,708	57,122	32,197
International excluding North America	88,089	95,594	291,246	281,809
Total Consumer and Professional Products	362,634	324,826	1,056,819	947,739
Residential repair and remodel	194,526	127,827	511,988	374,769
Commercial construction	167,173	102,754	455,338	293,444
Residential new construction	43,846	28,811	115,400	84,471
Total Home and Building Products	405,545	259,392	1,082,726	752,684
Total Consolidated Revenue	$ 768,179	$ 584,218	$ 2,139,545	$ 1,700,423

(US dollars and non US currencies in thousands, except per share data)

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

	For the Three Months Ended June 30,					
	2022			2021		
	CPP	HBP	Total	CPP	HBP	Total
United States	$ 248,068	$ 384,265	$ 632,333	$ 206,809	$ 246,268	$ 453,077
Europe	31,113	7	31,120	43,767	31	43,798
Canada	19,592	15,683	35,275	20,547	10,724	31,271
Australia	55,142	—	55,142	51,437	—	51,437
All other countries	8,719	5,590	14,309	2,266	2,369	4,635
Consolidated revenue	$ 362,634	$ 405,545	$ 768,179	$ 324,826	$ 259,392	$ 584,218

	For the Nine Months Ended June 30, 2022					
	2022			2021		
	CPP	HBP	Total	CPP	HBP	Total
United States	$ 677,714	$ 1,031,650	$ 1,709,364	$ 595,619	$ 713,754	$ 1,309,373
Europe	96,226	51	96,277	95,888	72	95,960
Canada	73,249	41,574	114,823	64,440	32,009	96,449
Australia	191,679	—	191,679	184,668	—	184,668
All other countries	17,951	9,451	27,402	7,124	6,849	13,973
Consolidated revenue	$ 1,056,819	$ 1,082,726	$ 2,139,545	$ 947,739	$ 752,684	$ 1,700,423

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:

(US dollars and non US currencies in thousands, except per share data)

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2022	2021	2022	2021
Segment adjusted EBITDA:				
Consumer and Professional Products	$ 28,373	$ 29,388	$ 92,431	$ 99,524
Home and Building Products	119,847	42,156	280,618	130,585
Segment adjusted EBITDA	148,220	71,544	373,049	230,109
Unallocated amounts, excluding depreciation *	(13,405)	(11,464)	(39,724)	(36,810)
Adjusted EBITDA	134,815	60,080	333,325	193,299
Net interest expense	(23,961)	(15,800)	(60,985)	(46,973)
Depreciation and amortization	(17,688)	(13,306)	(47,021)	(39,118)
Debt extinguishment, net	(5,287)	—	(5,287)	—
Restructuring charges	(5,909)	(4,081)	(12,391)	(14,662)
Acquisition costs	—	—	(9,303)	—
Strategic review - retention and other	(3,220)	—	(3,220)	—
Proxy expenses	—	—	(6,952)	—
Fair value step-up of acquired inventory sold	(2,700)	—	(5,401)	—
Income before taxes from continuing operations	$ 76,050	$ 26,893	$ 182,765	$ 92,546

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

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
DEPRECIATION and AMORTIZATION	2022	2021	2022	2021
Segment:				
Consumer and Professional Products	$ 13,434	$ 8,781	$ 33,831	$ 25,600
Home and Building Products	4,116	4,375	12,778	13,095
Total segment depreciation and amortization	17,550	13,156	46,609	38,695
Corporate	138	150	412	423
Total consolidated depreciation and amortization	$ 17,688	$ 13,306	$ 47,021	$ 39,118
CAPITAL EXPENDITURES				
Segment:				
Consumer and Professional Products	$ 8,558	$ 5,365	$ 24,742	$ 19,085
Home and Building Products	2,891	1,723	8,643	5,836
Total segment	11,449	7,088	33,385	24,921
Corporate	37	26	131	28
Total consolidated capital expenditures	$ 11,486	$ 7,114	$ 33,516	$ 24,949

(US dollars and non US currencies in thousands, except per share data)

ASSETS	At June 30, 2022	At September 30, 2021
Segment assets:		
Consumer and Professional Products	$ 2,575,836	$ 1,377,618
Home and Building Products	741,386	666,422
Total segment assets	3,317,222	2,044,040
Corporate	183,900	280,802
Total continuing assets	3,501,122	2,324,842
Discontinued operations - held for sale	—	275,814
Other discontinued operations	3,110	4,029
Consolidated total	$ 3,504,232	$ 2,604,685

NOTE 14 – 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,	
	2022	2021	2022	2021
Interest cost	$ 943	$ 745	$ 2,650	$ 2,234
Expected return on plan assets	(2,905)	(2,544)	(8,329)	(7,633)
Amortization:				
Recognized actuarial loss	844	1,573	2,534	4,719
Net periodic expense (income)	$ (1,118)	$ (226)	$ (3,145)	$ (680)

NOTE 15 – RECENT ACCOUNTING PRONOUNCEMENTS

Issued but not yet effective accounting pronouncements

In October 2021, the Financial Accounting Standards Board ("FASB") issued ASU No. 2021-08, *Business Combinations (Topic 805); Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. This new guidance affects all entities that enter into a business combination within the scope of ASC 805-10. Under this new guidance, the acquirer should determine what contract assets and/or liabilities it would have recorded under ASC 606 (Revenue Guidance) as of the acquisition date, as if the acquirer had entered into the original contract at the same date and on the same terms as the acquirer. Under current U.S. GAAP, contract assets and contract liabilities acquired in a business combination are recorded by the acquirer at fair value. This update is effective for the Company beginning in fiscal 2023. Early adoption is permitted. The Company is currently evaluating the effects that the adoption of this guidance will have on our consolidated financial statements and related disclosures.

New Accounting Standards Implemented

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. This guidance became effective for the Company beginning in fiscal 2022. We adopted the recognition of non-income taxes on the modified retrospective basis. Adoption of this standard did not have a material impact on our consolidated financial statements and the related disclosures.

(US dollars and non US currencies in thousands, except per share data)

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 was effective for the Company in our fiscal year beginning in October 1, 2021. Adoption of this standard did not have a material impact on our consolidated financial statements and the 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 16 – DISCONTINUED OPERATIONS

On September 27, 2021, Griffon announced it was exploring strategic alternatives for its DE segment, which consists of its Telephonics subsidiary. On June 27, 2022, Griffon completed the sale of Telephonics to TTM for $330,000 in cash, subject to customary post-closing adjustments. In connection with the sale of Telephonics, the Company recorded a gain of $108,949 ($88,977, net of tax) during the quarter ended June 30, 2022. The gain and related tax for the sale of Telephonics is preliminary and is subject to finalization.

In accordance with ASC 205-20 Presentation of Financial Statements: Discontinued Operations, a disposal of a component of an entity or a group of components of an entity is required to be reported as discontinued operations if the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the component of an entity meets the criteria in paragraph 205-20-45-10. In the period in which the component meets held-for-sale or discontinued operations criteria, the major current assets, other assets, current liabilities, and noncurrent liabilities shall be reported as components of total assets and liabilities separate from those balances of the continuing operations. At the same time, the results of all discontinued operations, less applicable income taxes (benefit), shall be reported as components of net income (loss) separate from the net income (loss) of continuing operations.

Defense Electronics (DE or Telephonics)

The following amounts related to Telephonics have been segregated from Griffon's continuing operations and are reported as a discontinued operation:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2022	2021	2022	2021
Revenue	$ 50,795	$ 62,574	$ 161,061	$ 190,492
Cost of goods and services	39,059	52,780	125,208	166,292
Gross profit	11,736	9,794	35,853	24,200
Selling, general and administrative expenses	6,114	7,875	26,423	27,102
Income (loss) from discontinued operations	5,622	1,919	9,430	(2,902)
Other income (expense)				
Interest income, net	—	—	2	1
Gain on sale of business	108,949	—	108,949	5,291
Other, net	(1,114)	261	(604)	1,166
Total other income (expense)	107,835	261	108,347	6,458
Income from discontinued operations before taxes	$ 113,457	$ 2,180	$ 117,777	$ 3,556
Provision (benefit) for income taxes	25,952	288	20,149	(2,085)
Income from discontinued operations	$ 87,505	$ 1,892	$ 97,628	$ 5,641

Depreciation and amortization was excluded from the current year results since DE is classified as a discontinued operation and, accordingly, the Company ceased depreciation and amortization in accordance with discontinued operations accounting guidelines. Depreciation and amortization would have been approximately $2,342 and $7,442 in the three and nine months ended June 30, 2022, respectively.

(US dollars and non US currencies in thousands, except per share data)

The Company completed the sale of Telephonics on June 27, 2022. The following amounts related to Telephonics that were classified as assets and liabilities of discontinued operations held for sale in the consolidated balance sheet as of September 30, 2021:

		At September 30, 2021
CURRENT ASSETS		
Accounts receivable, net	$	42,020
Contract assets, net of progress payments		72,983
Inventories		83,970
Prepaid and other current assets		4,409
PROPERTY, PLANT AND EQUIPMENT, net		47,771
OPERATING LEASE RIGHT-OF-USE ASSETS		1,167
GOODWILL		17,734
INTANGIBLE ASSETS, net		131
OTHER ASSETS		5,629
Total Assets	$	275,814
CURRENT LIABILITIES		
Accounts payable		60,588
Accrued liabilities		15,326
Current portion of operating lease liabilities		287
LONG-TERM OPERATING LEASE LIABILITIES		867
OTHER LIABILITIES		3,955
Total Liabilities	$	81,023

The following amounts summarize the total assets and liabilities related to Telephonics, 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, 2022		At September 30, 2021
Assets of discontinued operations:				
Prepaid and other current assets	$	487	$	605
Other long-term assets		2,623		3,424
Total assets of discontinued operations	$	3,110	$	4,029
Liabilities of discontinued operations:				
Accrued liabilities, current	$	30,806	$	3,280
Other long-term liabilities		3,825		3,794
Total liabilities of discontinued operations	$	34,631	$	7,074

Accrued liabilities as of June 30, 2022 includes the Company's obligation of $27,703 in connection with the sale of Telephonics primarily related to income taxes payable. At June 30, 2022 and September 30, 2021, Griffon's liabilities for Installations Services and other discontinued operations primarily relate to insurance claims, warranty and environmental reserves total $6,928 and $7,074, respectively.

There was no reported revenue in the quarter and nine month period ended June 30, 2022 and 2021 for Installations Services and other discontinued operations.

