Griffon
CORPORATION

Annual Report 2024

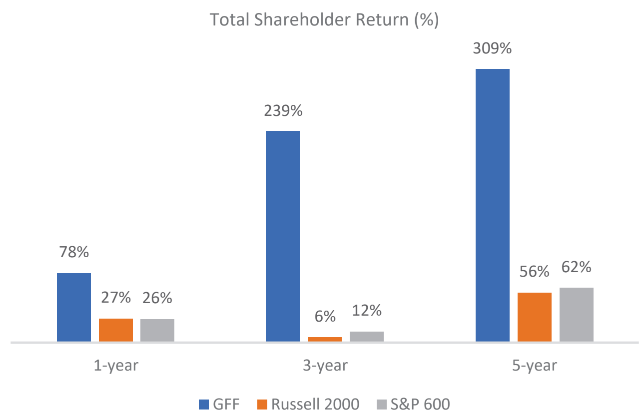
A MESSAGE TO SHAREHOLDERS

From Chairman and CEO Ron Kramer

I am pleased to report that Griffon had another outstanding year in fiscal 2024. We delivered strong financial performance highlighted by our free cash flow generation and operating profitability, achieved while navigating a challenging macroeconomic environment. Continued EBITDA margin performance of greater than 30% from our Home and Building Products (HBP) segment was the principal factor driving our results, complemented by significantly improved profitability at our Consumer and Professional Products (CPP) segment as we began realizing benefits from our recently completed global sourcing expansion initiative.

Griffon's 2024 adjusted EBITDA[1] before unallocated expenses was $574 million, representing a 21.9% EBITDA margin and a 100 basis point improvement in profitability year-over-year. This profitability drove the generation of $326 million of free cash flow[2], which we used to return $310 million to Griffon shareholders in the form of share repurchases and dividends. We were able to do this while maintaining our year-over-year leverage at 2.6 times net debt to EBITDA[3], which is at the low end of our target range.

Our continued commitment to returning value to shareholders is reflected in Griffon's Total Shareholder Return, which has consistently surpassed the returns of the Russell 2000 and S&P 600. The cumulative return chart over the last one, three, and five fiscal years demonstrates this outperformance.



Data from Bloomberg. Total Shareholder Return assumes reinvestment of all dividends.

We continue to invest in productivity, technology, and innovation across our businesses, which will enhance our operating margins in the near term and drive additional growth opportunities in the long term. At HBP, we are expanding Clopay's Troy, Ohio sectional door manufacturing capacity and adding advanced manufacturing equipment to satisfy increased customer demand for premium products. These investments will support the production of some of our most exciting new products, and we plan to make further investments in capacity expansion and technology in 2025.

Within CPP, the successful conclusion of our global sourcing initiative and the deployment of our global business intelligence system are already positively impacting CPP's operating results. We expect to see continued improvement over the next several years as the full benefits of these investments are realized.

HOME AND BUILDING PRODUCTS

The HBP segment conducts its operations through Clopay Corporation (Clopay), the preeminent manufacturer and marketer of sectional residential and commercial garage doors and rolling steel doors in North America. Clopay's products are sold under the Clopay®, Cornell®, Cookson®, Ideal Door® and Holmes® brands. Clopay leverages its extensive design, manufacturing and logistics capabilities, including its 56 North American distribution centers, to serve a diverse customer portfolio spanning a network of over 3,000 professional dealers and retail partners.

Despite challenging residential and commercial construction markets, HBP generated fiscal 2024 revenue of $1.6 billion and adjusted EBITDA[1] of $501 million. These results demonstrate the resilience and strength of Clopay's business model, the dedication of its team, and the loyalty of its customers.

Innovation

Clopay's commitment to innovation remained a cornerstone of its success in fiscal 2024, and Clopay's product development pipeline continues to expand in exciting new ways with a focus on addressing evolving customer needs in design, functionality, and connectivity. Clopay is committed to providing the best products to architects, facility owners, homeowners, remodelers, and homebuilders alike.

A highlight of the year was the highly anticipated launch of the VertiStack® Avante® aluminum and glass door at the 2024 International Builders' Show in Las Vegas. This innovative vertical stacking door reimagines the conventional garage door, offering a clean, modern design that eliminates overhead tracks and exposed hinges. The door maximizes overhead space and floods interiors with natural light.

VertiStack Avante® was named the "Hottest New Product" at the International Door Association Expo, recognized as a Merchandise Vice President's Top 3 Product at The Home Depot's annual product walk, and earned an Honorable Mention for Architecture MasterPrize™ (AMP) and an Architizer A+ Awards Special Mention.

Clopay has employed a strategy of building on its legacy residential garage door models to meet the evolving design preferences of consumers. This strategy has paid off, such as with the introduction of "Canyon Ridge Elements" to broaden the market appeal of the best-selling Canyon Ridge faux wood composite residential line. Clopay also expanded color offerings on the Modern Steel Ultra-Grain Plank door, giving homeowners more options to complement their homes.

In the commercial segment, energy efficiency remains a critical factor driving innovation and product development. In line with this shift toward more precise performance standards, Clopay introduced the Thermiser Max® - Low U door with a U-factor rating of 0.532, making it the most energy-efficient rolling door available on the market today. Driven by their mission to make doors that are easy to service and maintain, Clopay introduced SmartSync™, a real-time wireless diagnostic tool that improves speed and efficiency when trouble-shooting electrical issues with industrial controls.

Infrastructure and Technology

Clopay also continues to invest in its manufacturing and distribution infrastructure. Clopay is expanding capacity at its Troy facility and improving operational efficiencies that will enable it to better serve its customers and respond to increasing demand. Clopay has also invested for growth by expanding its reach with new distribution centers in the growing Austin, Texas and Phoenix, Arizona markets. As an industry leader in technology, tools, and systems, Clopay continues to invest in advanced technologies to support the customer experience, manufacturing efficiency and quality, new product development, enterprise systems, efficiency and security.

Clopay uses several tools to increase brand awareness and bring customers into the purchase funnel. Among them is a national multimedia advertising campaign, named the best in the industry in 2024 by the Door and Access Systems Manufacturer's Association (DASMA). This year Clopay launched a new version of the *clopaydoor.com* consumer website with increased functionality and will soon be introducing a new design tool that combines AI technology with visual design to match user preferences to the best garage door for their home.

Giving Back to the Community

Clopay's success goes hand-in-hand with the success of the communities in which they operate. One of the most visible ways Clopay gives back is through its partnership with Habitat for Humanity. Since 2020, Clopay has provided funding and doors for three home builds in Ohio, providing first-time homeowners with much-needed support. Clopay associates take great pride in seeing their work make a tangible difference in the lives of their neighbors. This initiative is a testament to Clopay's commitment to build both strong businesses *and* strong communities.

Looking Ahead

Looking forward, Clopay is well-positioned for continued growth and profitability. Garage doors continue to rank as the most affordable home improvement project with nearly a 2x return on investment at resale, according to the Zonda 2024 Cost vs. Value Report. We have plans to capitalize on this trend with new products, growing distribution, and outstanding customer service. The future is bright, and we are excited about the opportunities that lie ahead for Clopay.

CONSUMER AND PROFESSIONAL PRODUCTS

The CPP segment is a global provider of branded consumer and professional tools; residential, commercial, and industrial fans; home storage and organization products; and products that enhance outdoor lifestyles. CPP serves its primary markets in the United States, Australia, Canada, and the United Kingdom, and offers its products through a portfolio of leading brands including AMES®, ClosetMaid®, Hunter®, True Temper®, Razor-Back®, Jackson®, Casablanca®, Hills®, Garant®, Cyclone®, Nylex®, Harper® and Kelkay®.

Innovation

Product innovation for the segment is highlighted by Hunter's incorporation of leading-edge product technologies such as SureSpeed®, WeatherMax®, SIMPLEconnect® Wi-Fi capability, and energy efficient AC and DC motor technologies to differentiate its product offerings from the competition. These innovations provide valuable features for Hunter's fan product lines including increased air velocity, reliable and corrosion-resistant outdoor operation, and easy installation. Hunter's market-leading motor technology creates a platform for energy efficient products, and for continued expansion into 220-volt international markets such as Australia.

Infrastructure and Technology

CPP's global sourcing expansion initiative was launched in May 2023 and completed by the end of fiscal 2024, on budget and ahead of schedule. This initiative leverages CPP's global supply chain for the manufacture of products to be sold in the U.S. and has resulted in the cessation of manufacturing operations at multiple CPP facilities comprising approximately 1.2 million square feet. With this initiative now complete, CPP is in a better position to serve the evolving global market with an asset-light operating model that provides improved flexibility and profitability.

CPP is also continuing the successful global deployment of its business intelligence system, which provides powerful business analytics tools, data management, and reporting for its operating business in all of our home markets. This roll-out is an essential element of further growth and improved efficiency of CPP's global supply chain across the segment.

Financial Results

CPP results for the year continued to reflect challenging and uncertain market conditions. Revenue decreased 6% to $1 billion primarily from reduced consumer demand in North America, partially offset by increased volume in the Australian market.

During the year, AMES Australasia acquired Pope, a leading Australian provider of residential watering products, which further expands the AMES portfolio in the Australian market. We expect Pope to contribute approximately $25 million of incremental sales to AMES in its first full year of operation.

CPP adjusted EBITDA[1] of $73 million represents an increase of 44% versus the prior year, driven by improved North American production costs and improved margin in Australia, offset by reduced sales from softer consumer demand. The improved profitability in North America is primarily due to the early positive effects of the global sourcing initiative.

Looking Ahead

With its global sourcing initiative complete, CPP is well-positioned to capitalize on the recovery of consumer demand in North America and to realize improved operational efficiencies through a flexible, asset-light business model. Global deployment of the business intelligence system will contribute to improved supply chain efficiency and information collaboration across all CPP global business units.

CLOSING

In fiscal 2024, we continued to focus on delivering shareholder value while maintaining a strong balance sheet. From April 2023 through the end of fiscal year 2024, we repurchased 8.9 million shares of Griffon stock, representing 16% of shares outstanding as of April 2023. Over the past two fiscal years we have returned $595 million to shareholders through share buybacks and dividends, while reducing our net debt to EBITDA leverage ratio[3] from 2.9x to 2.6x.

We are in an excellent position as we enter fiscal 2025 with a proven strategy, skilled team, and robust balance sheet. These factors will drive strong operating performance and robust free cash flow generation, which we will use to drive a capital allocation strategy that delivers long-term value to our shareholders.

Over the next three years, we expect to generate over $1 billion of free cash flow. We will use this cash to execute our ongoing share repurchase program, pay down debt, and strategically invest in our businesses. In November 2024, Griffon's Board of Directors demonstrated its support of this strategy, authorizing an additional $400 million for share buybacks. Our capital allocation strategy underscores the confidence of Griffon's Board and management in our outlook and strategic plan. I could not be more appreciative of the hard work and tireless dedication of our Griffon employees. Around the world, they have been the key to our achievements in fiscal 2024 and I extend my heartfelt gratitude to all of them.

I am eager to execute our strategic plan and create additional value for our stakeholders. This is the third year in a row I have ended this letter by saying "The best is yet to come." I remain confident in this statement.

Yours sincerely,

Ronald J. Kramer
Chairman and CEO

[1] For a reconciliation of Adjusted EBITDA to Income (loss) before taxes from continuing operations, see the GAAP to Non-GAAP reconciliation on page 98 of this annual report.

[2] For a reconciliation of Net cash provided by operating activities to free cash flow, see the GAAP to Non-GAAP reconciliation at the end of this annual report.

[3] For the calculation of our net debt to EBITDA leverage ratio as of September 30, 2024, September 30, 2023 and September 30, 2022, which is calculated based on the applicable covenant in Griffon's credit agreement, see the GAAP to non-GAAP reconciliation at the end of this annual report.

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

FORM 10-K

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

For the year ended September 30, 2024

OR

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

Commission File No. 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)

(Registrant's telephone number, including area code) **(212) 957-5000**

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**

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant as of the close of business March 28, 2024, the registrant's most recently completed second quarter, was approximately $3,234,000,000. The registrant's closing price as reported by the New York Stock Exchange-Composite Transactions for March 28, 2024 was $73.34. The number of the registrant's outstanding shares was 47,821,861 as of October 31, 2024.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III—(Items 10, 11, 12, 13 and 14). Registrant's definitive proxy statement to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934.

Special Notes Regarding Forward-Looking Statements

This Annual Report on Form 10-K, especially “Management’s Discussion and Analysis”, contains certain “forward-looking statements” within the meaning of the Securities Act, the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Such statements relate to, among other things, income (loss), earnings, cash flows, revenue, changes in operations, operating improvements, industries in which Griffon Corporation (the “Company” or “Griffon”) operates and the United States and global economies. Statements in this Form 10-K 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”, “achieves", “should,” “would,” “could,” “hope,” “forecast,” “management is of the opinion,” “may,” “will,” “estimates,” “intends,” “explores,” “opportunities,” the negative of these expressions, use of the future tense and similar words or phrases. Such forward-looking statements are subject to inherent risks and uncertainties that could cause actual results to differ materially from those expressed in any forward-looking statements. These risks and uncertainties include, among others: current economic conditions and uncertainties in the housing, credit and capital markets; Griffon’s ability to achieve expected savings and improved operational results from cost control, restructuring, integration and disposal initiatives (including the expanded CPP global outsourcing strategy announced in May 2023); the ability to identify and successfully consummate, and integrate, value-adding acquisition opportunities; increasing competition and pricing pressures in the markets served by Griffon’s operating companies; the ability of Griffon’s operating companies to expand into new geographic and product markets, and to anticipate and meet customer demands for new products and product enhancements and innovations; increases in the cost or lack of availability of raw materials such as steel, resin and wood, 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 or military conflicts that could impact the worldwide economy; a downgrade in Griffon’s credit ratings; changes in international economic conditions including inflation, 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; effects of possible IT system failures, data breaches or cyber-attacks; the impact of pandemics, such as 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. 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.

(Unless otherwise indicated, any reference to years or year-end refers to the fiscal year ending September 30 and U.S. dollars and non-U.S. currencies are in thousands, except per share data)

PART I

Item 1. *Business*

Overview

Griffon Corporation (the "Company" or "Griffon", "we", "us") is a diversified management and holding company that conducts business through wholly-owned subsidiaries. The Company, 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

Our strategic 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 with acquisition and growth opportunities as well as divestitures. As long-term investors, we intend to continue to grow and strengthen our existing businesses, and to diversify further through investments in our businesses and acquisitions.

Since 2017, we have undertaken a series of transformative transactions to strengthen our core business and increase shareholder value. We divested our specialty plastics business in 2018 and our defense electronics (Telephonics) business in 2022 to focus on our core markets and improve our free cash flow conversion. In our Home and Building Products ("HBP") segment, we acquired CornellCookson, Inc. ("CornellCookson") in 2018, which has established us as 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, Cornell and Cookson. In our Consumer and Professional Products ("CPP") segment, we expanded the scope of our brands through the acquisition of Hunter Fan Company ("Hunter") in January 2022 and ClosetMaid, LLC ("ClosetMaid") in 2018.

On July 1, 2024, Griffon announced that its subsidiary, The AMES Companies, Inc., ("AMES") expanded the scope of its Australian operations by acquiring substantially all the assets of Pope, a leading Australian provider of residential watering products, from The Toro Company (NYSE:TTC) for a purchase price of approximately AUD 21,800 (approximately $14,500) in cash. This is CPP's seventh acquisition in Australia since 2013, and further expands AMES's product portfolio in the Australian market. Pope is expected to contribute approximately $25,000 in revenue in the first twelve months after this acquisition.