(US dollars and non US currencies in thousands, except per share data)

NOTE 17 – 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, and on November 12, 2020, Griffon announced that CPP is broadening this strategic initiative to include additional North American facilities, the AMES United Kingdom (U.K.) and Australia businesses, and a manufacturing facility in China. On April 28, 2022, Griffon announced an accelerated timeline and reduced scope for the initiative, which will now be completed by the end of fiscal 2022. These changes reflect the rapid progress made with the initiative, and reduced investment in facilities expansion and equipment given recent significant increases in construction and equipment costs. Any remaining expenditures, after the end of fiscal 2022, including those related to the deployment of AMES' global information systems, will be included in the continuing operations of the business. Future investments in equipment, particularly for automation, will be part of normal-course annual capital expenditures.

This initiative includes three key development areas. First, certain AMES U.S. and global operations will be consolidated to optimize facilities footprint and talent. Second, 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. Third, multiple independent information systems will be unified into a single data and analytics platform, which will serve the whole AMES global enterprise.

When fully implemented and the efficiencies are fully realized, we expect annual cash savings of $25,000 (previously $30,000 to $35,000). The cost to implement this new business platform, over the duration of the project, will now include one-time charges of approximately $50,000 (previously $65,000) and capital investments of approximately $15,000 (previously $65,000), net of future proceeds from the sale of exited facilities.

In the quarter and nine months ended June 30, 2022, CPP incurred pre-tax restructuring and related exit costs approximating $5,909 and $12,391, respectively. During the nine months ended June 30, 2022, cash charges totaled $9,897 and non-cash, asset-related charges totaled $2,494; the cash charges included $3,751 for one-time termination benefits and other personnel-related costs and $6,146 for facility exit costs. Non-cash charges included a $1,766 impairment charge related to certain fixed assets at several manufacturing locations and $728 of inventory that have no recoverable value. During the nine months ended June 30, 2022, headcount was reduced by 20.

In the quarter and nine months ended June 30, 2021, CPP incurred pre-tax restructuring and related exit costs approximating $4,081 and $14,662, respectively. During the nine months ended June 30, 2021, cash charges totaled $10,780 and non-cash, asset-related charges totaled $3,882; the cash charges included $1,783 for one-time termination benefits and other personnel related costs and $8,997 for facility and lease exit costs primarily driven by the consolidation of distribution facilities. Non-cash charges of $3,882 predominantly related to inventory that have no recoverable value.

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

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2022	2021	2022	2021
Cost of goods and services	$ 2,441	$ 696	$ 5,218	$ 4,574
Selling, general and administrative expenses	3,468	3,385	7,173	10,088
Total restructuring charges	$ 5,909	$ 4,081	$ 12,391	$ 14,662

(US dollars and non US currencies in thousands, except per share data)

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2022	2021	2022	2021
Personnel related costs	$ 1,613	$ 698	$ 3,751	$ 1,782
Facilities, exit costs and other	3,857	2,190	6,146	8,997
Non-cash facility and other	439	1,193	2,494	3,883
Total	$ 5,909	$ 4,081	$ 12,391	$ 14,662

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, 2021	$ 418	$ 264	$ —	$ 682
Q1 Restructuring charges	260	1,167	289	1,716
Q1 Cash payments	(275)	(1,167)	—	(1,442)
Q1 Non-cash charges	—	—	(289)	(289)
Accrued liability at December 31, 2021	$ 403	$ 264	$ —	$ 667
Q2 Restructuring charges	1,878	1,122	1,766	4,766
Q2 Cash payments	(1,883)	(1,122)	—	(3,005)
Q2 Non-cash charges	—	—	(1,766)	(1,766)
Accrued liability at March 31, 2022	$ 398	$ 264	$ —	$ 662
Q3 Restructuring charges	1,613	3,857	439	5,909
Q3 Cash payments	(1,619)	(3,857)	—	(5,476)
Q3 Non-cash charges	—	—	(439)	(439)
Accrued liability at June 30, 2022	$ 392	$ 264	$ —	$ 656

NOTE 18 – OTHER INCOME (EXPENSE)

For the quarters ended June 30, 2022 and 2021, Other income (expense) of $2,084 and $587, respectively, includes $265 and $77, respectively, of net currency exchange 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 $1,118 and $226, respectively, as well as $(91) and $111, respectively, of net investment income (loss). Other income (expense) also includes rental income of $156 in both of the three months ended June 30, 2022 and 2021. Additionally, it includes royalty income of $828 for the three months ended June 30, 2022.

For the nine months ended June 30, 2022 and 2021, Other income (expense) of $4,528 and $1,413, respectively, includes $297 and $302, respectively, of net currency exchange 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 $3,145 and $680, respectively, as well as $(328) and $496, respectively, of net investment income (loss). Other income (expense) also includes rental income of $468 in both of the nine months ended June 30, 2022 and 2021. Additionally, it includes royalty income of $1,444 for the nine months ended June 30, 2022.

(US dollars and non US currencies in thousands, except per share data)

NOTE 19 – WARRANTY LIABILITY

CPP and HBP offer warranties against product defects for periods generally ranging from one to ten years, with limited lifetime warranties on certain door and fan models. Typical warranties require CPP and HBP 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,	
	2022	2021	2022	2021
Balance, beginning of period	$ 17,958	$ 7,920	$ 7,818	$ 6,268
Warranties issued and changes in estimated pre-existing warranties	5,119	3,579	14,368	12,088
Actual warranty costs incurred	(4,937)	(2,952)	(10,399)	(9,809)
Other warranty liabilities assumed from acquisitions	—	—	6,353	—
Balance, end of period	$ 18,140	$ 8,547	$ 18,140	$ 8,547

(US dollars and non US currencies in thousands, except per share data)

NOTE 20 – OTHER COMPREHENSIVE INCOME (LOSS)

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

	For the Three Months Ended June 30,					
	2022			2021		
	Pre-tax	Tax	Net of tax	Pre-tax	Tax	Net of tax
Foreign currency translation adjustments	$ (17,823)	$ —	$ (17,823)	$ 1,160	$ —	$ 1,160
Pension and other defined benefit plans	1,511	(315)	1,196	1,576	(331)	1,245
Cash flow hedges	3,500	(1,050)	2,450	478	(144)	334
Total other comprehensive income (loss)	$ (12,812)	$ (1,365)	$ (14,177)	$ 3,214	$ (475)	$ 2,739

	For the Nine Months Ended June 30,					
	2022			2021		
	Pre-tax	Tax	Net of tax	Pre-tax	Tax	Net of tax
Foreign currency translation adjustments	$ (14,093)	$ —	$ (14,093)	$ 15,022	$ —	$ 15,022
Pension and other defined benefit plans	2,534	(530)	2,004	5,311	(1,115)	4,196
Cash flow hedges	158	(48)	110	2,054	(617)	1,437
Total other comprehensive income (loss)	$ (11,401)	$ (578)	$ (11,979)	$ 22,387	$ (1,732)	$ 20,655

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

	At June 30, 2022	At September 30, 2021
Foreign currency translation adjustments	$ (33,343)	$ (19,250)
Pension and other defined benefit plans	(26,798)	(28,802)
Change in Cash flow hedges	2,185	2,075
	$ (57,956)	$ (45,977)

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)	2022	2021	2022	2021
Pension amortization	$ (844)	$ (1,573)	$ (2,534)	$ (4,719)
Cash flow hedges	716	(413)	3,633	(2,812)
Total gain (loss)	$ (128)	$ (1,986)	$ 1,099	$ (7,531)
Tax benefit (expense)	27	417	(230)	1,582
Total	$ (101)	$ (1,569)	$ 869	$ (5,949)

NOTE 21 — LEASES

The Company recognizes right-of-use ("ROU") assets and lease liabilities on the balance sheet, with the exception of leases with a term of twelve months or less. 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

(US dollars and non US currencies in thousands, except per share data)

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.

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. Lease payments primarily include rent and insurance costs (lease components). The Company's leases also include non-lease components such as real estate taxes and common-area maintenance costs. The Company elected the practical expedient to account for lease and non-lease components as a single component. In certain of the Company's leases, the non-lease components are variable and in accordance with the standard are therefore excluded from lease payments to determine the ROU asset. 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. 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.

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. Components of operating lease costs are as follows:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Fixed	$ 13,021	$ 9,664	$ 32,674	$ 28,841
Variable [(a), (b)]	2,742	1,877	6,278	5,690
Short-term [(b)]	1,741	897	4,576	2,952
Total	$ 17,504	$ 12,438	$ 43,528	$ 37,483

(a) Primarily relates 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,	
	2022	**2021**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 34,759	$ 32,336
Financing cash flows from finance leases	1,936	2,824
Total	$ 36,695	$ 35,160

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

	June 30, 2022	September 30, 2021
Operating Leases:		
Right of use assets:		
Operating right-of-use assets	$ 193,448	$ 144,598
Lease Liabilities:		
Current portion of operating lease liabilities	$ 32,426	$ 29,881
Long-term operating lease liabilities	167,549	119,315
Total operating lease liabilities	$ 199,975	$ 149,196
Finance Leases:		
Property, plant and equipment, net[1]	$ 14,386	$ 16,466
Lease Liabilities:		
Notes payable and current portion of long-term debt	$ 2,214	$ 2,347
Long-term debt, net	12,484	14,120
Total financing lease liabilities	$ 14,698	$ 16,467

(1) Finance lease assets are recorded net of accumulated depreciation of $4,689 and $6,136 as of June 30, 2022 and September 30, 2021, respectively.

Griffon has one finance lease outstanding for real estate located in Ocala, Florida. The lease matures in 2025 and bears interest at a fixed rate of approximately 5.6%. The Ocala, Florida lease contains two five-year renewal options. At June 30, 2022, $13,426 was outstanding. During the nine months ended June 30, 2022, the financing lease on the Troy, Ohio location expired. The lease bore interest at a rate of approximately 5.0%, was secured by a mortgage on the real estate, which was guaranteed by Griffon, and had a one dollar buyout at the end of the lease. Griffon exercised the one dollar buyout option in November 2021.

The aggregate future maturities of lease payments for operating leases and finance leases as of June 30, 2022 are as follows (in thousands):

	Operating Leases	Finance Leases
2022[a]	$ 10,292	$ 754
2023	41,315	2,837
2024	33,727	2,308
2025	30,938	2,130
2026	22,586	2,106
2027	18,474	2,074
Thereafter	96,648	5,702
Total lease payments	$ 253,980	$ 17,911
Less: Imputed Interest	(54,005)	(3,213)
Present value of lease liabilities	$ 199,975	$ 14,698

(a) Excluding the nine months ended June 30, 2022.

Average lease terms and discount rates at June 30, 2022 were as follows:

(US dollars and non US currencies in thousands, except per share data)

Weighted-average remaining lease term (years):	
Operating leases	8.5
Finance Leases	7.6
Weighted-average discount rate:	
Operating Leases	5.07 %
Finance Leases	5.50 %

NOTE 22 — COMMITMENTS AND CONTINGENCIES

Legal and environmental

Peekskill Site. Lightron Corporation ("Lightron"), a wholly-owned subsidiary of Griffon, once conducted operations at a location in the Town of Cortlandt, New York, just outside the city of Peekskill, New York (the "Peekskill Site") which was owned by ISC Properties, Inc. ("ISCP"), a wholly-owned subsidiary of Griffon, for approximately three years. The operations, which included plating, may have involved the use of certain chemicals and solvents. ISCP sold the Peekskill Site in November 1982.

On May 15, 2019 the United States Environmental Protection Agency ("EPA") added the Peekskill Site to the National Priorities List and on August 25, 2020, the EPA sent a letter to several parties, including Lightron and ISCP, requesting that each such party inform the EPA as to whether it would be willing to enter into discussions to perform certain studies to determine the nature and extent of any possible contamination. The EPA also sent a request for information under Section 104(e) of CERCLA to each party. Lightron and ISCP have informed the EPA that they are willing to participate in discussions regarding performing these studies. Lightron and ISCP have also submitted responses to certain items contained in the Section 104(e) information request, with additional responses to follow. Lightron and ISCP are currently in negotiations with the EPA regarding the scope of the aforementioned studies, which will address the Peekskill site and certain areas downstream from the Peekskill Site.

Lightron has not engaged in any operations in over three decades. ISCP functioned solely as a real estate holding company, and has not held any real property in over three decades. Griffon does not acknowledge any responsibility to perform any investigation or remediation at the Peekskill Site. One of Griffon's insurers is defending Lightron, ISCP and Griffon subject to a reservation of rights.

Union Fork and Hoe, Frankfort, NY site. The former Union Fork and Hoe property in Frankfort, New York 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 entered into an Order on Consent with the New York State Department of Environmental Conservation ("DEC"). While the Order is without admission or finding of liability or acknowledgment that there has been a release of hazardous substances at the site, the Order required AMES to perform a remedial investigation of certain portions of the property and to recommend a remediation option. In 2011, remediation of chlorinated solvents in the groundwater was completed to the satisfaction of DEC. In June 2020, AMES completed the remediation required by the Record of Decision issued by DEC in 2019 ("ROD") and filed a Construction Completion Report, a Site Management Plan and an environmental easement with DEC. While AMES was implementing the remediation required by the ROD, DEC requested additional investigation of a small area on the site and of an area adjacent to the site perimeter. AMES investigated the on-site area and has completed remediation of that small area under a workplan approved by DEC. AMES also completed a workplan approved by DEC to investigate the areas adjacent to the site perimeter, and is now performing a statistical analysis to determine the area, if any, required to be remediated. AMES has a number of defenses to liability in this matter, including its rights under a previous Consent Judgment entered into between 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 for both the on-site and off-site activities.

Memphis, TN site. Hunter Fan Company ("Hunter") operated its headquarters and a production plant in Memphis, Tennessee for over 50 years (the "Memphis Site"). While Hunter completed certain on-site remediation of PCB-contaminated soils, Hunter did not investigate the extent to which PCBs existed beneath the building itself nor determine whether off-site areas had been impacted. Hunter vacated the Memphis Site approximately twenty years ago, and the on-site buildings have now been demolished.

The State of Tennessee Department of Environment and Conservation ("TDEC") identified the Memphis Site as being potentially contaminated, raising the possibility that site operations could have resulted in soil and groundwater contamination involving volatile organic compounds and metals. The TDEC performed a preliminary assessment of the site and recommended to the United States Environmental Protection Agency ("EPA") that the site be listed on the National Priorities List established under CERCLA. The TDEC further recommended that the EPA fund an investigation of potential soil gas contamination in receptors near the site. The TDEC has also indicated that it will proceed with this investigation if the EPA does not act.

It is unknown whether the EPA will add the Memphis Site to the National Priorities List, whether a site investigation will reveal contamination and, if there is contamination, the extent of such contamination. However, given that certain PCB work was not completed in the past and the TDEC's stated intent for the EPA to perform an investigation (and the statement by the TDEC that it will perform the investigation if the EPA will not), liability is probable in this matter. There are other potentially responsible parties for this site, including a former owner of Hunter; Hunter has notified such former owner of this matter, which may have certain liability for any required remediation.

If the EPA decides to add this site to the National Priorities List, a Remedial Investigation/Feasibility Study ("RI/FS") will be required. Hunter expects that EPA will ask it to perform this work. If Hunter does not reach an agreement with the EPA to perform this work, the EPA will implement the RI/FS on its own. Should the EPA implement the RI/FS or perform further studies and/or subsequently remediate the site without first reaching an agreement with one or more relevant parties, the EPA would likely seek from such parties, including Hunter, reimbursement for the costs incurred.

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.

(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 four years, we have undertaken a series of transformative transactions. We divested our specialty plastics business in 2018 to focus on our core markets and improve our free cash flow conversion. In our Consumer and Professional Products ("CPP") segment, we expanded the scope of our brands through the acquisition of Hunter Fan Company ("Hunter") on January 24, 2022 and ClosetMaid, LLC ("ClosetMaid") in 2018. In our Home and Building Products ("HBP") segment, we acquired CornellCookson, Inc. ("CornellCookson"), which has been integrated into Clopay Corporation ("Clopay") in our Home and Building Products ("HBP") segment, creating a leading North American manufacturer and marketer of residential garage doors and sectional commercial doors, and rolling steel doors and grille products under brands that include Clopay, Ideal and CornellCookson. We established an integrated headquarters for CPP in Orlando, Florida, for our portfolio of leading brands that includes AMES, Hunter, True Temper and ClosetMaid. CPP is now positioned to fulfill its mission of Bringing Brands Together™ with the leading brands in consumer and professional tools; residential, industrial and commercial fans; home storage and organization products; and products that enhance indoor and outdoor lifestyles.

On May 16, 2022, we announced that our Board of Directors initiated a process to review a comprehensive range of strategic alternatives to maximize shareholder value including a sale, merger, divestiture, recapitalization or other strategic transaction. There is no timeline for this review and there is no assurance that the Board of Director's review will result in any transaction being entered into or consummated. As previously announced, we do not intend to disclose further developments until our Board of Directors approves a specific transaction or otherwise concludes its review of strategic alternatives.

On September 27, 2021, we announced we were exploring strategic alternatives for our Defense Electronics ("DE") segment, which consisted of our Telephonics Corporation ("Telephonics") subsidiary. On June 27, 2022, we completed the sale of Telephonics to TTM Technologies, Inc. (NASDAQ:TTMI) ("TTM") for $330,000 in cash, subject to customary post-closing adjustments. Since September 2021, we have classified the results of operations of our Telephonics business as a discontinued operation in the Consolidated Statements of Operations for all periods presented and classified the related assets and liabilities associated with the discontinued operation as held for sale in the consolidated balance sheets. Accordingly, all references made to results and information in this Quarterly Report on Form 10-Q are to Griffon's continuing operations, unless noted otherwise.

On January 24, 2022, we acquired Hunter Fan Company ("Hunter"), a market leader in residential ceiling, commercial, and industrial fans, from MidOcean Partners ("MidOcean") for a contractual purchase price of $845,000. Hunter, part of our CPP segment, complements and diversifies our portfolio of leading consumer brands and products. We financed the acquisition of Hunter with a new $800,000 seven year Term Loan B facility; we used a combination of cash on hand and revolver borrowings to fund the balance of the purchase price and related acquisition and debt expenditures.

Update of COVID-19 on Our Business

The health and safety of our employees, our customers and their families is a high priority for Griffon. As of the date of this filing, all of Griffon's facilities are fully operational. We have implemented a variety of new policies and procedures, including additional cleaning, social distancing and restricting on-site visitors, to minimize the risk to our employees of contracting COVID-19. In the United States, we manufacture a substantial majority of the products that we sell. While this helps mitigate the effects of global supplier and transportation disruptions, we are still impacted by these disruptions. Our supply chain has experienced certain disruptions which, together with other factors such as a shortage of labor, has resulted in longer delivery lead times and restricted manufacturing capacity for certain of our products. Commodity prices have increased during COVID-19 and may continue to increase, and we may not be able to pass off all or any of such price increases to our customers on a timely basis, or at all. It is difficult to predict whether the supply chain disruptions that impact us will improve, worsen or remain the same in the near term. 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.

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) HBP residential and commercial garage doors, rolling steel doors and related products (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 2) CPP tools and storage products provide critical support for the national infrastructure including construction, maintenance, manufacturing and natural disaster recovery, 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 currently fully 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. At June 30, 2022, $289,897 of revolver capacity was available under Griffon's Credit Agreement and Griffon had cash and equivalents of $144,687.

We will continue to actively monitor the situation and may take further actions that impact our 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 businesses, 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.

Business Highlights

On September 27, 2021, we announced we were exploring strategic alternatives for our DE segment, which consists of our Telephonics subsidiary, and on June 27, 2022, Griffon completed the sale of Telephonics to TTM for $330,000, subject to customary post-closing adjustments. We believe that selling Telephonics will increase long-term value for Griffon shareholders, while creating enhanced growth opportunities for Telephonics. Telephonics is recognized globally as a leading provider of highly sophisticated intelligence, surveillance and communications solutions that are deployed across a wide range of land, sea and air applications. Telephonics designs, develops, manufactures and provides logistical support and lifecycle sustainment services to defense, aerospace and commercial customers worldwide.

On January 24, 2022, Griffon acquired Hunter, a market leader in residential ceiling, commercial, and industrial fans, for a contractual purchase price of $845,000. The acquisition of Hunter was financed primarily with a new $800,000 seven year Term Loan B facility; a combination of cash on hand and revolver borrowings was used to fund the balance of the purchase price and related acquisition and debt expenditures. Hunter is expected to contribute approximately $360,000 in revenue in the first twelve months of operation after the acquisition.

In August 2020 Griffon completed the public offering of 8,700,000 shares of our common stock for total net proceeds of $178,165. The Company used a portion of the net proceeds to repay outstanding borrowings under its Credit Agreement. The Company used the remainder of the proceeds for general corporate purposes, including to expand its current business through acquisitions of, or investments in, other businesses or products.

During 2020, Griffon issued, at par, $1,000,000 of 5.75% Senior Notes due in 2028 (the "2028 Senior Notes"). 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, and on November 12, 2020, Griffon announced that CPP is broadening this strategic initiative to include additional North American facilities, the AMES United Kingdom (U.K.) and Australia businesses, and a manufacturing facility in China. On April 28, 2022, Griffon announced an accelerated timeline and reduced scope for the initiative, which will now be completed by the end of fiscal 2022. These changes reflect the rapid progress made with the initiative, and reduced investment in facilities expansion and equipment given recent significant increases in construction and equipment costs. Any remaining expenditures, after the end of fiscal 2022, including those related to the deployment of AMES' global information systems, will be included in the continuing operations of the business. Future investments in equipment, particularly for automation, will be part of normal-course annual capital expenditures.