On June 27, 2022 we completed the sale of our Defense Electronics segment which consisted of our Telephonics subsidiary for $330,000 in cash, excluding customary post-closing adjustments. As such, the results of operations of our Telephonics business is classified as a discontinued operation in the Consolidated Statements of Operations for all periods presented and the related assets and liabilities have been classified as assets and liabilities of the discontinued operation in the Consolidated Balance Sheets. Accordingly, all references made to results and information in this Annual Report on Form 10-K are to Griffon's continuing operations, unless noted otherwise.

On January 24, 2022, Griffon acquired Hunter, a market leader in residential ceiling, commercial, and industrial fans, from MidOcean Partners ("MidOcean") for a contractual purchase price of $845,000.

Hunter, which is part of Griffon's Consumer and Professional Products segment, complements and diversifies our portfolio of leading consumer brands and products.

CPP Global Sourcing Strategy Expansion and Restructuring Charges

Griffon announced in May 2023 that CPP was expanding its global sourcing strategy to include long handled tools, material handling, and wood storage and organization product lines for the U.S. market. This initiative was successfully completed as of September 30, 2024, ahead of the previously announced date of December 31, 2024.

As a result of this global sourcing expansion initiative, manufacturing operations have concluded at four manufacturing sites and four wood mills, resulting in a total facility footprint reduction of approximately 1.2 million square feet, or approximately 15% of CPP's square footage, and a headcount reduction of approximately 600.

The adoption of an asset-light business model for these U.S. products has positioned CPP to better serve customers with a more flexible and cost-effective sourcing model that leverages supplier relationships around the world, and improved its competitive positioning. These actions will be essential for CPP to achieve its target of 15% EBITDA margin while enhancing free cash flow through improved working capital and significantly reduced capital expenditures.

Implementation of this strategy over the duration of the project resulted in charges of $133,777, which included $51,082 of cash charges for employee retention and severance, operational transition, and facility and lease exit costs, and $82,695 of non-cash charges primarily related to asset write-downs. In addition, there were $2,678 of capital investments to effectuate the project. This excludes cash proceeds from the sale of real estate and equipment, which through September 30, 2024 were $13,271, and excludes future proceeds from the sale of remaining real estate and equipment.

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:

- 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 Cornell and Cookson brands.
- Consumer and Professional Products ("CPP") is a leading 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.

Reportable Segments:

HOME AND BUILDING PRODUCTS

The HBP segment consists of Clopay. Founded in 1964 and acquired by Griffon in 1986, Clopay has grown organically and through acquisitions to become the largest manufacturer and marketer of residential and commercial garage doors, and rolling steel doors in North America. The majority of Clopay's sales come from home remodeling and renovation projects, with the balance from commercial construction and new residential housing construction. Sales into the home remodeling market are driven by the aging of the housing stock, existing home sales activity, and the trends of improving both home appearance and energy efficiency. Sales into the commercial market are driven by commercial construction and repair and replacement, including the aging of nonresidential buildings, warehouses, and institutional and industrial facilities, as well as increased business activity, changes to building codes, security of facilities, and trends of improving function and performance.

Clopay has approximately 3,000 employees.

Brands

Clopay brings over 50 years of experience and innovation to the residential and sectional garage door industry, and has over 100 years of experience in the rolling steel industry. Residential and commercial sectional products are sold under market-leading brands including Clopay®, America's Favorite Garage Doors®, Holmes Garage Door Company® and IDEAL Door®. Clopay commercial rolling steel door brands include Cornell®, Cookson® and Clopay®.

Products and Service

Clopay manufactures a broad line of residential sectional garage doors with a variety of options, at varying prices. Clopay offers garage doors made primarily from steel, aluminum, plastic composite and wood, and also sells related products, such as garage door openers manufactured by third parties.

Commercial door products manufactured and marketed by Clopay include rolling steel service doors, fire doors, shutters, steel security grilles, and room dividers. Clopay also manufactures and markets commercial sectional doors, which are similar to residential garage doors, but are designed to meet the more demanding performance specifications of a commercial application.

Customers

Clopay supports a diversity of customers ranging from local rural dealerships to national retail chains. Clopay's customers include over 3,000 independent professional installing dealers and major home center retail chains including Home Depot and Menards. Clopay maintains strong relationships with its installing dealers and believes it is the largest supplier of sectional garage doors to the retail and professional installing channels in North America and the largest supplier of rolling steel door products in North America.

Clopay distributes its garage doors directly to customers from its manufacturing facilities and through its network of 56 distribution centers located throughout the U.S. and Canada. These distribution centers allow Clopay to maintain an inventory of garage doors near installing dealers and provide quick-ship service to retail and professional dealer customers.

Clopay is currently the exclusive supplier of residential and commercial garage doors to Home Depot and Menards locations throughout North America, and has had relationships with each for more than 25 years. The loss of either of these customers would have a material adverse effect on Clopay and Griffon.

Product Development

Clopay product development efforts focus on both new products and improvements to existing products. Products are developed through in-house design and engineering staffs.

Clopay operates technical development centers where its research engineers design and develop new products and technologies and perform durability and performance testing of new and existing products, materials and finishes. Clopay continually improves its door offerings through these development efforts, focusing on characteristics such as strength, design, performance, durability, and energy efficiency. The process engineering teams also work to develop new manufacturing processes and production techniques aimed at improving manufacturing efficiencies and ensuring quality-made products.

Sales and Marketing

The Clopay sales and marketing organization supports our customers, consults on new product development and aggressively markets door solutions, with a primary focus on the North American market. Clopay maintains a strong promotional presence, in both traditional and digital media.

Clopay provides a unique customer experience platform called MyClopay™ which delivers an array of sales, order management, analytical, instructional, and informational applications. These applications empower Clopay's customers to provide the best solutions to their end customers, and MyClopay has been widely adopted by Clopay's customers due to its feature rich, intuitive, and device-agnostic software. We believe this capability is unique to the industry.

Within the MyClopay application suite, Clopay customers use a proprietary residential door web application, the MyDoor® mobile enabled app, that guides consumers through an easy to use door visualization and pricing process, allowing them to select the optimal door for their home. For Clopay's commercial products, Clopay's Commercial Door Quoter (CDQ®™) and WebGen™ applications deliver a streamlined quoting and bid submittal process to our professional dealers, providing improved close rates, productivity, and back office efficiency.

Raw Materials and Suppliers

The principal raw material used in Clopay's manufacturing is galvanized steel. Clopay also utilizes certain hardware and plastic components, as well as aluminum and insulated foam. All raw materials are generally available from a number of sources.

Competition

The sectional garage door and commercial rolling steel door industry includes several large national manufacturers and many smaller, regional and local manufacturers. Clopay competes on the basis of service, quality, brand awareness, product design and price.

Clopay brand names are widely recognized in the building products industry. Clopay believes that it has earned a reputation among installing dealers and retailers for producing a broad range of innovative, high-quality doors with industry leading lead times supported by an extensive distribution network. Clopay's market position, brand recognition, and proprietary software applications and systems are key marketing tools for expanding its customer base.

Manufacturing and Distribution

Clopay's principal manufacturing facilities include 1,582,000 square feet in Troy and Russia, Ohio, 279,000 square feet in Mountain Top, Pennsylvania and 163,000 square feet in Goodyear, Arizona. Clopay distributes its products through a wide range of distribution channels, including a national network of 56 distribution centers with a total of approximately 1,200,000 square feet. This network of manufacturing facilities and distribution centers is capable of providing just in time and prepositioned inventory across the U.S. and Canada, and provides flexibility regarding how and where doors are delivered to customers in their local markets.

CONSUMER AND PROFESSIONAL PRODUCTS

Consumer and Professional Products ("CPP") is a leading 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, Hunter and ClosetMaid. AMES, founded in Massachusetts in 1774, has the distinction of being one of the oldest companies in continuous operation in the United States. Over its long life, AMES has grown organically and through the acquisition of other leading and historic tool businesses such as True Temper, Union Tools, and Garant. Today, AMES is a leading provider of long-handled tools and landscaping products for homeowners and professionals in North America, and also provides these products in key global markets including Canada, Australia, New Zealand, the U.K., and Ireland. Under the ClosetMaid brand, CPP is a leading provider of wood and wire closet organization, general living storage, and wire garage storage products in the United States. Under the Hunter brand, since 1886, CPP is a leading provider of residential, industrial and commercial fans in the United States.

CPP has approximately 2,300 employees worldwide.

Brands

CPP's brands are among the most recognized across its primary product categories in North America, Australia and the United Kingdom. Its brand portfolio for long-handled tools, outdoor décor, and landscaping product includes AMES®, True Temper®, Garant®, Harper®, UnionTools®, Westmix™, Cyclone®, Southern Patio®, Northcote Pottery™, Nylex®, Hills®, Kelkay®, Tuscan Path®, La Hacienda®, Kelso™, Dynamic Design®™, Apta®, Quatro Design® and Pope®. Contractor-oriented tool brands include Razor-Back® Professional Tools and Jackson® Professional Tools. CPP's home organization, general living storage, and garage storage products are sold primarily under the ClosetMaid® brand. CPP's residential, industrial and commercial fan products are sold under the Hunter Fan®, Hunter Industrial® and Casablanca® brands.

This strong portfolio of brands enables CPP to build and maintain long-standing relationships with leading retailers and distributors. In addition, given the breadth of its brand portfolio and product category depth, CPP is able to offer specific, differentiated branding strategies for key retail customers. These strategies focus on enhancement of brand value, with the goal of de-commoditizing CPP products through identity and functionality elements that makes each top brand unique, attractive and visually recognizable by the consumer.

Products

CPP markets a broad portfolio of long-handled tools, landscaping products, home organization products and residential, industrial and commercial fans. This portfolio contains many iconic brands and is anchored by six core product categories: seasonal outdoor tools, project tools, outdoor décor and watering, home organization, fans and cleaning products. As a result of brand portfolio recognition, outstanding product quality, industry leading service and strong customer relationships, CPP has earned market-leading positions in its six core product categories. The following is a brief description of CPP's primary product lines:

- ***Seasonal Outdoor Tools***
  - *Long-Handled Tools:* An extensive line of engineered tools including shovels, spades, scoops, rakes, hoes, cultivators, weeders, post hole diggers, scrapers, edgers and forks, marketed under leading brand names including AMES®, True Temper®, UnionTools®, Garant®, Cyclone®

and Kelso™, as well as contractor-oriented brands including Razor-Back® Jackson® and Darby™.

  - *Wheelbarrows:* AMES designs, and develops a full line of wheelbarrows and lawn carts, primarily under the AMES®, True Temper®, Jackson® Professional Tools, UnionTools®, Garant® and Westmix™ brand names. The products range in size, material (poly and steel), tray form, tire type, handle length and color based on the needs of homeowners, landscapers and contractors.
  - *Snow Tools:* A complete line of snow tools is marketed under the True Temper®, Garant® and Union Tools® brand names. The snow tool line includes shovels, pushers, roof rakes, sled sleigh shovels, scoops and ice scrapers.
  - *Pruning:* The pruning line is made up of pruners, loppers, shears, and other tools sold primarily under the AMES®, True Temper®, Cyclone® and Garant® brand names.

- ***Project Tools***
  - *Striking Tools:* Axes, picks, mattocks, mauls, wood splitters, sledgehammers, pry bars and repair handles make up the striking tools product line. These products are marketed under the True Temper®, AMES®, Cyclone®, Garant®, Jackson® Professional Tools and Razor-Back® Professional Tools brand names.
  - *Hand Tools:* Hammers, screwdrivers, pliers, adjustable wrenches, handsaws, tape measures, levels, clamps, and other traditional hand tools make up this product line. These products are marketed under the Trojan®, Cyclone® and Supercraft® brand names. In addition, gardening hand tools, such as trowels, cultivators, weeders and other specialty garden hand tools, are marketed under the AMES® brand name.
- ***Outdoor Décor and Watering***
  - *Planters and Lawn Accessories:* AMES is a designer and distributor of indoor and outdoor planters and accessories, sold under the Southern Patio®, Northcote Pottery™, Tuscan Path, La Hacienda®, Hills®, Kelkay®, Quatro Design®, Pope® and Dynamic Design®™ brand names, as well as various private label brands. The range of planter sizes (from 6 to 32 inches) is available in various designs, colors and materials.
  - *Garden Hose and Storage:* AMES offers a wide range of garden hoses and hose reels under the AMES®, NeverLeak® and Nylex® brand names.
- ***Home Organization****:* AMES designs, manufactures and sells a comprehensive portfolio of wire and wood shelving, containers, storage cabinets and other closet and home organization accessories primarily under the highly recognized ClosetMaid® brand name. Wire products include wire shelving and hardware, wire accessories and kitchen storage products. Wire product brands include Maximum Load®, SuperSlide® and ShelfTrack®. Wood solutions include closet systems, cube storage, storage furniture and cabinets. Selected wood product brands include MasterSuite®, Suite Symphony®™, ExpressShelf®, Style+®, and SpaceCreations®.
- ***Fans:*** CPP designs and sells residential, industrial and commercial fans under the Hunter Fan®, Hunter Industrial® and Casablanca® brand names.
- ***Cleaning Products***: CPP offers a line of cleaning products for professional, home, and industrial use, including brooms, brushes, squeegees, and other cleaning products, primarily under the Harper® brand.

Customers

CPP sells products throughout North America, Australia, New Zealand, the U.K. and Ireland through (1) home centers, such as The Home Depot, Inc. ("Home Depot"), Lowe's Companies Inc. ("Lowe's"), Rona Inc., Bunnings Warehouse ("Bunnings") and Woodies (with the average length of the relationship with these customers being approximately 30 years); (2) mass market, specialty, and hardware retailers including Tractor Supply Corporation ("Tractor Supply"), Wal-Mart Stores Inc. ("Walmart"), Target Corporation ("Target"), Canadian Tire Corporation, Limited ("Canadian Tire"), Costco Wholesale Corporation ("Costco"), Ace, Do-It-Best and True Value Company; (3) industrial distributors, such as W.W. Grainger, Inc. and ORS Nasco; (4) homebuilders, such as D.R. Horton, KB Home, Lennar and NVR, Inc.; and (5) E-commerce platforms, such as Amazon Inc. ("Amazon"), Wayfair Inc., ("Wayfair), Hayneedle Inc., "(Hayneedle"), Beyond, Inc. ("Beyond"), and Spreetail LLC. ("Spreetail").

Home Depot, Lowe's and Bunnings are significant customers of CPP. The loss of any of these customers would have a material adverse effect on the CPP business and on Griffon.

Product Development

CPP product development efforts focus on both new products and product line extensions. CPP continually improves existing products as well as develops new products to satisfy consumer needs, expand revenue opportunities, maintain or extend competitive advantages, increase market opportunity and reduce production costs. Products are developed through in-house industrial design and engineering staffs to introduce new products and product line extensions that are timely and cost effective.

Sales and Marketing

CPP's sales organization is structured by product line and distribution channel in the U.S., and by country internationally. In the U.S., a dedicated team of sales professionals is provided for each of the large retail customers. Offices are maintained adjacent to each of the two largest customers' headquarters, supported by a shared in-house sales analyst. In addition, sales professionals are assigned to domestic, wholesale and industrial distribution channels. Sales teams located in Canada, Australia, the United Kingdom, Mexico and Ireland handle sales in each of their respective regions. In Australia, a dedicated team of sales professionals is provided for the largest retail customer. CPP has made significant investments in automation, facilities expansion and fulfillment operations to support e-commerce growth.