This initiative includes three key development areas. First, certain AMES U.S. and global operations will be consolidated to optimize facilities footprint and talent. Second, 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. Third, multiple independent information systems will be unified into a single data and analytics platform, which will serve the whole AMES global enterprise.

When fully implemented and the efficiencies are fully realized, we expect annual cash savings of $25,000 (previously $30,000 to $35,000). The cost to implement this new business platform, over the duration of the project, will now include one-time charges of approximately $50,000 (previously $65,000) and capital investments of approximately $15,000 (previously $65,000).

In June 2018, Clopay acquired 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 sector, and expands the Clopay network of professional dealers focused on the commercial market.

In February 2018, we closed on the sale of our Clopay Plastics Products ("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 Corporation in 1986. This transaction provided immediate liquidity and improved Griffon's cash flow given the historically higher capital needs of the Plastics operations as compared to Griffon's remaining businesses.

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.

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

Other Acquisitions and Dispositions

On December 22, 2020, AMES acquired Quatro Design Pty Ltd ("Quatro"), a leading Australian manufacturer and supplier of glass fiber reinforced concrete landscaping products for residential, commercial, and public sector projects for a purchase price of AUD $3,500 (approximately $2,700). Quatro contributed approximately $5,000 in revenue in the first twelve months after the acquisition.

On November 29, 2019, AMES acquired Vatre Group Limited ("Apta"), a leading U.K. supplier of innovative garden pottery and associated products sold to leading U.K. 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 broadened AMES' product offerings in the U.K. market and increased its in-country operational footprint.

On February 13, 2018, AMES acquired Kelkay, a leading U.K. manufacturer and distributor of decorative outdoor landscaping products sold to garden centers, retailers and grocers in the U.K. and Ireland. This acquisition broadened AMES' product offerings in the market and increased its in-country operational footprint.

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.

During fiscal 2017, 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. The acquisition of La Hacienda, together with the February 2018 acquisition of Kelkay and November 2020 acquisition of Apta, provides AMES with additional brands and a platform for growth in the U.K. 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, and in September 2017 Griffon acquired Tuscan Path, an Australian provider of pots, planters, pavers, decorative stone, and garden décor products. The Hills, Tuscan Path and December, 2020 Quatro acquisitions broadened AMES' outdoor living and lawn and garden business, strengthening AMES' portfolio of brands and its market position in Australia and New Zealand.

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 conducts its operations through two reportable segments:

- Consumer and Professional Products ("CPP") is a leading North American manufacturer and a global provider of branded consumer and professional tools; residential, industrial and commercial fans; home storage and organization products; and products that enhance indoor and outdoor lifestyles. CPP sells products globally through a portfolio of leading brands including AMES, since 1774, Hunter, since 1886, True Temper, and ClosetMaid.

- Home and Building Products ("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.

OVERVIEW

Revenue for the quarter ended June 30, 2022 was $768,179 compared to $584,218 in the prior year comparable quarter, an increase of 31%. Revenue increased at HBP and CPP by 56% and 12%, respectively. Excluding the Hunter acquisition on January 24, 2022, revenue increased 13% to $662,405. Hunter contributed $105,774 of revenue for the quarter. Income from continuing operations was $52,782 or $0.98 per share, compared to $14,815, or $0.28 per share, in the prior year quarter.

The current year quarter results from operations included the following:

– Restructuring charges of $5,909 ($4,359, net of tax, or $0.08 per share);
– Fair value step-up of acquired inventory sold of $2,700 ($2,005, net of tax, or $0.04 per share);
– Strategic review - retention and other $3,220 ($2,416, net of tax, or $0.04 per share);
– Debt extinguishment, net $5,287 ($4,022, net of tax, or $0.07 per share);
– Discrete and certain other tax provisions, net, of $913 or $0.02 per share.

The prior year quarter results from operations included the following:

– Restructuring charges of $4,081 ($3,128, net of tax, or $0.06 per share);
– Discrete and certain other tax provisions, net, of $2,850 or $0.05 per share.

Excluding these items from the respective quarterly results, Income from continuing operations would have been $66,497, or $1.23 per share, in the current year quarter compared to $20,793, or $0.39 per share in the prior year quarter.

Revenue for the nine months ended June 30, 2022 was $2,139,545 compared to $1,700,423 in the prior year period, an increase of 26%. Revenue increased at HBP and CPP by 44% and 12%, respectively. Excluding the Hunter acquisition, revenue increased 15% to $1,962,922. Hunter contributed $176,623 of revenue during the year to date period. Income from continuing operations was $127,646 or $2.38 per share, compared to $57,678, or $1.08 per share, in the prior year period.

The current year-to-date results from operations included the following:

– Restructuring charges of $12,391 ($9,185, net of tax, or $0.17 per share);
– Acquisition costs of $9,303 ($8,149, net of tax, or $0.15 per share); and
– Proxy expenses of $6,952 ($5,359, net of tax, or $0.10 per share);
– Fair value step-up of acquired inventory sold of $5,401 ($4,012, net of tax, or $0.07 per share);
– Strategic review - retention and other of $3,220 ($2,416, net of tax, or $0.04 per share);
– Debt extinguishment, net $5,287 ($4,022, net of tax, or $0.07 per share);
– Discrete and certain other tax benefits, net, of $661 or $0.01 per share.

The prior year-to-date results from operations included the following:

– Restructuring charges of $14,662 ($11,034, net of tax, or $0.21 per share);
– Discrete and certain other tax provisions, net, of $3,219 or $0.06 per share.

Excluding these items from the respective periods, Income from continuing operations would have been $160,128, or $2.98 per share in the current year period ended June 30, 2022 compared to $71,931, or $1.35 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:

	For the Three Months Ended June 30,		For the Nine Months Ended June 30,	
	2022	2021	2022	2021
	(Unaudited)			
Income from continuing operations	$ 52,782	$ 14,815	$ 127,646	$ 57,678
Adjusting items:				
Restructuring charges	5,909	4,081	12,391	14,662
Debt extinguishment, net	5,287	—	5,287	—
Acquisition costs	—	—	9,303	—
Strategic review - retention and other	3,220	—	3,220	—
Proxy expenses	—	—	6,952	—
Fair value step-up of acquired inventory sold	2,700	—	5,401	—
Tax impact of above items	(4,314)	(953)	(9,411)	(3,628)
Discrete and certain other tax provisions (benefits), net	913	2,850	(661)	3,219
Adjusted income from continuing operations	$ 66,497	$ 20,793	$ 160,128	$ 71,931
Earnings per common share from continuing operations	$ 0.98	$ 0.28	$ 2.38	$ 1.08
Adjusting items, net of tax:				
Restructuring charges	0.08	0.06	0.17	0.21
Debt extinguishment, net	0.07	—	0.07	—
Acquisition costs	—	—	0.15	—
Strategic review - retention and other	0.04	—	0.04	—
Proxy expenses	—	—	0.10	—
Fair value step-up of acquired inventory sold	0.04	—	0.07	—
Discrete and certain other tax provisions (benefits), net	0.02	0.05	(0.01)	0.06
Adjusted earnings per common share from continuing operations	$ 1.23	$ 0.39	$ 2.98	$ 1.35
Weighted-average shares outstanding (in thousands)	53,914	53,504	53,704	53,306

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

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 OPERATIONS

Three and nine months ended June 30, 2022 and 2021

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 13 - 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,			
	2022		2021		2022		2021	
United States	$ 248,068		$ 206,809		$ 677,714		$ 595,619	
Europe	31,113		43,767		96,226		95,888	
Canada	19,592		20,547		73,249		64,440	
Australia	55,142		51,437		191,679		184,668	
All other countries	8,719		2,266		17,951		7,124	
Total Revenue	$ 362,634		$ 324,826		$ 1,056,819		$ 947,739	
Adjusted EBITDA	28,373	7.8 %	29,388	9.0 %	$ 92,431	8.7 %	$ 99,524	10.5 %
Depreciation and amortization	13,434		8,781		$ 33,831		$ 25,600	

For the quarter ended June 30, 2022, revenue increased $37,808, or 12%, compared to the prior year period primarily resulting from a 33% or $105,774 contribution from the January 24, 2022 Hunter acquisition, and price and mix of 10%, partially offset by a 28% reduction in volume, primarily in North America and the United Kingdom (U.K.), due to reduced consumer demand and rebalancing of customer inventory levels, and an unfavorable impact of foreign exchange of 3%.

For the quarter ended June 30, 2022, Adjusted EBITDA decreased 3% to $28,373 compared to $29,388 in the prior year quarter. Excluding the $16,792 contributed from the Hunter acquisition, EBITDA of $11,581 decreased 61% primarily due to the unfavorable impact of the reduced North American and U.K. volume and increased material, labor and transportation costs, partially offset by the benefits of price and mix. The current quarter included increased demurrage and detention costs, primarily related to COVID and global supply chain disruptions, of approximately $6,548, primarily related to Hunter.

For the nine months ended June 30, 2022, revenue increased $109,080, or 12%, compared to the prior year period primarily resulting from a 19% or $176,623 contribution from the Hunter acquisition, and price and mix of 12%, partially offset by an 18% reduction in volume, primarily in North America and the U.K. due to reduced consumer demand and rebalancing of customer inventory levels, and an unfavorable impact of foreign exchange of 1%.

For the nine months ended June 30, 2022, Adjusted EBITDA decreased 7% to $92,431 compared to $99,524 in the prior year period. Excluding the Hunter contribution of $31,131, EBITDA of $61,300 decreased 38% primarily due to the unfavorable impact of the reduced North American and U.K. volume and increased material, labor and transportation costs, partially offset by the benefits of price and mix. The nine month period ended June 30, 2022, included increased demurrage and detention costs, primarily related to COVID and global supply chain disruptions, of approximately $13,482 ($7,699 related to Hunter).

For the quarter and nine months ended June 30, 2022, segment depreciation and amortization increased $4,653 and $8,231, respectively, compared to the prior year comparable periods, due to new assets placed in service and the Hunter assets acquired.

On January 24, 2022, Griffon completed the acquisition of Hunter Fan Company ("Hunter"), a market leader in residential ceiling, commercial, and industrial fans for a contractual purchase price of $845,000, subject to customary post-closing adjustments. Hunter adds to Griffon's CPP segment, complementing and diversifying our portfolio of leading consumer brands and products.

On December 22, 2020, AMES acquired Quatro Design Pty Ltd ("Quatro"), a leading Australian manufacturer and supplier of glass fiber reinforced concrete landscaping products for residential, commercial, and public sector projects.

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, and on November 12, 2020, Griffon announced that CPP is broadening this strategic initiative to include additional North American facilities, the AMES United Kingdom (U.K.) and Australia businesses, and a manufacturing facility in China. On April 28, 2022, Griffon announced an accelerated timeline and reduced scope for the initiative, which will now be completed by the end of fiscal 2022. These changes reflect the rapid progress made with the initiative, and reduced investment in facilities expansion and equipment given recent significant increases in construction and equipment costs. Any remaining expenditures, after the end of fiscal 2022, including those related to the deployment of AMES' global information systems, will be included in the continuing operations of the business. Future investments in equipment, particularly for automation, will be part of normal-course annual capital expenditures.

This initiative includes three key development areas. First, certain AMES U.S. and global operations will be consolidated to optimize facilities footprint and talent. Second, 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. Third, multiple independent information systems will be unified into a single data and analytics platform, which will serve the whole AMES global enterprise.

When fully implemented and the efficiencies are fully realized, we expect annual cash savings of $25,000 (previously $30,000 to $35,000). The cost to implement this new business platform, over the duration of the project, will now include one-time charges of approximately $50,000 (previously $65,000) and capital investments of approximately $15,000 (previously $65,000), net of future proceeds from the sale of exited facilities.

In connection with this initiative, during the three and nine months ended June 30, 2022, CPP incurred pre-tax restructuring and related exit costs approximating $5,909 and $12,391, respectively. Since inception of this initiative in fiscal 2020, total cumulative charges totaled $47,478, comprised of cash charges of $33,637 and non-cash, asset-related charges of $13,841; the cash charges included $12,561 for one-time termination benefits and other personnel-related costs and $21,076 for facility exit costs. Since inception of this initiative in fiscal 2020 and during the nine months ended June 30, 2022, capital expenditures of $21,844 and $6,337, respectively, were driven by investment in CPP business intelligence systems and an e-commerce facility.

	Cash Charges		Non-Cash Charges		
	Personnel related costs	Facilities, exit costs and other	Facility and other	Total	Capital Investments
Phase I	$ 12,000	$ 4,000	$ 19,000	$ 35,000	$ 40,000
Phase II	14,000	16,000	—	30,000	25,000
Increase (Reduction) in Scope	(12,400)	2,100	(4,700)	(15,000)	(50,000)
Total Anticipated Charges	13,600	22,100	14,300	50,000	15,000
Total 2020 restructuring charges	(5,620)	(3,357)	(4,692)	(13,669)	(6,733)
Total 2021 restructuring charges	(3,190)	(11,573)	(6,655)	(21,418)	(8,774)
Q1 FY2022 Activity	(260)	(1,167)	(289)	(1,716)	(1,690)
Q2 FY2022 Activity	(1,878)	(1,122)	(1,766)	(4,766)	(861)
Q3 FY2022 Activity	$ (1,613)	$ (3,857)	$ (439)	(5,909)	$ (3,786)
Total 2022 restructuring charges	(3,751)	(6,146)	(2,494)	(12,391)	(6,337)
Total cumulative charges	(12,561)	(21,076)	(13,841)	(47,478)	$ (21,844)
Estimate to Complete	$ 1,039	$ 1,024	$ 459	$ 2,522	$ (6,844) (a)

(a) Includes future proceeds from the sale of exited facilities.

Home and Building Products

	For the Three Months Ended June 30,				For the Nine Months Ended June 30,			
	2022		2021		2022		2021	
Residential	$ 238,372		$ 156,638		$ 627,388		$ 459,240	
Commercial	167,173		102,754		455,338		293,444	
Total Revenue	$ 405,545		$ 259,392		$ 1,082,726		$ 752,684	
Adjusted EBITDA	119,847	29.6 %	42,156	16.3 %	$ 280,618	25.9 %	$ 130,585	17.3 %
Depreciation and amortization	4,116		4,375		$ 12,778		$ 13,095	

For the quarter ended June 30, 2022, HBP revenue increased $146,153, or 56%, compared to the prior year period due to favorable pricing and mix for both residential and commercial products. Increased commercial volume was offset by reduced residential volume due to labor and supply chain disruptions.

For the quarter ended June 30, 2022, Adjusted EBITDA increased 184% to $119,847 compared to $42,156 in the prior year period. Adjusted EBITDA benefited from the increased revenue noted above, partially offset by increased material, labor and transportation costs.

For the nine months ended June 30, 2022, revenue increased $330,042, or 44%, compared to the prior year period, due to favorable pricing and mix of 48% driven by both residential and commercial, partially offset by reduced volume of 4% driven by decreased residential volume due to labor and supply chain disruptions.
For the nine months ended June 30, 2022, Adjusted EBITDA increased 115% to $280,618 compared to $130,585 in the prior year period. The favorable variance resulted from the increased revenue noted above, partially offset by increased material, labor and transportation costs.

For the quarter and nine months ended June 30, 2022, segment depreciation and amortization decreased slightly compared with the prior year comparable periods.

Unallocated

For the quarter ended June 30, 2022, unallocated amounts, excluding depreciation, consisted primarily of corporate overhead costs totaling $13,405 compared to $11,464 in the prior year quarter; for the nine months ended June 30, 2022, unallocated amounts totaled $39,724 compared to $36,810 in the prior year period. The increase in both the current quarter and nine month periods, compared to their respective comparable prior year periods, primarily relates to increased incentive and equity compensation, medical claims, and travel expenses.

Proxy expenses

During the nine months ended June 30, 2022, we incurred $6,952 of proxy expenses (including legal and advisory fees) in SG&A as a result of a proxy contest initiated by a shareholder during the most recently completed fiscal quarter. In the three months ended June 30, 2022, we did not incur any proxy expenses. There were no similar costs in the comparable period of the prior year. The proxy contest was completed at the shareholder meeting on February 17, 2022.

Segment Depreciation and Amortization

Segment depreciation and amortization increased $4,394 and $7,914 for the quarter and nine months ended June 30, 2022, respectively, compared to the comparable prior year periods, primarily due to depreciation and amortization on new assets placed in service and assets acquired in acquisitions.

Other Income (Expense)

For the quarters ended June 30, 2022 and 2021, Other income (expense) of $2,084 and $587, respectively, includes $265 and $77, respectively, of net currency exchange 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 $1,118 and $226, respectively, as well as $(91) and $111, respectively, of net investment income. Other income (expense) also includes rental income of $156 in both of the three months ended June 30, 2022 and 2021. Additionally, it includes royalty income of $1,444 for the three months ended June 30, 2022.

For the nine months ended June 30, 2022 and 2021, Other income (expense) of $4,528 and $1,413, respectively, includes $297 and $(302), respectively, of net currency exchange 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 $3,145 and $680, respectively, as well as $(328) and $496, respectively, of net investment income (loss). Other income (expense) also includes rental income of $468 in both of the nine months ended June 30, 2022 and 2021. Additionally, it includes royalty income of $1,444 for the nine months ended June 30, 2022.

Provision for income taxes

During the quarter ended June 30, 2022, the Company recognized a tax provision of $23,268 on income before taxes from continuing operations of $76,050, compared to a tax provision of $12,078 on income before taxes from continuing operations of $26,893 in the comparable prior year quarter. The current year quarter results included restructuring charges of $5,909 ($4,359, net of tax), fair value step-up of acquired inventory sold of $2,700 ($2,005, net of tax), strategic review (retention and other) of $3,220 ($2,416, net of tax), debt extinguishment, net of $5,287 ($4,022, net of tax), and discrete and certain other tax provisions, net, that affect comparability of $913. The prior year quarter results included restructuring charges of $4,081 ($3,128, net of tax), and discrete tax and certain other tax provisions, net, that affect comparability of $2,850. Excluding these items, the effective tax rates for the quarters ended June 30, 2022 and 2021 were 28.6% and 32.9%, respectively.

During the nine months ended June 30, 2022, the Company recognized a tax provision of $55,119 on income before taxes of $182,765, compared to a tax provision of $34,868 on income before taxes of $92,546 in the comparable prior year period. The nine month period ended June 30, 2022 included restructuring charges of $12,391 ($9,185, net of tax), acquisition costs of $9,303 ($8,149, net of tax), proxy expenses of $6,952 ($5,359, net of tax), fair value step-up of acquired inventory sold of $5,401 ($4,012, net of tax), strategic review (retention and other) of $3,220 ($2,416, net of tax), debt extinguishment, net $5,287 ($4,022, net of tax), and discrete and certain other tax benefits, net, that affect comparability of $661. The nine month period ended June 30, 2021 included restructuring charges of $14,662 ($11,034, net of tax), and discrete tax and certain other tax provisions, net, that affect comparability of $3,219. Excluding these items, the effective tax rates for the nine months ended June 30, 2022 and 2021 were 28.9% and 32.9%, respectively.

Stock based compensation

For the quarters ended June 30, 2022 and 2021, stock based compensation expense, which includes expenses for both restricted stock grants and the ESOP, totaled $6,019 and $5,590, respectively. For the nine months ended June 30, 2022 and 2021, stock based compensation expense totaled $15,978 and $15,091, respectively.

Comprehensive income (loss)

For the quarter ended June 30, 2022, total other comprehensive loss, net of taxes, of $14,177 included a loss of $17,823 from foreign currency translation adjustments primarily due to the weakening of the Euro, Canadian and Australian Dollars and British Pound, all in comparison to the US Dollar; a $1,196 benefit from pension amortization; and a $2,450 a gain on cash flow hedges.

For the quarter ended June 30, 2021, total other comprehensive income, net of taxes, of $2,739 included a gain of $1,160 from foreign currency translation adjustments primarily due to the strengthening of the Euro, British Pound and Canadian Dollar, partially offset by the weakening of the Australian Dollar, all in comparison to the US Dollar; a $1,245 benefit from pension amortization; and a $334 gain on cash flow hedges.

For the nine months ended June 30, 2022, total other comprehensive loss, net of taxes, of $11,979 included a loss of $14,093 from foreign currency translation adjustments primarily due to the weakening of the Euro, Canadian and Australian Dollars and British Pound, all in comparison to the US Dollar; a $2,004 benefit from pension amortization of actuarial losses; and a $110 gain on cash flow hedges.

For the nine months ended June 30, 2021, total other comprehensive income, net of taxes, of $20,655 included a gain of $15,022 from foreign currency translation adjustments primarily due to the strengthening of the Euro, British Pound, Canadian and Australian Dollars, all in comparison to the US Dollar; a $4,196 benefit from pension amortization of actuarial losses; and a $1,437 gain on cash flow hedges.