Raw Materials and Suppliers

CPP's primary raw material inputs include resin (primarily polypropylene and high-density polyethylene), hickory wood and steel (wire rod). All raw materials are generally available from a number of sources. CPP sources certain finished goods, primarily in storage and organization, outdoor décor, residential, industrial and commercial fans, and tools.

Competition

The long-handled tools and landscaping product industry is highly competitive and fragmented. Most competitors consist of small, privately-held companies focusing on a single product category. Some competitors, such as Fiskars Corporation in the hand tool and pruning tool market and Truper Herramientas S.A. de C.V. in the long-handled and garden tool space, compete in various tool categories. Suncast Corporation competes in the hose reel and accessory market, and in the long-handled plastic snow shovel category. In addition, there is competition from imported or sourced products from China, India and other low-cost producing countries, particularly in long-handled tools, wheelbarrows, planters, striking tools and pruning tools.

The home storage and organizational solutions industry is also highly fragmented. CPP, primarily under the ClosetMaid brands, sells through retail, direct to consumer (e-commerce category) and direct to installer (building) channels and competes with a significant number of companies across each of these unique channels. Principal competition for retail wire products is from products sourced from China, India and other low-cost producing countries. FirstService Brands, Inc. sells competing wood solutions under the brand California Closets®, but does not sell through the retail or direct to consumer channels.

The residential, industrial, and commercial fan industry is fragmented. CPP, under the highly recognized Hunter brand, sells through direct to consumer (e-commerce category), retail, and direct to installer (industrial and commercial) channels. CPP's principal competitors in the consumer ceiling fan market are retailer house brands such as Hampton Bay in The Home Depot and Harbor Breeze in Lowe's, followed by Minka Air. In the industrial and commercial fan space, principal competitors are Big Ass Fans, Rite-Hite, Macro Air, and Minka Air.

CPP differentiates itself and provides the best value to customers through its successful history of innovation, dependable supply chain and high on-time delivery rates, quality, product performance, and highly recognized product brands. CPP's size, depth and breadth of product offering, category knowledge, research and development ("R&D") investment, service and its ability to react to sudden changes in demand from seasonal weather patterns, especially during harsh winter months, are competitive advantages.

Manufacturing and Distribution

CPP sources products for sale through a combination of internal and external global manufacturing sources and supply chain partners. Principal North American manufacturing facilities include a 676,000 square foot facility in Ocala, Florida, and a 353,000 square foot center in St. Francois, Quebec, Canada. CPP operates smaller manufacturing facilities, including wood mills, at several other locations in the United States, and internationally in Jiangmen, China, and Grafton, New South Wales and Wonthaggi, Victoria, both in Australia.

CPP has three principal distribution facilities in the United States: a 1.4 million square foot facility in Carlisle, Pennsylvania; a 997,000 square foot facility in Reno, Nevada; and a 600,000 square foot facility in Byhalia, MS. Finished goods are transported to these facilities by both an internal fleet, as well as over the road trucking and rail. Additionally, light assembly is performed at the Carlisle and Reno locations. Smaller distribution centers are also strategically located in the U.S. in Ocala, Florida, and internationally in Canada, Australia, the United Kingdom and Ireland.

Discontinued Operation:

DEFENSE ELECTRONICS

On June 27, 2022, Griffon completed the sale of its Defense Electronics segment, which consisted of Griffon's Telephonics subsidiary, for $330,000, excluding certain customary post-closing adjustments. As such, the results of operations of our Telephonics business is classified as a discontinued operation in the Consolidated Statements of Operations for the year ended September 30, 2022. Accordingly, all references made to results and information in this Annual Report on Form 10-K are to Griffon's continuing operations, unless noted otherwise.

Griffon Corporation

Employees

As of September 30, 2024, Griffon and its subsidiaries employ approximately 5,300 employees located primarily throughout North America, the United Kingdom, Australia, and China. Generally, the total number of employees of Griffon and its subsidiaries does not significantly fluctuate throughout the year. However, acquisition activity or the opening of new branches or lines of business, efficiency initiatives, or other changes in the level of Griffon's business activity (for instance, based on actual or anticipated customer demand or other factors), could require staffing level adjustments.

As of September 30, 2024, approximately 158 employees in Canada are represented by the Trade Union Advisory Committee. Griffon believes its relationships with its employees are satisfactory.

In managing its human capital resources, Griffon aims to attract a qualified workforce through an inclusive and accessible recruiting process that utilizes online recruiting platforms, campus outreach, internships and job fairs. Griffon also seeks to retain employees by offering competitive wages, benefits and training opportunities, as well as promoting a safe and healthy workplace. Griffon and all of its businesses strictly comply with all applicable state, local and international laws governing nondiscrimination in employment in every location in which Griffon and its businesses have facilities. This applies to all terms and conditions of employment, including recruiting, hiring, placement, promotion, termination, layoff, recall, transfer, leaves of absence, compensation and training. All applicants and employees are treated with the same high level of respect regardless of their gender, ethnicity, religion, national origin, age, marital status, political affiliation, sexual orientation, gender identity, disability or protected veteran status.

Regulation

Griffon's operations are subject to various environmental, health, and employee safety laws and regulations. Griffon believes that it is in material compliance with these laws and regulations. Historically, compliance with environmental, health, and employee safety laws and regulations have not materially affected, and are not expected to materially affect, Griffon's capital expenditures, earnings or competitive position. Nevertheless, Griffon cannot guarantee that, in the future, it will not incur additional costs for compliance or that such costs will not be material.

Customers

A small number of customers account for, and are expected to continue to account for, a substantial portion of Griffon's consolidated revenue. In 2024, Home Depot represented 11% of Griffon's consolidated revenue, 8% of HBP's revenue and 15% of CPP's revenue.

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

Seasonality

Griffon's revenue and earnings are generally lowest in our first and fourth quarters ending December 31, and September 30, respectively, and highest in the second and third quarters ending March 31, and June 30, respectively, primarily due to the seasonality within the HBP and CPP businesses. HBP's business is driven by renovation and construction during warm weather, which is historically at reduced levels during the winter months, generally in our second quarter. In 2024, 52% of CPP's' sales occurred during the second and third quarters compared to 54% in 2023 and 58% in 2022.

Demand for lawn and garden products is influenced by weather, particularly weekend weather during peak gardening season. AMES' sales volume can be adversely affected by certain weather patterns such as unseasonably cool or warm temperatures, hurricanes, water shortages or floods. In addition, lack of snow or lower than average snowfall during the winter season may result in reduced sales of certain AMES' products, such as snow shovels and other snow tools. As a result, AMES' results of operations, financial results and cash flows could be adversely impacted.

Financial Information About Geographic Areas

Segment and operating results are included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

For geographic financial information, see the Reportable Segment footnote in the Notes to Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data.

Griffon's non-U.S. businesses are primarily in Canada, Australia, the U.K., Ireland and China.

Research and Development

Griffon's businesses are encouraged to improve existing products as well as develop new products to satisfy customer needs; expand revenue opportunities; maintain or extend competitive advantages; increase market share and reduce production costs. R&D costs, not recoverable under contractual arrangements, are charged to expense as incurred.

Intellectual Property

Griffon follows a practice of actively protecting and enforcing its proprietary rights in the U.S. and throughout the world where Griffon's products are sold. All intellectual property information presented in this section is as of September 30, 2024.

Trademarks are of significant importance to Griffon's HBP and CPP businesses. With 50 years of experience and innovation in the garage door industry, and over 100 years of experience in the rolling steel door industry, HBP has a significant level of goodwill in its strong family of brands, including: Clopay®, America's Favorite Doors®; Holmes Garage Door Company®; IDEAL Door®; and the Cornell® and Cookson® commercial door brands. Principal global and regional trademarks used by CPP for its tool and landscape products include AMES®, True Temper®, Garant®, Harper®, UnionTools®, Westmix™, Cyclone®, Southern Patio®, Northcote Pottery™, Nylex®, Hills®, Kelkay®, Tuscan Path®, Pope®, La Hacienda®, Kelso™, Apta®, and Dynamic Design®, as well as contractor-oriented brands including Razor-Back® Professional Tools and Jackson® Professional Tools. Storage and home organization brands within CPP include ClosetMaid®, MasterSuite®, Suite Symphony®, Cubeicals®, ExpressShelf®, SpaceCreations®, Maximum Load®, SuperSlide® and ShelfTrack®. CPP's Hunter Fan Company has over 135 years of experience in the ceiling fan industry with well-recognized brands including Hunter®, Casablanca®, Hunter Industrial®, and Jan Fan®. The HBP and CPP businesses have approximately 1,596 registered trademarks and approximately 140 pending trademark applications around the world. Griffon's rights in these trademarks endure for as long as they are used and registered.

Patents are also important to the HBP and CPP businesses. HBP holds approximately 56 issued patents and 24 pending patent applications in the U.S., as well as approximately 18 and 108 corresponding foreign patents and patent applications, primarily related to garage door system components and operation. CPP protects its designs and product innovation through the use of patents, and currently has approximately 782 issued patents and approximately 245 pending patent applications in the U.S., as well as approximately 346 and 82 corresponding foreign patents and patent applications, respectively. Design patents are generally valid for fourteen years, and utility patents are generally valid for twenty years, from the date of filing. Griffon's patents are in various stages of their terms of validity.

Sustainable Business Practices

Griffon and its operating companies have always taken into account environmental, social and governance (ESG) considerations in the management of our businesses. Griffon is a subscriber to the United Nations Global Compact (UNGC) and published its inaugural annual ESG report in August 2022, in relation to fiscal 2021, benchmarked to both United Nations Global Compact (UNGC) Sustainable Development Goals and to the Sustainability Accounting Standards Board (SASB) criteria. Since then, Griffon published an annual ESG report in November 2023 in relation to calendar 2022. The Griffon ESG policy, and annual ESG Report, can be found on the Griffon website at www.griffon.com. Beginning with the calendar 2023 report, the report will be renamed as our annual Sustainability Report. We expect to file our calendar year 2023 Sustainability report before the end of calendar 2024.

The annual Sustainability reports discuss employee safety, employee education and welfare, carbon emissions, air emissions, energy consumption, water consumption, waste generation, recycled raw materials, and packaging initiatives, as well as community involvement and charitable giving. In our calendar 2022 report, we set an overarching goal of 30 percent reduction across six key metrics by 2030: carbon emissions, air emissions, water consumption, hazardous waste generated, lost time rates, and recordable injury rates. In addition, in 2023, in connection with the announcement of an expansion of CPP's global sourcing strategy, in 2023 we adopted a Supplier Code of Conduct (SCC) that essentially binds our suppliers to the same ESG goals and criteria to which Griffon adheres.

Griffon has assessed the environmental risk from its operations and focused its efforts to date on areas with the potential to have the greatest environmental impact. Where available, we use recycled materials to construct our products, and we continuously improve our packaging to reduce both volume and environmental impact. For example, bags used to pack AMES' Kelkay aggregate products in the UK are made from plant-based materials, and not from petroleum. The AMES Companies use a box-on-demand system that reduces packaging size. Approximately seventy percent of the steel used in HBP's garage doors is recycled steel. AMES is a member of the Appalachian Hardwood Manufacturers Association, which provides sustainable hardwoods for AMES tools, and is committed to purchasing hardwoods through the Sustainable Forestry Initiative.

Our operating companies are involved in the local communities in which they operate. We are involved in more than 100 charitable and community organizations, including well known national concerns such as Habitat for Humanity, Boys and Girls Clubs, the Home Depot Foundation (Diamond Sponsor), the Lowe's Foundation, and the American Cancer Society, as well as local groups such as garden clubs. Our communities know they can count on our support.

Over the last five years, we have invested millions of dollars in capital improvements relating to employee safety and health. These improvements include major upgrades to our loading and unloading operations (which had been the source of a significant portion of our worker injuries), ergonomic improvements, machine guarding and elimination of certain high-risk repetitive jobs through the use of robotics. Griffon has also invested significant time and capital in reducing ergonomic injuries through better work positioning and lifting improvements. Griffon has invested over one million dollars in improvements to employee welfare facilities, such as break areas and cafeterias.

More importantly, we view our employees as more than just workers. Through our Employee Stock Ownership Plan, our U.S. employees own approximately nine percent of Griffon stock. Our businesses engage in a variety of outreach programs in the various communities in which we operate to recruit new employees at all levels. These programs involve high schools and vocational schools, as well as colleges and universities, and often include internships as a means for potential new employees to experience what it is like to be part of our team. We also have a variety of onboarding programs, onsite job training programs, leadership development programs, and tuition reimbursement and education assistance policies to further the development and advancement of our employees.

In all of our geographies, we use on-site inspections of suppliers and specific contractual terms to manage our supply chains to ensure compliance with environmental and social laws and regulations, as well as with our policies, including with respect to human rights, child labor, slave labor and unsafe working conditions. Our SCC requires that all new suppliers, major volume suppliers and suppliers in higher risk areas submit a formal certification of compliance with our SCC. All significant suppliers worldwide will be required to periodically submit to an SCC audit, which evaluates not only quality control and vendor capabilities, but assesses to what extent each supplier emphasizes environmental, labor and social considerations in the operation of its business. Griffon companies are phasing in the SCC over the next several years, with the initial year to include training and program roll-out.

Honesty, transparency, and ethical practices have been ordinary course at Griffon for decades, and we continue to review and upgrade our programs in these areas. Our Code of Business Ethics and Conduct ("Code"), to which every employee certifies annually, requires that each and every employee conduct business to the highest ethical standards. Any acts of bribery are strictly prohibited, as is human trafficking and activities supporting human trafficking, such as the use of conflicts minerals. The Code prohibits all business courtesies except for those with an insignificant value, and even then, only under limited circumstances. Our SCC reinforces the same expectations from our suppliers. Our Corporate Governance Guidelines are published on our website. While the guidelines require that a majority of directors be independent, currently all of our directors are independent except our CEO (constituting over 92% of our directors). Griffon has appointed a lead independent director and has four principal board committees - Audit, Compensation, Nominating and Corporate Governance, and Finance - each of which has its responsibilities set forth in a charter available on the Griffon website.

We expect each of our employees and suppliers around the world to work hard to deliver outstanding products to our customers and to deliver value to our shareholders. And, while doing so, we expect them to respect and adhere to our environmental, social and governance commitments and policies, and to make our company a place where all employees are proud to come to work every day.