DISCONTINUED OPERATIONS

Defense Electronics

On September 27, 2021, Griffon announced that it was exploring strategic alternatives for its DE segment, which consists of its Telephonics subsidiary. On June 27, 2022, Griffon completed the sale of Telephonics to TTM for $330,000 in cash, subject to customary post-closing adjustments. Griffon believes the sale of Telephonics will increase long-term value for Griffon shareholders, while creating enhanced growth opportunities for Telephonics. Telephonics is recognized globally as a leading provider of highly sophisticated intelligence, surveillance and communications solutions that are deployed across a wide range of land, sea and air applications. Telephonics designs, develops, manufactures and provides logistical support and lifecycle sustainment services to defense, aerospace and commercial customers worldwide. In connection with the sale of Telephonics, the Company recorded a gain of $108,949 ($88,977, net of tax) during the quarter ended June 30, 2022 in discontinued operations. The gain and related tax for the sale of Telephonics is preliminary and is subject to finalization.

At June 30, 2022, Griffon's discontinued assets and liabilities includes the Company's obligation of $27,703 in connection with the sale of Telephonics primarily related to income taxes payable. At June 30, 2022, Griffon’s liabilities for Installations Services and other discontinued operations primarily relate to insurance claims, warranty and environmental reserves total $6,928. See Note 16, Discontinued Operations.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

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. Griffon's primary sources of liquidity are cash flows generated from operations, cash on hand and our January 2022 secured $400,000 Credit Agreement. At June 30, 2022, $289,897 of revolver capacity was available under the Credit Agreement and we had cash and cash equivalents of $144,687.

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 include 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 existing businesses and strategic acquisitions while managing its capital structure on both a short-term and long-term basis.

As of June 30, 2022, the amount of cash, cash equivalents and marketable securities held by foreign subsidiaries was $66,325. Our intent is to permanently reinvest these funds outside the U.S., and we do not currently anticipate that we will need funds generated from foreign operations to fund our domestic operations. In the event we determine that funds from foreign operations are needed to fund operations in the U.S., we will be required to accrue and pay U.S. taxes to repatriate these funds (unless applicable U.S. taxes have already been paid).

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

Cash Flows from Operations	**For the Nine months ended June 30,**	
	2022	**2021**
Net Cash Flows Provided by (Used In):		
Operating activities	$ (65,001)	$ 13,314
Investing activities	(574,256)	(31,705)
Financing activities	513,762	(14,327)

Cash used in operating activities from continuing operations for the nine months ended June 30, 2022 was $65,001 compared to cash provided by continuing operations of $13,314 in the comparable prior year period. Cash provided by income from continuing operations, adjusted for non-cash expenditures, was more than offset by a net increase in working capital predominately consisting of increased inventory and accounts receivable primarily driven by reduced consumer demand and rebalancing of customer inventory levels in North America and the United Kingdom.

Cash flows used in investing activities from continuing operations is primarily comprised of capital expenditures and business acquisitions as well as proceeds from the sale of businesses, investments and property, plant and equipment. During the nine months ended June 30, 2022, Griffon used $574,256 in investing activities from continuing operations compared to $31,705 used in the prior year comparable period. Griffon used $851,464 to acquire Hunter during the nine months ended June 30, 2022 as compared to the $2,242 used in the prior year comparable period to acquire Quatro. Capital expenditures, net of proceeds from the sale of assets, for the nine months ended June 30, 2022 totaled $33,427, an increase of $8,594 from the prior year period. Proceeds from the sale of investments totaled $14,923 during the nine months ended June 30, 2022 compared to cash used to purchase investments of $4,658 in the prior year comparable period.

During the nine months ended June 30, 2022, cash provided by financing activities from continuing operations totaled $513,762 compared to cash used of $14,327 used in the prior year comparable period. Cash provided by financing activities in the current period consisted primarily of net proceeds from long-term debt of $556,431, partially offset by financing costs of $17,065, purchases of treasury shares to satisfy vesting of restricted stock of $10,886 and the payment of dividends of $14,906. During the current period Griffon prepaid $300,000 aggregate principal amount of its Term Loan B, which permanently reduces the outstanding balance. In connection with the prepayment of the Term Loan B, Griffon recognized a $6,296 charge related to the write-off of capitalized debt issuance costs. In addition, during the current period Griffon purchased $15,225 of its 2028 Senior Notes in the open market at a weighted average discount of 92.19% of par and recognized a net gain of $1,009 on the early extinguishment. Cash used in financing activities in the prior year comparable period consisted primarily of payments of dividends of 12,907 and purchases of treasury shares to satisfy vesting of restricted stock of $2,909, partially offset by net proceeds from long-term debt of $2,332.

During the nine months ended June 30, 2022, 421,860 shares, with a market value of $10,742, or $25.46 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, 2022, an additional 5,480 shares, with a market value of $144, or $26.31 per share, were withheld from common stock issued upon the vesting of restricted stock units to settle employee taxes due upon vesting.

During 2021, the Company declared and paid regular cash dividends totaling $0.32 per share, or $0.08 per share each quarter. During the nine months ended June 30, 2022, the Board of Directors approved and paid three quarterly cash dividends of $0.09 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 June 27, 2022, the Board of Directors declared a special dividend of $2.00 per share, payable on July 20, 2022 to shareholders of record as of the close of business on July 8, 2022. As of June 30, 2022, the Company accrued $104,053 in connection with the declaration of the special dividend. On July 27, 2022, the Board of Directors declared a quarterly cash dividend of $0.09 per share, payable on September 15, 2022 to shareholders of record as of the close of business on August 18, 2022.

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, 2022, an aggregate of $57,955 remains under Griffon's Board authorized repurchase programs. No shares were repurchased during the nine months ended June 30, 2022 under these share repurchase programs.

During the nine months ended June 30, 2022, cash provided by discontinued operations from operating activities of $26,889 primarily related to DE operations partially offset by the settling of certain liabilities and environmental costs associated with the former Installations Services business. Cash provided by discontinued operations from investing activities related to DE operations capital expenditures.

During the nine months ended June 30, 2021, cash provided by discontinued operations from operating activities of $27,035 primarily related to DE operations and the settling of certain liabilities and environmental costs associated with other discontinued operations. Cash provided by discontinued operations from investing activities of $8,155 primarily related to net proceeds received of $14,725 from DE's sale of its SEG business less capital expenditures of $6,151.

Cash and Equivalents and Debt	**June 30, 2022**	**September 30, 2021**
Cash and equivalents	$ 144,687	$ 248,653
Notes payables and current portion of long-term debt	13,085	12,486
Long-term debt, net of current maturities	1,574,697	1,033,197
Debt discount/premium and issuance costs	23,053	14,823
Total debt	1,610,835	1,060,506
Debt, net of cash and equivalents	**$ 1,466,148**	**$ 811,853**

During 2020, Griffon issued, at par, $1,000,000 of 5.75% Senior Notes due in 2028 (the “2028 Senior Notes”). Proceeds from the 2028 Senior Notes were used to redeem $1,000,000 of 5.25% Senior Notes due 2022. During the period ended June 30, 2022, Griffon purchased $15,225 of 2028 Senior Notes in the open market at a weighted average discount of 92.19% of par, for $14,036. In connection with this transaction Griffon recognized a $1,009 gain on the early extinguishment of debt comprised of $1,189 of face value in excess of purchase price, offset by $180 related to the write-off of underwriting fees and other expenses. As of June 30, 2022, outstanding 2028 Senior Notes due totaled $984,775; interest is payable semi-annually on March 1 and September 1. Subsequent to June 30, 2022, Griffon purchased $10,000 of 2028 Senior Notes in the open market at a weighted average discount of 91.25% of par, for $9,125.

The 2028 Senior Notes are senior unsecured obligations of Griffon guaranteed by certain domestic subsidiaries, and subject to certain covenants, limitations and restrictions. The 2028 Senior Notes were registered under the Securities Act of 1933, as amended (the "Securities Act") via an exchange offer. The fair value of the 2028 Senior Notes approximated $888,759 on June 30, 2022 based upon quoted market prices (level 1 inputs). In connection with issuance and exchange of the 2028 Senior Notes, Griffon capitalized $16,448 of underwriting fees and other expenses incurred, which is being amortized over the term of such notes, and at June 30, 2022, $11,562 remained to be amortized.

On January 24, 2022, Griffon amended and restated its Revolving Credit Facility (as amended, "Credit Agreement") to provide for a new $800,000 Term Loan B facility, due January 24, 2029, in addition to its current $400,000 revolving credit facility

("Revolver"), and replaced LIBOR with SOFR (Secured Overnight Financing Rate). The Term Loan B contains a SOFR floor of 0.50% and a current spread of 2.75%. Additionally, there are two interest rate step-downs tied to achieving decreased secured leverage ratio thresholds, the first of which was achieved at June 30, 2022. The decreased spread, effective in the fourth quarter of 2022, is 2.50%. The Original Issue Discount (OID) for the Term Loan B was 99.75%. In connection with this amendment, Griffon capitalized $15,466 of underwriting fees and other expenses incurred, which are being amortized over the term of the loan.
The Term Loan B facility requires nominal quarterly principal payments of $2,000, beginning with the quarter ended June 30, 2022; potential additional annual principal payments based on a percentage of excess cash flow and certain secured leverage thresholds starting with the fiscal year ending September 30, 2023; and a final balloon payment due at maturity. Term Loan B borrowings may generally be repaid without penalty but may not be re-borrowed. During the period ended June 30, 2022, Griffon prepaid $300,000 aggregate principal amount of the Term Loan B, which permanently reduced the outstanding balance. In connection with the prepayment of the Term Loan B Griffon recognized a $6,296 charge on the prepayment of debt, $5,575 related to the write-off of underwriting fees and other expenses and $721 of the original issuer discount. The Term Loan B facility is subject to the same affirmative and negative covenants that apply to the Revolver, but is not subject to any financial maintenance covenants. Term Loan B borrowings are secured by the same collateral as the Revolver. The fair value of the Term Loan B facility approximated $473,100 on June 30, 2022 based upon quoted market prices (level 1 inputs). At June 30, 2022, $9,174 of underwriting fees and other expenses incurred, remained to be amortized.

The Revolver's maximum borrowing availability is $400,000 and it matures on March 22, 2025. The Revolver includes a letter of credit sub-facility with a limit of $100,000; a multi-currency sub-facility of $200,000; 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.

In addition, on December 9, 2021, Griffon replaced the Revolver GBP LIBOR benchmark rate with a Sterling Overnight Index Average ("SONIA"). Borrowings under the Revolver may be repaid and re-borrowed at any time. Interest is payable on borrowings at either a SOFR, SONIA or base rate benchmark rate, plus an applicable margin, which adjusts based on financial performance. Current margins are 0.75% for base rate loans, 1.75% for SOFR loans and 1.75% for SONIA loans. The Revolver 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. Both the Revolver and Term Loan B 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, 2022, there were $97,816 of outstanding borrowings under the Revolver; outstanding standby letters of credit were $12,287; and $289,897 was available, subject to certain loan covenants, for borrowing at that date.