Executive Officers of the Registrant

The following is a current list of Griffon's executive officers:

Name	Age	Positions Held and Prior Business Experience
Ronald J. Kramer	66	Chief Executive Officer since April 2008, Chairman of the Board since January 2018, Director since 1993, Vice Chairman of the Board from November 2003 to January 2018. From 2002 through March 2008, President and a Director of Wynn Resorts, Ltd. (Nasdaq:WYNN), a developer, owner and operator of destination casino resorts. From 1999 to 2001, Managing Director at Dresdner Kleinwort Wasserstein, an investment banking firm, and its predecessor Wasserstein Perella & Co. Member of the board of directors of Entain plc (LSE:ENT), Franklin BSP Capital Corporation and Franklin BSP Private Credit Fund. Former member of the board of directors of Douglas Elliman Inc. (NYSE:DOUG), from December 2021 to July 2024.
Robert F. Mehmel	62	President and Chief Operating Officer since December 2012, director from May 2018 to March 2022. From August 2008 to October 2012, President and Chief Operating Officer of DRS Technologies (Formerly NYSE:DRS) ("DRS"), a supplier of integrated products, services and support to military forces, intelligence agencies and prime contractors worldwide. From May 2006 to August 2008, Executive Vice President and Chief Operating Officer of DRS and from January 2001 to May 2006, Executive Vice President, Business Operations and Strategy, of DRS.
Brian G. Harris	55	Executive Vice President and Chief Financial Officer since November 13, 2024. Senior Vice President and Chief Financial Officer from August 2015 to November 12, 2024. From November 2012 to July 2015, Vice President and Controller of Griffon. From July 2009 to July 2015, Griffon's Chief Accounting Officer. From May 2005 to June 2009, Assistant Controller of Dover Corporation, a diversified global manufacturer (NYSE:DOV). Prior to this time, held various finance and accounting roles with Hearst Argyle Television (Formerly NYSE:HTV), John Wiley and Sons, Inc. (NYSE:WLY) and Arthur Andersen, LLP.

Name	Age	Positions Held and Prior Business Experience
Seth L. Kaplan	55	Senior Vice President, General Counsel and Secretary since May 2010. From July 2008 to May 2010, Assistant General Counsel and Assistant Secretary at Hexcel Corporation (NYSE:HXL), a manufacturer of advanced composite materials for space and defense, commercial aerospace and wind energy applications. From 2000 to July 2008, Senior Corporate Counsel and Assistant Secretary at Hexcel. From 1994 to 2000, associate at the law firm Winthrop, Stimson, Putnam & Roberts (now Pillsbury Winthrop Shaw Pittman LLP).

Item 1A. *Risk Factors*

Griffon's business, financial condition, operating results and cash flows can be impacted by a number of factors which could cause Griffon's actual results to vary materially from recent or anticipated future results. The risk factors discussed in this section should be carefully considered with all of the information in this Annual Report on Form 10-K. These risk factors should not be considered the only risk factors facing Griffon. Additional risks and uncertainties not presently known or that are currently deemed immaterial may also materially impact Griffon's business, financial condition, operating results and cash flows in the future.

In general, Griffon is subject to the same general risks and uncertainties that impact other diverse manufacturing companies including, but not limited to, general economic, industry and/or market conditions and growth rates; impact of natural disasters and pandemics, and their effect on global markets; possible future terrorist threats and their effect on the worldwide economy; and changes in laws or accounting rules. Griffon has identified the following specific risks and uncertainties that it believes have the potential to materially affect its business and financial condition.

Risks Related to Our Business

Current worldwide economic uncertainty and market volatility could adversely affect Griffon's businesses.

The current worldwide economic uncertainty and market volatility could continue to have an adverse effect on Griffon during 2025, within both the HBP and CPP segments, which are linked to the U.S. housing and the commercial property markets, and the U.S. economy in general. Purchases of many HBP and CPP products are discretionary for consumers who are generally more willing to purchase products during periods in which favorable macroeconomic conditions prevail. These conditions could make it more difficult to obtain additional credit on favorable terms for investments in current businesses or for acquisitions, or could render financing unavailable; in addition, while we do not have any near term debt maturities, if these conditions persist, we may have difficulty refinancing our debt when it comes due. Griffon is also exposed to certain fundamental economic risks including a decrease in the demand for the products and services it offers or a higher likelihood of default on its receivables.

Adverse trends and general economic conditions, especially those that relate to construction and renovation, will impact Griffon's business.

The HBP and CPP businesses serve residential and commercial construction and renovation, and are influenced by market conditions that affect these industries. For the year ended September 30, 2024, approximately 61% and 39% of Griffon's consolidated revenue was derived from the HBP and CPP segments, respectively, which were dependent on renovation of existing homes, new home construction, and commercial non-residential construction, repair and replacement. The strength of the U.S. economy, the age of existing home stock, job growth, interest rates, consumer confidence and the availability of consumer credit, as well as demographic factors such as migration into the U.S. and migration of the population within the U.S., have an effect on HBP and CPP. To the extent market conditions for residential or commercial construction and renovation are weaker than expected, this will likely have an adverse impact on the performance and financial results of the HBP and CPP businesses.

Griffon is exposed to fluctuations in inflation, which could negatively affect its business, financial condition and results of operations.

Inflation rates, particularly in the United States, increased to historic levels in 2022. According to the U.S. Department of Labor, the annual inflation rate for the United States decreased to 3.7% for the twelve months ended September 30, 2023, and it further decreased to 3.5% for the twelve months ended September 30, 2024. Although the past two fiscal years reflected a decrease in inflation rates since 2022, future increases in inflation may result in decreased demand for Griffon's operating company's products and services and increased operating costs and expenses, including for labor, raw materials and supplies. Increases in interest rates, especially if coupled with reduced government spending and volatility in financial markets, may have the effect of further increasing economic uncertainty and heightening these risks, which may result in economic recession. As a result of fluctuations in inflation, we may seek to increase the sales prices of our products and services in order to maintain satisfactory margins. Any attempts to offset Griffon's cost increases with price increases may result in reduced sales, increased customer dissatisfaction or harm to reputation. Additionally, Griffon's operating companies may be unable to raise the prices of their products and services at or above the rate at which their costs increase, which may reduce operating margins and have a material adverse effect on financial results and future growth.

Griffon operates in highly competitive industries and may be unable to compete effectively.

Griffon's operating companies face intense competition in the markets they serve. Griffon competes primarily on the basis of technical expertise, product differentiation, quality of products and services, and price. There are a number of competitors to Griffon, some of which are larger and have greater resources than Griffon's operating companies. Griffon's operating companies may face additional competition from companies that operate in countries with significantly lower operating costs.

Many HBP and CPP customers are large mass merchandisers, such as home centers, warehouse clubs, discount stores, commercial distributors and e-commerce companies. The growing share of the market represented by these large mass merchandisers, together with changes in consumer shopping patterns, have contributed to the increase of multi-category retailers and e-commerce companies that have strong negotiating power with suppliers. Many of these retailers import products directly from suppliers based in low-cost countries to source and sell products under their own private label brands to compete with HBP and CPP products and brands, which puts increasing price pressure on the products of these businesses. In addition, the intense competition in the retail and e-commerce sectors, combined with the overall increasingly competitive economic environment, may result in a number of customers experiencing financial difficulty, or failing in the future. The loss of, or a failure by, one of HBP's or CPP's significant customers could adversely impact our sales and operating cash flows.

To address all of these challenges, HBP and CPP must be able to respond to these competitive pressures, and the failure to respond effectively could result in a loss of sales, reduced profitability and a limited ability to recover cost increases through price increases. In addition, there can be no assurance that Griffon will not encounter increased competition in the future, which could have a material adverse effect on Griffon's financial results.

The loss of large customers can harm financial results.

A small number of customers account for, and are expected to continue to account for, a substantial portion of Griffon's consolidated revenue. Home Depot and Menards are significant customers of HBP and Home Depot, Lowe's and Bunnings are significant customers of CPP. Home Depot accounted for approximately 11% of consolidated revenue, 8% of HBP's revenue and 15% of CPP's revenue for the year ended September 30, 2024. Future operating results will continue to substantially depend on the success of Griffon's largest customers, as well as Griffon's relationships with them. Orders from these customers are subject to fluctuation and may be reduced materially due to changes in customer needs or other factors. Any reduction or delay in sales of products to one or more of these customers could significantly reduce Griffon's revenue. Griffon's operating results will also depend on successfully developing relationships with additional key customers. Griffon cannot ensure that its largest customers will be retained or that additional key customers will be recruited. Also, both HBP and CPP extend credit to its customers, which exposes it to credit risk. Our largest customer accounted for approximately 8%, 16% and 12% of the net accounts receivable of HBP, CPP and Griffon as of September 30, 2024, respectively. If this customer were to become insolvent or otherwise unable to pay its debts, the financial condition, results of operations and cash flows of HBP, CPP and Griffon could be adversely affected.

Reliance on third party suppliers and manufacturers may impair the ability of HBP and CPP to meet their customer demands.

HBP and CPP rely on a limited number of companies globally to supply components and manufacture certain of their products. The percentage of HBP and CPP worldwide sourced finished goods as a percent of revenue approximated 6% and 33%, respectively, in 2024. The percentage of HBP and CPP's worldwide sourced components as a percent of cost of goods sold approximated 18% and 4%, respectively, in 2024. Reliance on third party suppliers and manufacturers may reduce control over the timing of deliveries and quality of both HBP and CPP products. Reduced product quality or failure to deliver products timely may jeopardize relationships with certain of HBP's and CPP's key customers. In addition, reliance on third party suppliers or manufacturers may result in the failure to meet HBP and CPP customer demands. Continued turbulence in the worldwide economy may affect the liquidity and financial condition of HBP and CPP suppliers. Should any of these parties fail to manufacture sufficient supply, go out of business or discontinue a particular component, alternative suppliers may not be found in a timely manner, if at all. Such events may impact the ability of HBP and CPP to fill orders, which could have a material adverse effect on customer relationships.

Griffon announced in May 2023 that CPP was expanding its global sourcing strategy to include long handled tools, material handling, and wood storage and organization product lines for the U.S. market. This has increased CPP's reliance on third-party suppliers and, therefore, CPP's exposure to the risks relating to the use of third-party suppliers. See the risk below titled "The expansion of CPP's global sourcing strategy may not achieve its intended results."

If Griffon is unable to obtain raw materials for products at favorable prices it could adversely impact operating performance.

HBP and CPP suppliers primarily provide resin, wood, steel and wire rod. Both of these businesses could experience shortages of raw materials or components for products or be forced to seek alternative sources of supply. If temporary shortages due to disruptions in supply caused by weather, transportation, production delays or other factors require raw materials to be secured from sources other than current suppliers, the terms may not be as favorable as current terms or certain materials may not be available at all. In recent years, both HBP and CPP have experienced price increases for most of their raw materials.

While most key raw materials used in Griffon's businesses are generally available from numerous sources, raw materials are subject to price fluctuations. Because raw materials in the aggregate constitute a significant component of the cost of goods sold, price fluctuations could have a material adverse effect on Griffon's results of operations. Griffon's ability to pass raw material price increases to customers is limited due to supply arrangements and competitive pricing pressure, and there is generally a time lag between increased raw material costs and implementation of corresponding price increases for Griffon's products. In particular, sharp increases in raw material prices are more difficult to pass through to customers and may negatively affect short-term financial performance.

CPP is subject to risks from sourcing from international locations, especially China

CPP's business is global, with products and raw materials sourced from, and manufactured and sold in multiple countries around the world. There are risks associated with conducting a business that may be impacted by political and other developments associated with international trade. In this regard, certain products sold by CPP in the United States and elsewhere are currently sourced from suppliers in China, with some of these products sourced exclusively from suppliers in China. Certain raw materials used by CPP may be sourced from China and therefore may have their prices and availability impacted by tariffs imposed on trade between the United States and China. Through the expanded sourcing strategy and the closure of U.S. facilities, CPP has increased the reliance on suppliers in China, which could further the impact of tariffs. CPP is taking steps to develop multiple suppliers outside of China to allow for supply chain sourcing pivot, as needed, in an effort to minimize this risk.

The sourcing of CPP finished goods, components and raw materials from China are generally subject to supply agreements with Chinese companies. China does not have a well-developed, consolidated body of laws governing agreements with international customers. Enforcement of existing laws or contracts based on existing law may be uncertain and sporadic, and it may be difficult to obtain swift and equitable enforcement or to obtain enforcement of a judgment by a court of another jurisdiction, including other jurisdictions within China itself. The relatively limited Chinese judicial precedent on matters of international trade in many cases creates additional uncertainty as to the outcome of any litigation. In addition, interpretation of statutes and regulations in China may be subject to government policies or political changes.

Because of the volume of sourcing by CPP from China, the ongoing trade dispute between the U.S. and China, including the imposition of tariffs on various Chinese imports into the U.S. at various times since March 2018, represents a continuing risk to CPP revenue and operating performance. U.S. imports from China exceeded $425 billion in 2023, the majority of which were subject to the Section 301 tariffs. In May 2024, the United States Trade Representative (USTR) completed a mandatory four-year review of the tariffs under Section 301 of the Trade Act of 1974. In addition to continuing the tariffs rather than allowing them to terminate under the Trade Act, the USTR announced additional tariffs on a number of products, to be implemented over the two-year period 2024-2026. These changes are expected to have a limited impact on current CPP products; however, the increases may complicate efforts to expand CPP's product portfolio under its new global sourcing strategy.

In addition to tariffs, an increased global focus on forced labor in supply chains has the potential to impact our business operations. In June 2022, the Uyghur Forced Labor Prevention Act (UFLPA) went into effect and establishes a rebuttable presumption that goods made in whole or in part in the Xinjiang Uyghur Autonomous Region of the People's Republic of China are produced with forced labor, and directs US Customs and Border Protection (CBP) to prevent entry of products made with forced labor into the U.S. market. Importers whose shipments are detained by CBP under the UFLPA can rebut the presumption with "clear and convincing evidence" that the products were not produced with forced labor. This requires that the importer submit detailed information regarding every supplier and sub-supplier, and all components and raw materials, relating to the manufacturing and transportation of goods being detained. Detention costs accrue during the pendency of CBP's evaluation.

From October 1, 2023 through September 30, 2024, more than 4,200 shipments to U.S importers, valued at approximately $1.7 billion, were targeted by CBP for further inspection. Neither CPP nor its suppliers currently manufacture or source products, components or raw materials from the Uyghur region of China; however, CBP takes a broad approach when targeting shipments it believes may have originated from the Uyghur region based on product definitions, tariff codes and supplier names that lead them to suspect the goods come from the Uyghur region. Additionally, the Forced Labor Enforcement Task Force has determined that certain industry sectors (including apparel, cotton and cotton products, silica-based products, PVC and aluminum products), and countries of origin outside of China (including Vietnam and Thailand) have an inherently higher risk of forced labor, such that CBP may detain goods within these sectors suspected of being manufactured with materials originating from Xinjiang, or coming from a country identified as higher risk.

As a result, CPP shipments may be targeted for detention in which case they become subject to the rebuttable presumption that they were sourced from the Uyghur region or another high-risk country, even though they are not imported directly from China or are otherwise demonstrably outside the scope of the UFLPA. In view of the increased enforcement of forced labor initiatives, we are continuing to update our compliance measures and work with our supply base to validate their supply chains, from raw materials through components to finished goods, to ensure our goods are not made using forced labor. We cannot be certain that our products will not be targeted or that our shipments will not be detained, which may impact our operating performance.

The continuing political and economic conflicts between U.S. and China have resulted in, and may continue to result in retaliatory actions from, both countries, and it is unknown whether current US-China relations over Taiwan, including the signature of the US-Taiwan Initiative on 21st Century Trade signed in May 2023, or the United States' continuing commitment to support Taiwan with equipment and services for its self-defense, will impact the ongoing trade dispute with China. We cannot predict what new retaliatory policies and regulations may be implemented by the Chinese government in response to the U.S./Taiwan engagement, and any such policies and regulations or other responses may adversely affect our business operations in China.