Griffon has one finance lease outstanding for real estate located in Ocala, Florida. The lease matures in 2025 and bears interest at a fixed rate of approximately 5.6%. The Ocala, Florida lease contains two five-year renewal options. At June 30, 2022, $13,426 was outstanding. During the period ended June 30, 2022, the financing lease on the Troy, Ohio location expired.The lease bore interest at a rate of approximately 5.0%, was secured by a mortgage on the real estate, which was guaranteed by Griffon, and had a one dollar buyout at the end of the lease. Griffon exercised the one dollar buyout option in November 2021.

In November 2012, Garant G.P. (“Garant”), a Griffon wholly owned subsidiary, entered into a CAD 15,000 ($11,666 as of June 30, 2022) revolving credit facility. The facility accrues interest at LIBOR (USD) or the Bankers Acceptance Rate (CDN) plus 1.3% per annum (3.09% LIBOR USD and 3.86% Bankers Acceptance Rate CDN as of June 30, 2022). The revolving facility matures in October 2022. Garant is required to maintain a certain minimum equity. At June 30, 2022, there were no outstanding borrowings under the revolving credit facility with CAD 15,000 ($11,666 as of June 30, 2022) available.

On March 30, 2022, Griffon Australia Holdings Pty Ltd and its Australian subsidiaries (collectively, "Griffon Australia") amended its AUD 18,375 term loan, AUD 20,000 revolver and AUD 15,000 receivable purchase facility agreement that was entered into in July 2016 and further amended in fiscal 2020. Griffon Australia paid in full and canceled the term loan in the amount of AUD 9,625 and canceled the AUD 20,000 revolver. The amendment refinanced the existing AUD 15,000 receivable purchase facility. The receivable purchase facility matures in March 2023, but is renewable upon mutual agreement with the lender. The receivable purchase facility accrues interest at BBSY (Bank Bill Sap Rate) plus 1.25%, respectively, per annum (2.39% at June 30, 2022). At June 30, 2022, there was no balance outstanding under the receivable purchase facility with AUD 15,000 ($10,392 as of June 30, 2022) available. The receivable purchase facility is secured by substantially all of the assets of Griffon Australia and its subsidiaries.

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 438 and GBP 105 plus interest, respectively, and have balloon payments due upon maturity, July 2023, of GBP 7,088 and GBP 2,349, respectively. Effective in January 2022, the Term Loan and Mortgage Loan were amended to replace GBP LIBOR with SONIA. The Term Loan and Mortgage Loans each accrue interest at the SONIA Rate plus 1.92% (3.11% at June 30, 2022). The revolving facility accrues interest at the Bank of England Base Rate plus 3.25% (4.50% as of June 30, 2022). The revolving credit facility matures in September 2022, but it is renewable upon mutual agreement with the lender. As of June 30, 2022, the revolver had no outstanding balance while the term and mortgage loan balances amounted to GBP 11,603 ($14,193 as of June 30, 2022). 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. During the period ended March 31, 2022, AMES UK entered into a $8,500 trade loan facility agreement. The trade loan facility has a maximum loan period of 135 days and expired on June 30, 2022. The trade facility accrues interest at the Mid-point of the FED Target Range plus 2.50% (4.13% as of June 30, 2022).

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, 2022, Griffon and its subsidiaries were in compliance with the terms and covenants of its credit and loan agreements. Gross Debt to EBITDA (Leverage), as calculated in accordance with the definition in the Credit Agreement, was 3.2x at June 30, 2022.

Capital Resource Requirements

Griffon's debt requirements include principal on our outstanding debt, most notably our Senior Notes totaling $984,775 payable in 2028 and related annual interest payments of approximately $57,246. As noted above, Griffon entered into a new $800,000 seven year Term Loan B facility with initial pricing of SOFR floor of 50 basis points plus a spread of 275 basis points. The OID was 99.75%. During the period ended June 30, 2022, Griffon prepaid $300,000 aggregate principal amount of the Term Loan B, which permanently reduced the outstanding balance. The Term Loan B facility requires quarterly payments equal to 0.25% of the outstanding principal amount, or $2,000, which began with the quarter ended June 30, 2022 and a balloon payment due at maturity.

Customers

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, 2022, The Home Depot represented 14% of Griffon's consolidated revenue, 20% of CPP's revenue and 8% 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.

SUPPLEMENTAL GUARANTOR FINANCIAL INFORMATION

Griffon's Senior Notes are fully and unconditionally guaranteed, jointly and severally by Clopay Corporation, The AMES Companies, Inc., Clopay AMES Holding Corp., ClosetMaid LLC, AMES Hunter Holdings Corporation, Hunter Fan Company, 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 summarized financial information of the Parent (Griffon) subsidiaries and the Guarantor subsidiaries as of June 30, 2022 and September 30, 2021 and for the nine months ended June 30, 2022 and for the year ended September 30, 2021. All intercompany balances and transactions between subsidiaries under Parent and subsidiaries under the Guarantor have been eliminated. The information presented below excludes eliminations necessary to arrive at the information on a consolidated basis. The summarized information excludes financial information of the Non-Guarantors, including earnings from and investments in these entities. 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.

Summarized Statements of Operations and Comprehensive Income (Loss)

	For the Nine Months Ended June 30, 2022		For the Year Ended September 30, 2021	
	Parent Company	Guarantor Companies	Parent Company	Guarantor Companies
Net sales	$ —	$ 1,717,178	$ —	$ 1,991,434
Gross profit	$ —	$ 541,082	$ —	$ 497,829
Income (loss) from operations	$ (32,474)	$ 232,275	$ (22,321)	$ 123,870
Equity in earnings of Guarantor subsidiaries	$ 144,389	$ —	$ 79,055	$ —
Net income (loss)	$ (47,947)	$ 144,389	$ (40,035)	$ 79,055

Summarized Balance Sheet Information

	For the Nine Months Ended June 30, 2022		For the Year Ended September 30, 2021	
	Parent Company	Guarantor Companies	Parent Company	Guarantor Companies
Current assets	$ 57,281	$ 1,026,662	$ 114,377	$ 951,609
Non-current assets	14,086	1,950,570	17,665	1,069,540
Total assets	$ 71,367	$ 2,977,232	$ 132,042	$ 2,021,149
Current liabilities	$ 200,229	$ 331,146	$ 41,334	$ 397,121
Long-term debt	1,549,596	13,294	998,787	14,482
Other liabilities	31,923	366,433	43,337	164,122
Total liabilities	$ 1,781,748	$ 710,873	$ 1,083,458	$ 575,725

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, 2021.

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, 2021. 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, the impact of the Hunter Fan transaction, 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: impact of the strategic alternatives review process announced in May 2022; 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 (including, in particular, integration of the Hunter Fan acquisition); 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; 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; 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, changes in tax laws. 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, 2021. 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. Such statements reflect the views of the Company with respect to future events and are subject to these and other risks, as previously disclosed in the Company's Securities and Exchange Commission filings. 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.

Griffon's amended and restated Credit Agreement references a benchmark rate with SONIA or SOFR. In addition, certain other of Griffon's credit facilities have a LIBOR and BBSY (Bank Bill Swap Rate) based variable interest rate. Due to the current and expected level of borrowings under these facilities, a 100 basis point change in SONIA, SOFR, BBSY, or 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, Ireland, New Zealand 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.

In connection with the Hunter acquisition, Griffon is in the process of integrating its controls and procedures with respect to Hunter's operations. Griffon expects to include the internal controls with respect to Hunter operations in its assessment of the effectiveness of its internal controls over financial reporting as of the end of fiscal year 2023. Other than the acquisition of Hunter, 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 in Item 1A to Part I in Griffon's Annual Report on Form 10-K for the year ended September 30, 2021, 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.

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, 2022	—	$ —	—	
May 1 - 31, 2022	—	—	—	
June 1 - 30, 2022	—	—	—	
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, 2022, an aggregate of $57,955 remained available for the purchase of Griffon common stock under these repurchase programs.

Item 3 Defaults Upon Senior Securities

None

Item 4 Mine Safety Disclosures

None

Item 5 Other Information

None

Item 6	Exhibits
2.1*	Share Purchase Agreement by and among TTM Technologies, Inc., Exphonics, Inc. and Griffon Corporation, dated as of April 18, 2022 (incorporated by reference to Exhibit 2.1 of Current Report on Form 8-K filed April 21, 2022 (Commission File No. 1-06620)).
2.2	First Amendment to Share Purchase Agreement, dated as of June 11, 2022, to that certain Share Purchase Agreement, dated as of April 18, 2022, by and among TTM Technologies, Inc., Exphonics, Inc. and Griffon Corporation.
2.3*	Letter Agreement, dated as of June 11, 2022, modifying that certain Share Purchase Agreement, dated as of April 18, 2022, by and among TTM Technologies, Inc., Exphonics, Inc. and Griffon Corporation.
10.1**	Amendment No. 3 to Employment Agreement, dated March 16, 2008, by and between Griffon Corporation and Ronald J. Kramer, made as of April 28, 2022 (incorporated by reference to Exhibit 10.4 of Quarterly Report on Form 10-Q for the quarter ended March 31, 2022).
10.2**	Amendment No. 1 to Severance Agreement, dated July 30, 2015, by and between Griffon Corporation and Brian G. Harris, made as of April 28, 2022 (incorporated by reference to Exhibit 10.5 of Quarterly Report on Form 10-Q for the quarter ended March 31, 2022).
10.3**	Amendment No. 1 to Severance Agreement, dated April 27, 2010, by and between Griffon Corporation and Seth L. Kaplan, made as of April 28, 2022 (incorporated by reference to Exhibit 10.6 of Quarterly Report on Form 10-Q for the quarter ended March 31, 2022).
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.
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

* The registrant has omitted schedules and similar attachments to the subject agreement pursuant to Item 601(b)(2) of Regulation S-K. The registrant will furnish a copy of any omitted schedule or similar attachment to the Securities and Exchange Commission upon request.

** Indicates a management contract or compensatory plan or arrangement.

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: August 3, 2022

FIRST AMENDMENT
to
SHARE PURCHASE AGREEMENT

This First Amendment to Share Purchase Agreement (this "Amendment") amends that certain Share Purchase Agreement dated as of April 18, 2022, by and among TTM Technologies, Inc., a corporation organized under the Laws of Delaware ("Buyer"), Griffon Corporation, a corporation organized under the Laws of Delaware ("Griffon"), and Exphonics, Inc., a corporation under the Laws of Delaware ("Exphonics" and together with Griffon, the "Sellers" and each individually, a "Seller"), as modified by that certain Letter Agreement dated as of May 25, 2022 by and among Buyer and Sellers and that certain Letter Agreement dated as of June 11, 2022 by and among Buyer and Sellers (collectively, the "Purchase Agreement"). Capitalized terms used in this Amendment and not otherwise defined herein shall have those meanings ascribed to them in the Purchase Agreement.