HBP and CPP operations are also subject to the effects of international trade agreements and regulations such as the United States-Mexico-Canada Agreement (USMCA), which will undergo a mandatory six-year review in 2026, and the activities and regulations of the World Trade Organization. Although these trade agreements generally have positive effects on trade liberalization, sourcing flexibility and the cost of goods by reducing or eliminating the duties and/or quotas assessed on products manufactured in a particular country, trade agreements can also adversely affect HBP and CPP. For example, trade agreements can result in setting quotas on products that may be imported from a particular country into key markets including the U.S., Canada, Australia and the U.K., or may make it easier for other companies to compete by eliminating restrictions on products from countries in which HBP and CPP competitors source products. With the expansion of its global sourcing strategy and the closure of numerous US manufacturing locations, CPP is likely to experience a diminished ability to take advantage of the trade benefits of the USMCA.

The ability of HBP and CPP to import products in a timely and cost-effective manner may continue to be affected by conditions at ports or issues that otherwise affect transportation and warehousing providers, such as port and shipping capacity, fuel prices, labor disputes, severe weather or increased homeland security requirements in the U.S. and other countries, as well as the potential for increased costs due to currency exchange fluctuations. These issues, along with the ongoing war between Russia and Ukraine, could delay importation of products or require HBP and CPP to locate alternative ports or warehousing providers to avoid disruption to customers. These alternatives may not be available on short notice or could result in higher transit costs, which could have an adverse impact on the business and financial results of HBP and CPP.

The expansion of CPP's global sourcing strategy may not achieve its intended results.

Griffon announced in May 2023 that CPP was expanding its global sourcing strategy to include long handled tools, material handling, and wood storage and organization product lines for the U.S. market. This expansion of CPP's global sourcing strategy has increased Griffon's exposure to certain other risks to which it is subject, including those related to the procurement of products from third party suppliers, many of whom are located in China and other non-U.S. jurisdictions. CPP is also in the process of selling various U.S. facilities at which CPP formerly conducted operations, and may not realize the proceeds it expects from the sale of these facilities.

CPP's expanded global sourcing strategy may also increase its exposure to cybersecurity risks, as discussed in the below risk factor titled "Griffon's operations and reputation may be adversely impacted if our information technology (IT) systems, or the IT systems of third parties with whom we do business, fail to perform adequately or if we or such third parties are the subject of a data breach or cyber-attack."

The adoption of an asset-light business model for these U.S. products has positioned CPP to better serve customers with a more flexible and cost-effective sourcing model that leverages supplier relationships around the world, which is in turn expected to improve CPP's competitive positioning and financial performance. There is no guarantee that these intended results will be achieved.

This initiative was successfully completed as of September 30, 2024, ahead of the previously announced date of December 31, 2024. As a result of this global sourcing expansion initiative, manufacturing operations have concluded at four manufacturing sites and four wood mills, resulting in a total its facility footprint reduction of approximately 1.2 million square feet, or approximately 15% of CPP's square footage, and a headcount reduction of approximately 600.

A future pandemic could adversely impact our results of operations.

If a future pandemic or similar outbreak, such as something similar to COVID-19, occurs and governments take protective actions, it may have a material adverse impact on Griffon's businesses and operating results for the reasons described above. In such event, the extent and duration of any impact on our businesses would be difficult to predict. To the extent a new outbreak adversely affects our businesses, operations, financial condition and operating results, it may also have the effect of heightening many of the other risks factors such as those relating to our high level of indebtedness, our need to generate sufficient cash flows to service our indebtedness, and our ability to comply with the covenants contained in the agreements that govern our indebtedness, as described in more detail below.

Griffon's businesses are subject to seasonal variations and the impact of uncertain weather patterns.

HBP's business is driven by renovation and construction during warm weather, which is historically at reduced levels during the winter months, generally in our second quarter. In 2024, 52% of CPP's' sales occurred during the second and third quarters compared to 54% in 2023 and 58% in 2022.

Demand for lawn and garden products is influenced by weather, particularly weekend weather during the peak gardening season. AMES' sales volumes could be adversely affected by certain weather patterns such as unseasonably cool or warm temperatures, hurricanes, water shortages or floods. In addition, lack of snow or lower than average snowfall during the winter season may result in reduced sales of certain AMES' products such as snow shovels and other snow tools. As a result, AMES' results of operations, financial results and cash flows could be adversely impacted.

Unionized employees could strike or participate in a work stoppage.

At September 30, 2024, Griffon employed approximately 5,300 people on a full-time basis, approximately 3% of whom are covered by collective bargaining or similar labor agreements. If unionized employees engage in a strike or other work stoppage, or if Griffon is unable to negotiate acceptable extensions of agreements with labor unions, a significant disruption of operations and increased operating costs could occur. In addition, any renegotiation or renewal of labor agreements could result in higher wages or benefits paid to unionized employees, which could increase operating costs and as a result have a material adverse effect on profitability.

Griffon's operations and reputation may be adversely impacted if our information technology (IT) systems, or the IT systems of third parties with whom we do business, fail to perform adequately or if we or such third parties are the subject of a data breach or cyber-attack.

We rely on IT systems, networks and services to conduct our business, including communicating with employees and our key commercial customers, ordering and managing materials and products from suppliers, shipping products to customers and analyzing and reporting results of operations. While we have taken steps to ensure the security of our information technology systems, our systems may nevertheless be vulnerable to computer viruses, security breaches and other disruptions from unauthorized users. Cyber criminals are becoming more sophisticated and knowledgeable every day, and as their tactics evolve, it is a constant challenge to ensure that our IT security practices are sufficient to protect our IT systems and data. If our IT systems are damaged or cease to function properly for an extended period of time, whether as a result of a significant cyber incident or otherwise, our ability to communicate internally as well as with our customers and suppliers could be significantly impaired, which may adversely impact our business, operations and reputation.

In the normal course of our business, we collect, store, and transmit proprietary and confidential information regarding our brands, customers, employees, suppliers and others. We also engage third parties that store, process and transmit these types of information, as well as personal information, on our behalf. An operational failure or breach of security from increasingly sophisticated cyber threats could lead to loss, misuse or unauthorized disclosure of this information about our employees or customers, which may result in regulatory or other legal proceedings, and could have a material adverse effect on our business and reputation. We also may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Any such attacks or precautionary measures taken to prevent anticipated attacks may result in increasing costs, including costs for additional technologies, training, and third-party consultants. The losses incurred from a breach of data security and operational failures as well as the precautionary measures required to address this evolving risk may adversely impact our financial condition, results of operations and cash flows.

We depend on our information systems to process orders, manage inventory and accounts receivable collections, purchase, sell, and ship products efficiently and on a timely basis, maintain cost-effective operations, and provide superior service to our customers. If these systems are damaged, infiltrated, shutdown, or cease to function properly (whether by planned upgrades, force majeure, telecommunications failures, hardware or software break-ins or viruses, other cyber security incidents, or otherwise), we may suffer disruption in our ability to manage and operate our business.

There can be no assurance that the precautions which we have taken against certain events that could disrupt the operations of our IT systems will prevent the occurrence of such a disruption. Any such disruption could have a material adverse effect on our business and results of operations.

Griffon may be unable to implement its acquisition growth strategy, which may result in added expenses without a commensurate increase in revenue and income, and divert management's attention.

Making strategic acquisitions is a part of Griffon's growth plans. The ability to successfully complete acquisitions depends on identifying and acquiring, on acceptable terms, companies that either complement or enhance currently held businesses or expand Griffon into new profitable businesses, and, for certain acquisitions, obtaining financing on acceptable terms. Additionally, Griffon must properly integrate acquired businesses in order to maximize profitability. The competition for acquisition candidates is intense and Griffon cannot assure that it will successfully identify acquisition candidates and complete acquisitions at reasonable purchase prices, in a timely manner, or at all. Further, there is a risk that acquisitions will not be properly integrated into Griffon's existing structure. In the past, Griffon has consummated a group of acquisitions within a short time period, which could occur again; the risks relating to integration of an acquisition may be exacerbated when numerous acquisitions are consummated in a short time period.

In implementing an acquisition growth strategy, the following may be encountered:

- Costs associated with incomplete or poorly implemented acquisitions;
- Expenses, delays and difficulties of integrating acquired companies into Griffon's existing organization;
- Dilution of the interest of existing stockholders;
- Diversion of management's attention; or
- Difficulty in obtaining financing on acceptable terms, or at all.

An unsuccessful implementation of Griffon's acquisition growth strategy, including the failure to properly integrate acquisitions, could have an adverse impact on Griffon's results of operations, cash flows and financial condition. We may also incur debt or assume contingent liabilities in connection with acquisitions, which could impose restrictions on our business operations and harm our operating results.

Risks Related to Our Indebtedness

Griffon's senior notes, which have limited covenants, are not due until 2028; its $800 million Term Loan B (current balance of $457 million), which also has limited covenants, is not due until 2029; and its $500 million revolving line of credit, which has greater covenant requirements, does not mature until 2028. However, in the event the 2028 Senior Notes are not repaid, refinanced, or replaced prior to December 1, 2027, the Revolver will mature on December 1, 2027. There are potential impacts from Griffon's use of debt to finance certain of its activities, especially acquisitions and expansions, as set forth below.

Compliance with restrictions and covenants in Griffon's debt agreements may limit its ability to take corporate actions.

The credit agreement entered into by, and, to a lesser extent, the terms of the senior notes issued by, Griffon each contain covenants that restrict the ability of Griffon and its subsidiaries to, among other things, incur additional debt, pay dividends, incur liens and make investments, acquisitions, dispositions, restricted payments and capital expenditures. Under the credit agreement, Griffon is also required to comply with specific financial ratios and tests. Griffon may not be able to comply in the future with these covenants or restrictions as a result of events beyond its control, such as prevailing economic, financial and industry conditions or a change in control of Griffon. If Griffon defaults in maintaining compliance with the covenants and restrictions in its credit agreement or the senior notes, its lenders could declare all of the principal and interest amounts outstanding due and payable and, in the case of the credit agreement, terminate the commitments to extend credit to Griffon in the future. If Griffon or its subsidiaries are unable to secure credit in the future, its business could be harmed.

Griffon may be unable to raise additional financing if needed.

Griffon may need to raise additional financing in the future in order to implement its business plan, refinance debt, or acquire new or complimentary businesses or assets. Any required additional financing may be unavailable, or only available at unfavorable terms, due to uncertainties in the credit markets. If Griffon raises additional funds by issuing equity securities, current holders of its common stock may experience significant ownership interest dilution and the holders of the new securities may have rights senior to the rights associated with current outstanding common stock.

Griffon's indebtedness and interest expense could limit cash flow and adversely affect operations and Griffon's ability to make full payment on outstanding debt.

Griffon's indebtedness poses potential risks such as:

- A substantial portion of cash flows from operations could be used to pay principal and interest on debt, thereby reducing the funds available for working capital, capital expenditures, acquisitions, product development and other general corporate purposes;
- Insufficient cash flows from operations may force Griffon to sell assets, or seek additional capital, which Griffon may not be able to secure on favorable terms, if at all; and
- Its level of indebtedness may make Griffon more vulnerable to economic or industry downturns.

Risk Related to Our Common Stock

Griffon has the ability to issue additional equity securities, which would lead to dilution of issued and outstanding common stock.

The issuance of additional equity securities or securities convertible into equity securities would result in dilution to existing stockholders' equity interests. Griffon is authorized to issue, without stockholder vote or approval, 3,000,000 shares of preferred stock in one or more series, and has the ability to fix the rights, preferences, privileges and restrictions of any such series. Any such series of preferred stock could contain dividend rights, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences or other rights superior to the rights of holders of Griffon's common stock. While there is no present intention of issuing any such preferred stock, Griffon reserves the right to do so at any time. In addition, Griffon is authorized to issue, without stockholder approval, up to 85,000,000 shares of common stock, of which 48,303,240 shares, net of treasury shares, were outstanding as of September 30, 2024. Additionally, Griffon is authorized to issue, without stockholder approval, securities convertible into either shares of common stock or preferred stock.

General Risk Factors

Each of Griffon's businesses faces risks related to the disruption of its primary manufacturing facilities.

The manufacturing facilities for each of Griffon's businesses are concentrated in just a few locations, and in the case of CPP, include third-party manufacturing facilities, some of which are abroad in low-cost locations. Any of Griffon's manufacturing facilities, including those of Griffon's third-party suppliers, are subject to disruption for a variety of reasons, such as natural or man-made disasters, pandemics, terrorist activities, disruptions of information technology resources, and utility interruptions. Such disruptions may cause delays in shipping products, which could result in the loss of business or customer trust, adversely affecting Griffon's businesses and operating results.

Manufacturing capacity constraints or increased manufacturing costs may have a material adverse effect on Griffon's business, results of operations, financial condition and cash flows.

Griffon's current manufacturing resources may be inadequate to meet significantly increased demand for some of its products. Griffon's ability to increase its manufacturing capacity depends on many factors, including the availability of capital, steadily increasing consumer demand, equipment delivery, construction lead-times, installation, qualification, and permitting and other regulatory requirements. Increasing capacity through the use of third-party manufacturers may depend on Griffon's ability to develop and maintain such relationships and the ability of such third parties to devote additional capacity to fill its orders.

A lack of sufficient manufacturing capacity to meet demand could cause customer service levels to decrease, which may negatively affect customer demand for Griffon's products and customer relations generally, which in turn could have a material adverse effect on Griffon's business, results of operations, financial condition and cash flows. In addition, operating facilities at or near capacity may also increase production and distribution costs and negatively impact relations with employees or contractors, which could result in disruptions to operations.

In addition, manufacturing costs may increase significantly and Griffon may not be able to pass along all or any of such increase to its customers; and when such increases are passed off to customers, there will be a time lag, which may be significant.

If HBP and CPP do not continue to develop and maintain leading brands or realize the anticipated benefits of advertising and promotion spend, its operating results may suffer.

The ability of HBP and CPP to compete successfully depends in part on the company's ability to develop and maintain leading brands so that retail and other customers will need its products to meet consumer demand. Leading brands allow both CPP and HBP to realize economies of scale in its operations. The development and maintenance of such brands require significant investment in brand-building and marketing initiatives. While HBP and CPP plan to continue to increase its expenditures for advertising and promotion and other brand-building and marketing initiatives over the long term, the initiatives may not deliver the anticipated results and the results of such initiatives may not cover the costs of the increased investment.

Griffon may be required to record impairment charges for goodwill and indefinite-lived intangible assets.

Griffon is required to assess goodwill and indefinite-lived intangible assets annually for impairment or on an interim basis if changes in circumstances or the occurrence of events suggest impairment exists. If impairment testing indicates that the carrying amount of reporting units or indefinite-lived intangible assets exceeds the respective fair value, an impairment charge would be recognized. If goodwill or indefinite-lived intangible assets were to become impaired, the results of operations could be materially and adversely affected.

During the fiscal year ended September 30, 2024, Griffon performed annual impairment testing of its goodwill and indefinite-lived intangible assets. The assessments did not result in any impairments to goodwill and indefinite-lived intangible assets. For the fiscal year ended September 30, 2023, we recorded a non-cash, pre-tax indefinite-lived intangible assets impairment of $109,200, which resulted in an aggregate decrease of $1.49 in our earnings per share for the year ended September 30, 2023. Should we have to record any impairment charges in the future, it could have a significant negative impact on our earnings per share for the year in which any such impairment charge is recorded.

If Griffon's subcontractors or suppliers fail to perform their obligations, Griffon's performance and ability to win future business could be harmed.

Griffon relies on other companies to provide materials, major components and products to fulfill contractual obligations. Such arrangements may involve subcontracts, teaming arrangements, or supply agreements with other companies. There is a risk that Griffon may have disputes regarding the quality and timeliness of work performed. In addition, changes in the economic environment, including constraints on available financing, may adversely affect the financial stability of Griffon's supply chain and their ability to meet their performance requirements or to provide needed supplies on a timely basis. A disruption or failure of any supplier could have an adverse effect on Griffon's business resulting in an impact to profitability, possible termination of a contract, imposition of fines or penalties, and harm to Griffon's reputation impacting its ability to secure future business.

Griffon's companies must continually improve existing products, design and sell new products and invest in research and development in order to compete effectively.

The markets for Griffon's products are characterized by rapid technological change, evolving industry standards and continuous improvements in products. Due to constant changes in Griffon's markets, future success depends on Griffon's ability to develop new technologies, products, processes and product applications. Griffon's long-term success in the competitive retail environment and the industrial and commercial markets depends on its ability to develop and commercialize a continuing stream of innovative new products that are appealing to ultimate end users and create demand. New product development and commercialization efforts, including efforts to enter markets or product categories in which Griffon has limited or no prior experience, have inherent risks. These risks include the costs involved, such as development and commercialization, product development or launch delays, and the failure of new products and line extensions to achieve anticipated levels of market acceptance or growth in sales or operating income.

Griffon also faces the risk that its competitors will introduce innovative new products that compete with Griffon's products. In addition, sales generated by new products could cause a decline in sales of

Griffon's other existing products. If new product development and commercialization efforts are not successful, Griffon's financial results could be adversely affected.

Product and technological developments are accomplished both through internally-funded R&D projects, as well as through strategic partnerships with customers. Because it is not generally possible to predict the amount of time required and costs involved in achieving certain R&D objectives, actual development costs may exceed budgeted amounts and estimated product development schedules may be extended. Griffon's financial condition and results of operations may be materially and adversely affected if:

- Product improvements are not completed on a timely basis;
- New products are not introduced on a timely basis or do not achieve sufficient market penetration;
- There are budget overruns or delays in R&D efforts; or
- New products experience reliability or quality problems, or otherwise do not meet customer preferences or requirements.

The loss of certain key officers or employees could adversely affect Griffon's business.

The success of Griffon is materially dependent upon the continued services of certain key officers and employees. The loss of such key personnel could have a material adverse effect on Griffon's operating results or financial condition.

Griffon is exposed to a variety of risks relating to non-U.S. sales and operations, including non-U.S. economic and political conditions and fluctuations in exchange rates.

Griffon and its companies conduct operations in Canada, Australasia, the U.K., and China, and sell their products in many countries around the world. Sales of products by non-U.S. subsidiaries accounted for approximately 16% of consolidated revenue for the year ended September 30, 2024. These sales could be adversely affected by changes in political and economic conditions, trade protection measures, such as tariffs, the ability of the Company to enter into industrial cooperation agreements (offset agreements), differing intellectual property rights and laws and changes in regulatory requirements that restrict the sales of products or increase costs in such locations. Enforcement of existing laws in such jurisdictions can be uncertain, and the lack of a sophisticated body of laws can create various uncertainties, including with respect to customer and supplier contracts. Currency fluctuations between the U.S. dollar and the currencies in the non-U.S. regions in which Griffon does business may also have an impact on future reported financial results.

Griffon's international sales and operations are subject to applicable laws relating to trade, export controls and foreign corrupt practices, the violation of which could adversely affect operations. Griffon is subject to various anti-corruption laws that prohibit improper payments or offers of payments to foreign governments and their officials for the purpose of obtaining or retaining business. In addition, Griffon is subject to certain export controls, laws and regulations, as well as to economic sanctions, laws and embargoes imposed by various governments or organizations, including the U.S. and the European Union or member countries. Violations of anti-corruption, export controls or sanctions laws may result in severe criminal or civil sanctions and penalties, including loss of export privileges and loss of authorizations needed to conduct Griffon's international business. Such violations could also result in Griffon being subject to other liabilities, which could have a material adverse effect on Griffon's business, results of operations and financial condition.

Griffon may not be able to protect its proprietary rights.

Griffon relies on a combination of patent, copyright and trademark laws, common law, trade secrets, confidentiality and non-disclosure agreements and other contractual provisions to protect proprietary rights. Such measures do not provide absolute protection and Griffon cannot give assurance that measures for protecting these proprietary rights are and will be adequate, or that competitors will not independently develop similar technologies.

Griffon or its suppliers may inadvertently infringe on, or may be accused of infringing on, proprietary rights of others.

Griffon is regularly improving its technology and employing existing technologies in new ways. Though Griffon takes reasonable precautions to ensure it does not infringe on the rights of others, it is possible that Griffon may inadvertently infringe on, or be accused of infringing on, proprietary rights held by others. If Griffon is found to have infringed on the propriety rights held by others, any related litigation or settlement relating to such infringement may have a material effect on Griffon's business, results of operations and financial condition.

It is also possible that Griffon's suppliers may inadvertently infringe on, or be accused of infringing on, proprietary rights held by others. Any such infringement (or alleged infringement) may have a material adverse effect on Griffon's business, results of operations and financial condition. For example, in the past, a supplier may not be able to develop an alternative design that meets Griffon's needs at a comparable cost or at all, and the supply of certain products or components to Griffon may be interrupted.

Griffon is exposed to product liability and warranty claims.

Griffon is subject to product liability and warranty claims in the ordinary course of business, including with respect to former businesses now included within discontinued operations. These claims relate to the conformity of its products with required specifications, and to alleged or actual defects in Griffon's products (or in end-products in which Griffon's products were a component part) that cause damage to property or persons. There can be no assurance that the frequency and severity of product liability claims brought against Griffon will not increase, which claims can be brought either by an injured customer of an end product manufacturer who used one of Griffon's products as a component or by a direct purchaser. There is also no assurance that the number and value of warranty claims will not increase as compared to historical claim rates, or that Griffon's warranty reserve at any particular time is sufficient. No assurance can be given that indemnification from customers or coverage under insurance policies will be adequate to cover future product liability claims against Griffon; for example, product liability insurance typically does not cover claims for punitive damages. Warranty claims are typically not covered by insurance at all. Product liability insurance can be expensive, difficult to maintain and may be unobtainable in the future on acceptable terms. The amount and scope of any insurance coverage may be inadequate if a product liability claim is successfully asserted. Furthermore, if any significant claims are made, the business and the related financial condition of Griffon may be adversely affected by negative publicity.

Griffon has been, and may in the future be, subject to claims and liabilities under environmental laws and regulations.

Griffon's operations and assets are subject to environmental laws and regulations pertaining to the discharge of materials into the environment, the handling and disposal of wastes, including solid and hazardous wastes, and otherwise relating to health, safety and protection of the environment, in the various jurisdictions in which it operates. Griffon does not expect to make any expenditure with respect to ongoing compliance with or remediation under these environmental laws and regulations that would have a material adverse effect on its business, operating results or financial condition. However, the applicable requirements under environmental laws and regulations may change at any time.

Griffon can incur environmental costs related to sites that are no longer owned or operated, as well as third-party sites to which hazardous materials are sent. Material expenditures or liabilities may be incurred in connection with such claims. See the Commitment and Contingencies footnote in the Notes to Consolidated Financial Statements for further information on environmental contingencies. Based on facts presently known, the outcome of current environmental matters are not expected to have a material adverse effect on Griffon's results of operations and financial condition. However, presently unknown environmental conditions, changes in environmental laws and regulations or other unanticipated events may give rise to claims that may involve material expenditures or liabilities.

Changes in income tax laws and regulations or exposure to additional income tax liabilities could adversely affect profitability.

Griffon is subject to Federal, state and local income taxes in the U.S. and in various taxing jurisdictions outside the U.S. Tax provisions and liabilities are subject to the allocation of income among various U.S. and international tax jurisdictions. Griffon's effective tax rate could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in any valuation allowance for deferred tax assets or the amendment or enactment of tax laws. Further changes in the tax laws could arise as a result of the base erosion and profit shifting project ("Pillar Two") undertaken by the Organization for Economic Co-operation and Development ("OECD"). If the provisions of Pillar Two are adopted by taxing authorities in countries in which we do business, such changes could increase the amount of taxes we pay and therefore decrease our results of operations and cash flows. The amount of income taxes paid is subject to audits by U.S. Federal, state and local tax authorities, as well as tax authorities in the taxing jurisdictions outside the U.S. If such audits result in assessments different from recorded income tax liabilities, Griffon's future financial results may include unfavorable adjustments to its income tax provision.

Actions taken by activist shareholders could be disruptive and costly and may conflict with or disrupt the strategic direction of our business.

Similar to the activist shareholder campaign initiated in 2021, activist shareholders may from time to time attempt to effect changes in our strategic direction and seek changes regarding Griffon's corporate governance or structure. Our Board of Directors and management team strive to maintain constructive, ongoing communications with all shareholders who wish to speak with us, including activist shareholders, and welcomes their views and opinions with the goal of working together constructively to enhance value for all shareholders. However, activist campaigns that contest, or conflict with, our strategic direction could have an adverse effect on us because:

a. responding to actions by activist shareholders can disrupt our operations, be costly and time consuming, and divert the attention of our Board and senior management from the pursuit of our business strategies, and

b. perceived uncertainties as to our future direction may cause (i) instability or lack of continuity, which may be exploited by our competitors, (ii) concern on the part of current or potential customers, (iii) loss of business opportunities, or (iv) difficulties in attracting and retain qualified personnel and business partners.

Activist campaigns may also cause significant fluctuations in our stock price based on temporary or speculative market perceptions, or other factors that do not necessarily reflect the fundamental underlying value of our businesses.

Item 1B. *Unresolved Staff Comments*

None.

Item 1C. *Cybersecurity*

Risk Management and Strategy

Griffon relies on electronic information systems, networks and technologies to conduct and support its operations and other functions and activities within the Company and with third parties. We rely on commercially available systems, software, tools, third-party service providers and monitoring to provide security for processing, transmission and storage of confidential information and data. We have an enterprise-grade cybersecurity management program designed to assess, identify, protect, detect and respond to, and manage material risks from cybersecurity threats. To protect our information systems from cybersecurity threats, we use various information technology and cybersecurity tools to safeguard our systems and data, which help prevent, identify, escalate, investigate, remediate, respond and recover from identified vulnerabilities and cybersecurity incidents.

As part of the Company's cybersecurity risk management program, we follow the National Institute of Standards and Technology ("NIST") Cybersecurity Framework ("CSF") to assess, identify and manage material risks that arise from cybersecurity threats. Griffon's cybersecurity risk management program is closely tied to and integrated with the Company's overall enterprise risk management processes.

Griffon has a third-party risk management program regarding the cybersecurity practices of its vendors and partners that is designed to oversee, identify, and minimize material risks from cybersecurity threats associated with the use of such third parties. This program involves vetting of third parties before engagement. Regular monitoring and reviews are conducted to ensure third party vendors and partners comply with Griffon's security standards.

From time to time, Griffon engages external experts, including cybersecurity assessors, consultants, and/or auditors to evaluate cybersecurity measures and risk management processes.

We also maintain a cyber incident response plan ("IRP") with the objective of (1) providing a structured and systematic incident response process for cybersecurity threats that affect us, (2) timely and effectively identifying, resolving and communicating cybersecurity incidents, and (3) managing internal and external communications and reporting.

If a cybersecurity incident occurs, our incident response team ("IRT") is immediately notified, and Griffon management is informed about and monitors the prevention, detection, mitigation, and remediation of cybersecurity incidents impacting the Company. The IRT also coordinates further notifications, as applicable, to senior executives and organizational leadership, our Audit Committee and Board of Directors, business partners or service providers, and authorities.

Like most organizations, we and our third-party service providers have experienced and expect to continue to experience actual or attempted cyber-attacks of our information systems and networks. During the reporting period, Griffon has not identified any risks from cybersecurity threats, including as a result of previous cybersecurity incidents, that we believe have materially affected, or are reasonably likely to materially affect, us, including our business strategy, operating results, and financial condition. However, if any such event, whether actual or perceived, were to occur, it could have a material adverse effect on our business strategy, operating results and financial condition. We continuously use threat models and cyber threat intelligence to identify relevant risks to our businesses and take active measures to mitigate these risks. For more information regarding the risks we face from cybersecurity threats, see Item 1A., *"Risk Factors"* in this Annual Report on Form 10-K.

Cybersecurity Governance

Cybersecurity is an important part of our enterprise risk management processes and an area of focus for our Board of Directors and management.

The Audit Committee assists the Board of Directors in its oversight of risks related to cybersecurity and directly oversees risk management relating to cybersecurity. The Audit Committee is also responsible for assessing the steps management has taken to monitor and control these risks and exposures, and evaluating guidelines and policies with respect to our cybersecurity risk assessment and risk management. The Audit Committee reviews our cybersecurity program with management and reports to the Board of Directors with respect to, and its review of, the program. Cybersecurity reviews by the Audit Committee generally occur at least annually, or more frequently as determined to be necessary or advisable. From time to time, third-party subject matter experts present to the Audit Committee on contemporary cybersecurity topics of interest.

Griffon also has a Cybersecurity Management Committee, consisting of executives from Griffon and technology leaders from Griffon's business segments, that monitors and assesses progress and performance by Griffon's business segments in the area of cybersecurity; the results of such assessments are reported to the Audit Committee from time to time. The Chief Information Officers of each of HBP and CPP regularly provide updates on material cybersecurity risks to our senior management and to our Audit Committee, and along with their technology teams, are responsible for assessing and managing cybersecurity risks. Each of our business segment Chief Information Officers has over 20 years of experience in cybersecurity, information security, policy, architecture, engineering and incident response.

Item 2. ***Properties***

Griffon occupies approximately 10,740,000 square feet of general office, factory and warehouse space primarily throughout the U.S., Canada, Mexico, Australia, U.K., Ireland, New Zealand and China. For a description of the encumbrances on certain of these properties, refer to Note 22—Leases and Note 12—Long-Term Debt footnotes in the Notes to Consolidated Financial Statements. The following table sets forth certain information related to Griffon's major facilities:

Location	Business Segment	Primary Use	Approx. Square Footage	Owned/ Leased	Lease End Year
New York, NY	Corporate	Headquarters	13,000	Leased	2035
Troy, OH	Home and Building Products	Manufacturing	1,332,000	Owned	
Russia, OH	Home and Building Products	Manufacturing	250,000	Owned	
Mountain Top, PA	Home and Building Products	Manufacturing	279,000	Owned	
Mason, OH	Home and Building Products	Office	131,000	Owned	
Goodyear, AZ	Home and Building Products	Manufacturing	163,000	Owned	
Greenville, OH	Home and Building Products	Distribution	148,000	Leased	2025
Ocala, FL	Consumer and Professional Products	Office, Manufacturing	619,500	Owned	
Ocala, FL	Consumer and Professional Products	Distribution	56,500	Leased	2026
Cork, Ireland	Consumer and Professional Products	Distribution	74,000	Owned	
St. Francois, Quebec	Consumer and Professional Products	Manufacturing, Distribution	353,000	Owned	
Pollington Site, UK	Consumer and Professional Products	Manufacturing, Distribution	115,000	Owned	
Carlisle, PA	Consumer and Professional Products	Manufacturing, Distribution	1,409,000	Leased	2030–2035
United Kingdom (various)	Consumer and Professional Products	3 Distribution	138,000	Leased	2024
Reno, NV	Consumer and Professional Products	Manufacturing, Distribution	997,000	Leased	2034
Australia (various)	Consumer and Professional Products	8 Distribution, 2 Manufacturing	918,000	Leased	2025–2031
Canada (Various)	Consumer and Professional Products	1 Manufacturing, 3 Distribution	96,000	Leased	2025–2028
Mt Wellington, New Zealand	Consumer and Professional Products	Distribution	54,000	Leased	2025
Guangdong, China	Consumer and Professional Products	Manufacturing	211,000	Leased	2025
Byhalia, MS	Consumer and Professional Products	Distribution	600,000	Leased	2025
Smyrna, TN	Consumer and Professional Products	Office	100,000	Leased	2025

In addition to the facilities listed above, HBP leases approximately 1,138,000 square feet of space for distribution centers in numerous facilities throughout the U.S. and in Canada; HBP and CPP lease approximately 185,000 square feet of office space throughout the U.S. and various international locations; and CPP owns approximately 118,000 square feet of additional space for operational wood mills in the U.S. As a part of CPP's global sourcing strategy expansion, several facilities have concluded operations during fiscal 2024 and, as a result, these facilities, which are approximately 1,242,000 square feet in the aggregate, are classified as held for sale.