WHEREAS, pursuant to Section 11.2 of the Purchase Agreement, the Purchase Agreement may be amended, modified or supplemented in a writing signed by the Buyer and the Sellers; and

WHEREAS, the Buyer and the Sellers desire to amend the Purchase Agreement as specified herein;

NOW THEREFORE, in consideration of the mutual covenants, agreements, and understandings contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereby agree as follows:

1. The following definitions are hereby included in Appendix A:

"Escrow Agreement" means that certain Escrow Agreement dated as of the Closing Date, by and among Citibank, N.A. as escrow agent (the "Escrow Agent"), Griffon and Buyer in the form attached to this Amendment as Exhibit A.
"Escrow Amount" means $3,500,000.

"Escrow Release Date" means the second anniversary of the Closing Date.

2. Section 2.3(b) of the Purchase Agreement is hereby amended and replaced in its entirety with the following:

(b) Estimated Purchase Price. The amount payable by Buyer to the Sellers at the Closing for the Purchased Shares shall be an amount (the "Estimated Purchase Price") in Dollars equal to (i) Three Hundred Thirty Million Dollars ($330,000,000) (the "Base Closing Cash Amount"), *plus* (ii) the Estimated Net Working Capital Adjustment (which may be a negative number), *minus* (iii) the Estimated Funded Indebtedness, *plus* (iv) the Estimated Closing Date Cash, *minus* (v) the Estimated Transaction Related Expenses, *minus* (vi) the Escrow Amount.

3. Section 2.3(c) of the Purchase Agreement is hereby amended by adding the following subclause (iii):

(iii) the Escrow Amount to the Escrow Agent to be held and disbursed pursuant to the Escrow Agreement and the terms hereof.

4. Section 2.5 of the Purchase Agreement is hereby amended by adding the following subclause (j):

(j) a duly executed counterpart from the Escrow Agent and Griffon to the Escrow Agreement.

5. Section 2.6 of the Purchase Agreement is hereby amended by adding the following subclause (d):

(d) a duly executed counterpart from the Buyer to the Escrow Agreement.

6. Section 9.4 of the Purchase Agreement is hereby amended by adding the following subclause (c):

(c) Escrow. In the event Buyer or a Purchased Company, in accordance with the terms and conditions of this Agreement (including Section 5.19 and Section 9.4), is entitled to recovery from Griffon for an Indian JV Liability, Buyer shall be entitled to recover such amounts first from the then-remaining balance of the Escrow Amount and thereafter against Griffon in accordance with terms and conditions of this Agreement (including, the terms and conditions of Section 5.19, Article IX, Section 11.9, Section 11.10 and Section 11.15). Buyer and Griffon agree that, upon the Escrow Release Date, they shall deliver a joint written instruction to the Escrow Agent instructing the Escrow Agent to release the then-remaining balance of the Escrow Amount to Griffon *minus* the amount of any then-pending indemnity claims for an Indian JV Liability that have been asserted in accordance with the terms and conditions of this Agreement (including Article IX) prior to the Escrow Release Date; provided that, upon the final resolution of any such claims, Griffon and Buyer shall promptly deliver a joint written instruction to the Escrow Agent instructing the Escrow Agent to release such held back amounts to Griffon.

7. Except as specifically provided herein, all other terms contained in the Purchase Agreement remain unchanged and in full force and effect, unaffected by this Amendment.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment to the Share Purchase Agreement effective as of June 11, 2022.

TTM TECHNOLOGIES, INC.

By: /s/ Thomas T. Edman
Name: Thomas T. Edman
Title: Chief Executive Officer and President

GRIFFON CORPORATION

By: /s/ Seth L. Kaplan
Name: Seth L. Kaplan
Title: Senior Vice President, General Counsel and Secretary

EXPHONICS, INC.

By: /s/ Seth L. Kaplan
Name: Seth L. Kaplan
Title: Vice President, Secretary

June 11, 2022

TTM Technologies, Inc.
520 Maryville Centre Drive, Suite 400
St. Louis, MO 63141
Attention: Daniel J. Weber (email: dan.weber@ttm.com)

Re: Share Purchase Agreement / Waiver

Dear Mr. Weber:

Reference is made to the Share Purchase Agreement (as amended, supplemented or otherwise modified from time to time, the "Agreement") dated as of April 18, 2022 by and among TTM Technologies, Inc. ("TTM"), Griffon Corporation ("Griffon") and Exphonics, Inc. ("Exphonics"). Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement.

By its signature below, TTM hereby acknowledges and agrees that, notwithstanding anything to the contrary in the Agreement, upon the consummation of the Closing (as defined in the JV Purchase Agreement (i.e., the delivery of the Sale Shares (as defined in the JV Purchase Agreement) from the Company to Mahindra Defence Systems Limited)) pursuant to and in accordance with the Share Purchase Agreement to be entered into by and among Mahindra Defence Systems Limited, the Company, Griffon and Mahindra Telephonics Integrated Systems Limited (together with each of the documents and agreements ancillary thereto, the "JV Purchase Agreement") in the form attached hereto as Exhibit A, and Griffon's delivery of a certification in the form attached hereto as Exhibit B to TTM that the Closing (as defined in the JV Purchase Agreement) has occurred, the closing condition set forth in Section 8.2(g) of the Agreement is deemed to be satisfied without any further action by any Person. TTM's acknowledgement of and agreement to the foregoing shall be void and shall not be given effect in the event the JV Purchase Agreement is entered into in a form different than the form of Exhibit A attached hereto or if, after having been executed, the JV Purchase Agreement (or any provision therein) is amended or modified without TTM's prior written consent.

By its signature below, TTM hereby further acknowledges and agrees that the Indian JV Liabilities do not include the Company's obligations set forth in (i) Section 3.1(o) of the JV Purchase Agreement and the Company's obligations arising under the Go-Forward Bailment Agreement and/or Go-Forward Equipment Lease Agreement (each term, as defined in the JV Purchase Agreement), (ii) Section 4.2(d)(i) of the JV Purchase Agreement, but solely with respect to actions of the Company arising after the Closing that breach clause 14.2 (Non Solicitation) and/or clause 19 (Confidentiality) of the Joint Venture Agreement (as defined in the JV Purchase

Agreement), (iii) Section 4.7 of the JV Purchase Agreement, (iv) Sections 4.11, 4.12, 4.13 and 4.16 of the JV Purchase Agreement and (v) Section 7 of the JV Purchase Agreement.

Griffon acknowledges and agrees that the e-mail sent from Thibault Rigal at Airbus to George Roussos at the Company on May 20, 2022 does not satisfy the condition set forth in Section 8.2(f) of the Agreement and that, unless Griffon obtains the written consent of Airbus to the transactions contemplated by the Agreement (in the form previously agreed by TTM or as other reasonably acceptable to TTM), Griffon will be required to pay the liquidated damages amount of $100,000 as set forth in Section 8.2(f) of the Agreement.

Griffon acknowledges and agrees that in consideration for the entry of Telephonics into each of the Go-Forward Bailment Agreement and the Go-Forward Equipment Lease Agreement (each as defined in the JV Purchase Agreement), an amount equal to $150,000 will be credited in favor of TTM and, to effect such credit, the Estimated Purchase Price payable at Closing to Griffon pursuant to Section 2.3(c)(ii) of the Agreement shall be reduced by $150,000.

Each of TTM, Griffon and Exphonics acknowledge and agree by their signatures below that, at such time (if any) that the closing condition set forth in Section 8.2(g) of the Agreement is deemed satisfied pursuant to and in accordance with the second paragraph of this agreement, notwithstanding anything to the contrary in the Agreement, the "Closing" (as defined in Section 2.2 of the Agreement) shall take place on a date selected by TTM within 5 Business Days (but not sooner than two days) following Griffon's delivery to TTM of the certification in the form attached hereto as Exhibit B, provided that each of the closing conditions set forth in Article VIII of the Agreement shall have been satisfied or waived (including, if applicable with respect to Section 8.2(g) of the Agreement, pursuant to this agreement) on or prior to such date. For the avoidance of doubt, if the fifth day following delivery of the certification falls within five Business Days of the end of the applicable calendar month, the requirement for the Closing to occur shall not be further extended until the last Business Day of such calendar month, in accordance with the last sentence of Section 2.2 of the Agreement, and the parties agree such deadline extension is deemed waived.

Each of the undersigned acknowledges and agrees that, except as expressly set forth in this letter, no other rights or requirements under the Agreement are in any way waived or otherwise amended hereby and the Agreement as expressly modified herein remains in full force and effect.

Would you kindly execute this letter below to confirm the foregoing.

Thank you for your attention to this matter.

Griffon Corporation	Exphonics, Inc.
/s/ Seth L. Kaplan________	/s/ Seth L. Kaplan_________
Seth L. Kaplan	Seth L. Kaplan
Senior Vice President	Vice President

TTM Technologies, Inc.

/s/ Thomas T. Edman_______
Name: Thomas T. Edman
Title: Chief Executive Officer and President

Exhibit A

JV Purchase Agreement

[Intentionally Omitted. A copy will be made available to the SEC upon request.]

Exhibit B

TTM Technologies, Inc.
520 Maryville Centre Drive, Suite 400
St. Louis, MO 63141
Attention: Daniel J. Weber (email: dan.weber@ttm.com)

Re: JV Share Purchase Agreement Closing
Dear Mr. Weber:

Reference is made to the Share Purchase Agreement (the “Agreement”) dated as of April 18, 2022 by and among TTM Technologies, Inc. (“TTM”), Griffon Corporation (“Griffon”) and Exphonics, Inc. (“Exphonics”), that certain letter agreement dated as of June 10, 2022, by and among TTM, Griffon and Exphonics (the “Letter Agreement”) and that certain Share Purchase Agreement, dated June [_], 2022, by and among Mahindra Defence Systems Limited, the Company, Griffon and Mahindra Telephonics Integrated Systems Limited, and each of the documents and agreements ancillary thereto (collectively, the “JV Purchase Agreement”). Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Agreement.

In accordance with the Letter Agreement, we are writing to inform you that the sale of the Sale Shares (as defined in the JV Purchase Agreement) has been consummated in full and has closed.

Thank you for your attention to this matter.

Griffon Corporation

____
Seth L. Kaplan
Senior Vice President

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: August 3, 2022

/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: August 3, 2022

/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, 2022 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: August 3, 2022

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, 2022 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: August 3, 2022

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.