All facilities are generally well maintained and suitable for the operations conducted.

Item 3. ***Legal Proceedings***

Griffon is involved in litigation, investigations and claims arising out of the normal conduct of business, including those relating to commercial transactions, product liability and warranty claims, environmental, employment, and health and safety matters. Griffon estimates and accrues liabilities resulting from such matters based on a variety of factors, including the stage of the proceeding; potential settlement value; assessments by internal and external counsel; and assessments by environmental engineers and consultants of potential environmental liabilities and remediation costs. Such estimates are not discounted to reflect the time value of money due to the uncertainty in estimating the timing of the expenditures, which may extend over several years.

While it is impossible to ascertain the ultimate legal and financial liability with respect to certain contingent liabilities and claims, Griffon believes, based upon examination of currently available information, experience to date, and advice from legal counsel, that the individual and aggregate liabilities resulting from the ultimate resolution of these contingent matters, after taking into consideration existing insurance coverage and amounts already provided for, will not have a material adverse impact on consolidated results of operations, financial position or cash flows. Refer to Note 16 - Commitments and Contingent Liabilities for a discussion of the Company's litigation.

Item 4. ***Mine Safety Disclosures.***

Not applicable.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Griffon's Common Stock is listed for trading on the New York Stock Exchange under the symbol "GFF".

Dividends

During 2024, the Company declared and paid four regular quarterly cash dividends of $0.15 per share, totaling $0.60 per share for the year.

During 2023, the Company declared and paid four regular quarterly cash dividends consisting of two cash dividends of $0.10 per share and two cash dividends of $0.125 per share, totaling $0.45 per share for the year. Additionally, on April 19, 2023, the Board of Directors declared a special cash dividend of $2.00 per share, paid on May 19, 2023, to shareholders of record as of the close of business on May 9, 2023.

During 2022, the Company paid a regular quarterly cash dividend of $0.09 per share, totaling $0.36 per share for the year. Additionally, on June 27, 2022, the Board of Directors declared a special cash dividend of $2.00 per share, paid on July 20, 2022.

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. 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 November 12, 2024, the Board of Directors declared a cash dividend of $0.18 per share, payable on December 18, 2024 to shareholders of record as of the close of business on November 25, 2024.

Registered Holders

As of October 31, 2024, there were approximately 2,179 registered holders of Griffon's Common Stock.

Securities Authorized for Issuance Under Equity Compensation Plans

The following sets forth information relating to Griffon's equity compensation plans as of September 30, 2024:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders[(1)]	—	$ —	2,377,532
Equity compensation plans not approved by security holders	—	$ —	—

(1) Excludes restricted shares and restricted stock units issued in connection with Griffon's equity compensation plans. The total reflected in column (c) includes shares available for grant as any type of equity award under the Incentive Plan.

Issuer Purchase of Equity Securities

The table below presents shares of Griffon Stock which were acquired by Griffon during the fourth quarter of 2024:

ISSUER PURCHASES OF EQUITY SECURITIES

Period	(a) Total Number of Shares (or Units) Purchased[(1)]	(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
July 1–31, 2024	90,602[(2)]	$ 66.96	90,602	
August 1–31, 2024	460,000[(2)]	63.28	460,000	
September 1–30, 2024	500,000[(2)]	66.42	500,000	
Total	1,050,602	$ 65.09	1,050,602	$32,693[(1)]

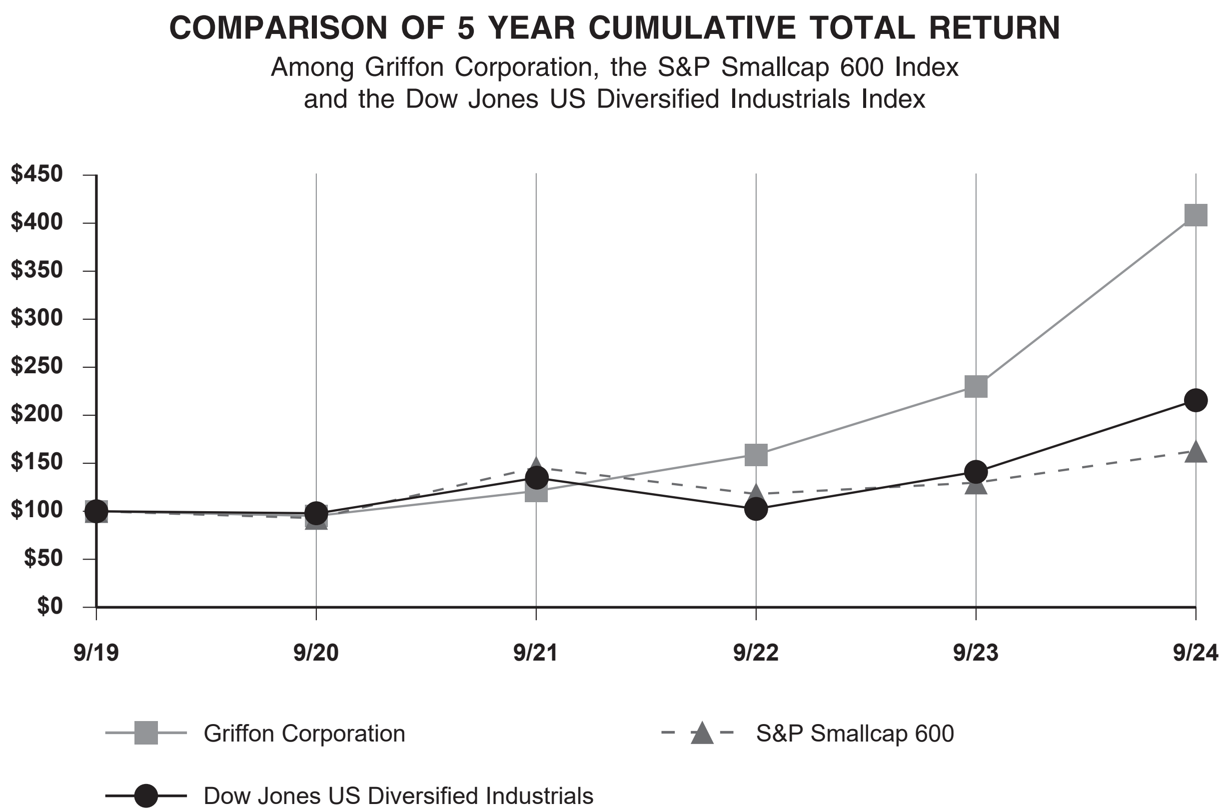
1. On April 19, 2023, the Company's Board of Directors approved a $200,000 increase to its share repurchase program to $257,955 from the prior unused authorization of $57,955. On November 15, 2023, Griffon announced that the Board of Directors approved an additional increase of $200,000 to its share repurchase authorization. Under the share repurchase program, the Company may, from time to time, purchase shares of its common stock in the open market, including pursuant to a 10b5-1 plan, pursuant to an accelerated share repurchase program or issuer tender offer, or in privately negotiated transactions. As of September 30, 2024, $32,693 remained available for purchase under these Board authorized repurchase programs. See *"Management's Discussion and Analysis of Financial Condition and Results of Operations*—LIQUIDITY AND CAPITAL RESOURCES—Liquidity"—for information regarding share repurchases in the first quarter of fiscal 2025 and the amount remaining available for purchase as of immediately prior to the filing of this Annual Report on Form 10-K.

2. Shares were purchased by the Company in open market purchases pursuant to share repurchase plans authorized by the Company's Board of Directors.

Performance Graph

The performance graph does not constitute soliciting material, is not deemed filed with the SEC and is not incorporated by reference in any of Griffon's filings under the Securities Act of 1933 or the Exchange Act of 1934, whether made before or after the date of this Annual Report on Form 10-K and irrespective of any general incorporation language in any such filings, except to the extent Griffon specifically incorporates this performance graph by reference therein.

The following graph sets forth the cumulative total return to Griffon's stockholders during the five years ended September 30, 2024, as well as an overall stock market (S&P Small Cap 600 Index) and Griffon's peer group index (Dow Jones U.S. Diversified Industrials Index). Assumes $100 was invested on September 30, 2019, including the reinvestment of dividends, in each category.



Item 6. [*Reserved*]

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

(Unless otherwise indicated, all references to years or year-end refers to the fiscal year ending September 30 and dollars are in thousands, except per share data)

OVERVIEW

The Company

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 with acquisition and growth opportunities as well as divestitures. As long-term investors, we intend to continue to grow and strengthen our existing businesses, and to diversify further through investments in our businesses and acquisitions.

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

Griffon conducts its operations through two reportable segments:

- 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 Cornell and Cookson brands. HBP revenue was 61%, 59% and 53% of Griffon's consolidated revenue in 2024, 2023 and 2022, respectively.

- Consumer and Professional Products ("CPP") is a leading 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. CPP revenue was 39%, 41% and 47% of Griffon's consolidated revenue in 2024, 2023 and 2022, respectively.

Griffon announced in May 2023 that CPP was expanding its global sourcing strategy to include long handled tools, material handling, and wood storage and organization product lines for the U.S. market. This initiative was successfully completed as of September 30, 2024, ahead of the previously announced date of December 31, 2024. Refer to Note 10—Restructuring Charges for further detail.

On July 1, 2024, Griffon announced that its subsidiary, The AMES Companies, Inc., ("AMES") expanded the scope of its Australian operations by acquiring substantially all the assets of Pope, a leading Australian provider of residential watering products, from The Toro Company (NYSE:TTC) for a purchase price of approximately AUD 21,800 (approximately $14,500) in cash. This is CPP's seventh acquisition in Australia since 2013, and further expands AMES's product portfolio in the Australian market. Pope is expected to contribute approximately $25,000 in revenue in the first twelve months after this acquisition.

On June 27, 2022, we completed the sale of our Defense Electronics ("DE") segment, which consisted of our Telephonics Corporation ("Telephonics") subsidiary, for $330,000 in cash, excluding customary post-closing adjustments. As such, the results of operations of our Telephonics business is classified as a discontinued operation in the Consolidated Statements of Operations for all periods presented and the related assets and liabilities have been classified as assets and liabilities of the discontinued operation in the Consolidated Balance Sheets. Accordingly, all references made to results and information in this Annual Report on Form 10-K are to Griffon's continuing operations, unless noted otherwise.

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 $845,000. Hunter, part of our CPP segment, complements and diversifies our portfolio of leading consumer brands and products.

CONSOLIDATED RESULTS OF OPERATIONS

2024 Compared to 2023

Revenue for the year ended September 30, 2024 of $2,623,520 decreased 2% compared to $2,685,183 for the year ended September 30, 2023. The decrease was primarily due to a 6% decline in revenue at CPP, while HBP's revenue remained consistent with the prior year.

Gross profit for 2024 was $1,019,935 compared to $948,821 in 2023. Gross profit as a percent of sales ("gross margin") for 2024 and 2023 was 38.9% and 35.3%, respectively. In the years ended 2024 and 2023, gross profit included restructuring charges of $35,806 and $82,028, respectively. In 2024, gross profit also included amortization of $491 related to the fair value step-up of acquired inventory sold in connection with the Pope acquisition. Excluding these charges from both years, gross profit would have been $1,056,232 or 40.3% of revenue, compared to $1,030,849 or 38.4% in the prior year.

Selling, general and administrative ("SG&A") expenses in 2024 of $621,638, or 23.7% of revenue, decreased 3% from $642,734, or 23.9% of revenue, in 2023. 2024 SG&A expenses included restructuring charges of $5,503, strategic review (retention and other) of $10,594 and Pope acquisition costs of $441. 2023 SG&A expenses included restructuring charges of $10,440, strategic review (retention and other) of $20,225, special dividend ESOP charges of $15,494 and proxy expenses of $2,685. In 2023, proxy expenses of $2,685 related to a settlement entered into with a shareholder that had submitted a slate of director nominees. Excluding these items from both periods, 2024 SG&A expenses would have been $605,100, or 23.1% of revenue compared to $593,890, or 22.1%, with the increase in expenses primarily due to increased selling and administrative costs.

In connection with the preparation of our financial statements for the fiscal years ended September 30, 2024 and 2023, Griffon performed its annual impairment testing of its goodwill and indefinite lived intangibles. Griffon performed a quantitative assessment of the CPP reporting units and indefinite-lived intangible assets. The assessments in both fiscal years did not result in an impairment to goodwill. Also, in 2024, the impairment test did not result in impairment charges to CPP's gross carrying amount of intangible assets; however, in 2023, the impairment tests did result in pre-tax non-cash impairment charges totaling $109,200 ($81,313 net of tax) to CPP's gross carrying amount of intangible assets. For HBP, in both 2024 and 2023, Griffon performed qualitative assessments and determined that indicators that fair value was less than the carrying amount were not present.

Interest expense in 2024 of $104,086 increased 3% compared to 2023 interest expense of $101,445, primarily as a result of increased outstanding borrowings and increased variable interest rates on both our Revolving Credit Facility and Term Loan B.

Other income (expense) of $1,766 and $2,928 in 2024 and 2023, respectively, includes ($333) and $302, respectively, of net currency exchange transaction gains (losses) from receivables and payables held in non-functional currencies, $148 and $469, respectively, of net gains (losses) on investments, and $(137) and $(866), respectively, of net periodic benefit plan income (expense). Other income (expense) also includes royalty income of $2,198 and $2,104 in 2024 and 2023, respectively.

Griffon reported income before tax from continuing operations for 2024 of $296,650 compared to $112,682 for 2023. The income tax provision recognized in 2024 and 2023 translated to an effective income tax rate of 29.2% and 31.1%, respectively. The 2024 and 2023 tax rates included discrete and certain other tax provisions, net, and other items that affect comparability, as listed below. Excluding the discrete and certain other tax provisions, net, and other items that affect comparability, as listed below, the effective income tax rates for 2024 and 2023 were 27.6% and 27.3%, respectively. These rates reflect the impact of tax reserves and changes in earnings mix between U.S. and non-U.S.

operations. Income from continuing operations for 2024 was $209,897, or $4.23 per share, compared to $77,617, or $1.42 per share in 2023. The 2024 income from continuing operations included the following:

- Restructuring charges of $41,309 ($30,824, net of tax, or $0.62 per share);
- Strategic review - retention and other of $10,594 ($7,934, net of tax, or $0.16 per share);
- Loss on sale of buildings $61 ($25, net of tax, or $0.00 per share);
- Debt extinguishment, net $1,700 ($1,292, net of tax, or $0.03 per share);
- Fair value step-up of acquired inventory sold of $491 ($354, net of tax, or $0.01 per share);
- Acquisition costs of $441 ($335, net of tax, or $0.01 per share);
- Discrete and certain other tax provision, net, of $3,586 or 0.07 per share.

The 2023 income from continuing operations included the following:

- Restructuring charges of $92,468 ($68,779, net of tax, or $1.26 per share);
- Gain on sale of buildings $12,655 ($9,586, net of tax, or $0.18 per share);
- Debt extinguishment, net $437 ($332, net of tax, or $0.01 per share);
- Strategic review - retention and other of $20,225 ($15,253, net of tax, or $0.28 per share);
- Special dividend ESOP charges of $15,494 ($11,779, net of tax, or $0.22 per share);
- Proxy expenses of $2,685 ($2,059, net of tax, or $0.04 per share);
- Intangible asset impairments of $109,200 ($81,313, net of tax, or $1.49 per share); and
- Discrete and certain other tax provisions, net, of $175 or $0.00 per share.

Excluding these items from both reporting periods, 2024 income from continuing operations would have been $254,247, or $5.12 per share compared to $247,721, or $4.54 per share, in 2023.

2023 Compared to 2022

Revenue for the year ended September 30, 2023 of $2,685,183 decreased 6% compared to $2,848,488 for the year ended September 30, 2022, resulting from decreased revenue of 18% at CPP, partially offset by increased revenue of 5% at HBP. Adjusting for the period Griffon did not own Hunter in the prior year, organic revenue decreased 8% to $2,609,417. Hunter contributed $75,766 of incremental revenue during 2023.

Gross profit for 2023 was $948,821 compared to $936,886 in 2022. The gross margin for 2023 and 2022 was 35.3% and 32.9%, respectively. In the years ended 2023 and 2022, gross profit included restructuring charges of $82,028 and $7,964, respectively. In the year ended 2022, gross profit also included amortization of $5,401 related to the fair value step-up of acquired inventory sold in connection with the Hunter Fan acquisition. Excluding these charges from both years, gross profit would have been $1,030,849 or 38.4% of revenue, compared to $950,251 or 33.4% in the prior year.

SG&A expenses in 2023 of $642,734 or 23.9% of revenue, increased 6% from $608,926, or 21.4% of revenue, in 2022. 2023 SG&A expenses included restructuring charges of $10,440, strategic review (retention and other) of $20,225, special dividend ESOP charges of $15,494 and proxy expenses of $2,685. 2022 SG&A expenses included restructuring charges of $8,818, acquisition costs of $9,303, strategic review (retention and other) of $9,683, special dividend ESOP charges of $10,538 and proxy expenses of $6,952. In 2023, proxy expenses of $2,685 related to a settlement entered into with a shareholder that had submitted a slate of director nominees. In 2022, proxy expenses of $6,952 (including legal and advisory fees) were the result of a proxy contest initiated by a shareholder which was completed at the shareholder meeting on February 17, 2022. Excluding these items from both periods, 2023 SG&A expenses would have been $593,890, or 22.1% of revenue compared to $563,632 or 19.8%, with the increase in expenses primarily due to a full year of Hunter Fan expenses as well as increased management incentives, marketing, advertising and administrative expenses.

In connection with the preparation of our financial statements for the fiscal years ended September 30, 2023 and 2022, Griffon performed its annual impairment testing of its goodwill and indefinite-lived intangibles. For the fiscal year ended September 30, 2023, Griffon performed a quantitative assessment of the CPP reporting units and indefinite-lived intangible assets. The assessments did not result in an impairment to goodwill. However, the impairment tests did result in pre-tax non-cash impairment charges totaling $109,200 ($81,313 net of tax) to CPP's gross carrying amount of intangible assets. For the fiscal year ended September 30, 2022, indicators of impairment were present due to decreases in comparable company market multiples for the CPP reporting units and increased interest rates, and the related impact on weighted average cost of capital rates. Accordingly, a quantitative assessment was performed, which resulted in non-cash, pre-tax impairment charges for goodwill and indefinite lived intangibles of $342,027 and $175,000. respectively. For the HBP reporting units, Griffon performed qualitative assessments and determined that indicators that fair value was less than the carrying amount were not present for the years ended September 30, 2023 and 2022.

Interest expense in 2023 of $101,445 increased 20% compared to 2022 interest expense of $84,379, primarily as a result of an increased effective interest rate related to the $800,000 Term Loan B facility entered into in fiscal 2022 in connection with the Hunter acquisition, of which Griffon repaid $25,000 and $300,000 aggregate principal amount in 2023 and 2022, respectively.

Other income (expense) of $2,928 and $6,881 in 2023 and 2022, respectively, includes $302 and $305, respectively, of net currency exchange transaction gains from receivables and payables held in non-functional currencies, $469 and $(225), respectively, of net gains (losses) on investments, and $(866) and $4,256, respectively, of net periodic benefit plan income (expense). Other income (expense) also includes rental income of $212 and $689 and royalty income of $2,104 and $2,250 for the years ended September 30, 2023 and 2022, respectively.

Griffon reported income before tax from continuing operations for 2023 of $112,682 compared to a loss before tax from continuing operations of $270,879 in 2022. The income tax provision in 2023 and 2022 translated to an effective income tax rate of 31.1% and 6.2%, respectively. The 2023 and 2022 tax rates included discrete and certain other tax provisions, net, and other items that affect comparability, as listed below. Excluding the discrete and certain other tax provisions, net, and other items that affect comparability, as listed below, the effective income tax rates for 2023 and 2022 were 27.3% and 29.0%, respectively. These rates reflect the impact of tax reserves and changes in earnings mix between U.S. and non-U.S. operations.

Income from continuing operations for 2023 was $77,617, or $1.42 per share, compared to a loss from continuing operations of $287,715, or $5.57 per share in 2022. The 2023 income from continuing operations included the following:

- Restructuring charges of $92,468 ($68,779, net of tax, or $1.26 per share);
- Gain on sale of buildings $12,655 ($9,586, net of tax, or $0.18 per share);
- Debt extinguishment, net $437 ($332, net of tax, or $0.01 per share);
- Strategic review - retention and other of $20,225 ($15,253, net of tax, or $0.28 per share);
- Special dividend ESOP charges of $15,494 ($11,779, net of tax, or $0.22 per share);
- Proxy expenses of $2,685 ($2,059, net of tax, or $0.04 per share);
- Intangible asset impairments of $109,200 ($81,313, net of tax, or $1.49 per share); and
- Discrete and certain other tax provisions, net, of $175 or $0.00 per share.

The 2022 loss from continuing operations included the following:

– Restructuring charges of $16,782 ($12,479, net of tax, or $0.23 per share);

– Debt extinguishment, net of $4,529 ($3,474, net of tax, or $0.06 per share);

– Acquisition costs of $9,303 ($8,149, net of tax, or $0.15 per share);

– Strategic review - retention and other of $9,683 ($7,280, net of tax, or $0.13 per share);

– Special dividend ESOP charges of $10,538 ($8,083, net of tax, or $0.15 per share);

– 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);

– Goodwill and intangible asset impairments of $517,027 ($454,753, net of tax, or $8.43 per share); and

– Discrete and certain other tax provisions, net, of $3,913 or $0.07 per share.

Excluding these items from both reporting periods, 2023 income from continuing operations would have been $247,721, or $4.54 per share compared to $219,786, or $4.07 per share, in 2022.

Griffon evaluates performance based on adjusted income from continuing operations and the related adjusted earnings per common share, which are non-GAAP measures that exclude non-cash impairment charges, restructuring charges, debt extinguishment, acquisition related expenses and discrete and certain other tax items, as well 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 (loss) from continuing operations to adjusted income from continuing operations and earnings (loss) per share from continuing operations to adjusted earnings per share from continuing operations:

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

	For the Years Ended September 30,		
	2024	2023	2022
Income (loss) from continuing operations	$209,897	$ 77,617	$(287,715)
Adjusting items:			
Restructuring charges[1]	41,309	92,468	16,782
(Gain) loss on sale of buildings	61	(12,655)	—
Debt extinguishment, net	1,700	437	4,529
Acquisition costs	441	—	9,303
Strategic review - retention and other	10,594	20,225	9,683
Special dividend ESOP charges	—	15,494	10,538
Proxy expenses	—	2,685	6,952
Fair value step-up of acquired inventory sold	491	—	5,401
Goodwill and intangible asset impairments	—	109,200	517,027
Tax impact of above items[2]	(13,832)	(57,925)	(76,627)
Discrete and other certain tax provisions	3,586	175	3,913
Adjusted income from continuing operations	$254,247	$247,721	$ 219,786
Earnings (loss) per common share from continuing operations	$ 4.23	$ 1.42	$ (5.57)
Adjusting items, net of tax:			
Anti-dilutive share impact[3]	—	—	0.24
Restructuring charges[1]	0.62	1.26	0.23
(Gain) loss on sale of buildings	—	(0.18)	—
Debt extinguishment, net	0.03	0.01	0.06
Acquisition costs	0.01	—	0.15
Strategic review - retention and other	0.16	0.28	0.13
Special dividend ESOP charges	—	0.22	0.15
Proxy expenses	—	0.04	0.10
Fair value step-up of acquired inventory sold	0.01	—	0.07
Goodwill and intangible asset impairments	—	1.49	8.43
Discrete and other certain tax provisions	0.07	—	0.07
Adjusted earnings per share from continuing operations	$ 5.12	$ 4.54	$ 4.07
Weighted-average shares outstanding (in thousands)	47,573	52,111	51,672
Diluted weighted average shares outstanding (in thousands)[3]	49,668	54,612	53,966

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

(1) For the years ended September 30, 2024 and 2023, restructuring charges relate to the CPP global sourcing expansion of which $35,806 and $82,028, respectively, is included in Cost of goods and services and $5,503 and 10,440, respectively, is included in SG&A.

(2) Tax impact for the above reconciling adjustments from GAAP to non-GAAP Income from continuing operations and the related EPS is determined by comparing the Company's tax provision, including the reconciling adjustments, to the tax provision excluding such adjustments.

(3) In fiscal 2022, loss from continuing operations is calculated using basic shares on the face of the income statement. Per share impact of using diluted shares represents the impact of converting from the basic shares used in calculating earnings per share from the loss from continuing operations to the diluted shares used in calculating earnings per share from the adjusted income from continuing operations.

REPORTABLE SEGMENTS

Griffon evaluates performance and allocates resources based on each segment's adjusted EBITDA, a non-GAAP measure, defined as income (loss) before taxes from continuing operations, excluding interest income and expense, depreciation and amortization, unallocated amounts (mainly corporate overhead), strategic review charges, non-cash impairment charges, restructuring charges, and acquisition related expenses, as well as other items that may affect comparability, as applicable. Griffon believes this information is useful to investors for the same reason.

See the table provided in Note 19—Reportable Segments for a reconciliation of adjusted EBITDA to income (loss) before taxes from continuing operations.

Home and Building Products

	For the Years Ended September 30,					
	2024		2023		2022	
Residential repair and remodel	$ 769,691		$ 757,088		$ 736,525	
Residential new construction	134,546		131,305		140,291	
Residential	904,237		888,393		876,816	
Commercial	684,388		700,112		630,066	
Total Revenue	$1,588,625		$1,588,505		$1,506,882	
Adjusted EBITDA	$ 501,001	31.5%	$ 510,876	32.2%	$ 412,738	27.4%
Depreciation and amortization	$ 15,349		$ 15,066		$ 16,539	

2024 Compared to 2023

HBP revenue in 2024 was consistent with the prior year reflecting increased residential volume offset by reduced commercial volume.

HBP Adjusted EBITDA in 2024 decreased 2% to $501,001 compared to $510,876 in 2023 primarily resulting from increased labor and distribution costs.

Segment depreciation and amortization increased $283 from the comparable prior year period primarily due to depreciation and amortization on assets placed in service.

2023 Compared to 2022

HBP revenue in 2023 increased $81,623, or 5%, compared to 2022, due to favorable commercial and residential pricing and mix of 8%, partially offset by a decline in volume of 3%. The volume decrease was primarily driven by residential, partially offset by commercial.

HBP Adjusted EBITDA in 2023 increased 24% to $510,876 compared to $412,738 in 2022. Adjusted EBITDA benefited from the increased revenue noted above and reduced material costs, partially offset by increased labor, transportation, advertising and marketing costs.

Segment depreciation and amortization decreased $1,473 from the prior year period primarily due to fully depreciated assets.

Consumer and Professional Products

	For the Years Ended September 30,					
	2024		2023		2022	
United States	$ 638,782		$ 716,098		$ 858,956	
Europe	52,933		51,041		106,471	
Canada	67,375		75,477		92,930	
Australia	251,778		231,764		258,945	
All other countries	24,027		22,298		24,304	
Total Revenue	$1,034,895		$1,096,678		$1,341,606	
Adjusted EBITDA	$ 72,632	7.0%	$ 50,343	4.6%	$ 99,308	7.4%
Depreciation and amortization	$ 44,797		$ 49,811		$ 47,562	

2024 Compared to 2023

CPP revenue in 2024 decreased $61,783, or 6%, compared to 2023, primarily resulting from decreased volume driven by reduced consumer demand in North America, partially offset by increased volume in Australia, inclusive of the Pope acquisition (1%).

CPP adjusted EBITDA in 2024 increased 44% to $72,632 compared to $50,343 in 2023, primarily due to improved North American production costs and improved margins in Australia, partially offset by the unfavorable impact of the reduced volume noted above.

Segment depreciation and amortization decreased $5,014 compared to the prior year period, primarily due to fully depreciated assets and the write-down of certain fixed assets at several manufacturing facilities in connection with restructuring activities.

On July 1, 2024, Griffon announced that its subsidiary, The AMES Companies, Inc., ("AMES") expanded the scope of its Australian operations by acquiring substantially all the assets of Pope, a leading Australian provider of residential watering products, from The Toro Company (NYSE:TTC) for a purchase price of approximately AUD 21,800 (approximately $14,500) in cash. This is CPP's seventh acquisition in Australia since 2013, and further expands AMES's product portfolio in the Australian market. Pope is expected to contribute approximately $25,000 in revenue in the first twelve months after this acquisition.

2023 Compared to 2022

CPP revenue in 2023 decreased $244,928, or 18%, compared to 2022, primarily resulting from a 25% decrease in volume across all channels and geographies driven by reduced customer demand, elevated customer inventory levels, customer supplier diversification in the U.S., and an unfavorable foreign exchange impact of 2%. The volume decline was partially offset by $75,766 of Hunter revenue, or 6%, for the portion of the comparable year-to-date period in which Hunter was not owned by Griffon in the prior year, as well as price and mix of 3%. Hunter contributed $282,723 during 2023 compared to $246,474 in 2022.

CPP Adjusted EBITDA in 2023 decreased 49% to $50,343 compared to $99,308 in 2022, primarily due to the unfavorable impact of the reduced volume noted above and its related impact on manufacturing and overhead absorption, partially offset by reduced material costs, discretionary spending and $7,679 of Hunter EBITDA for the portion of the comparable year-to-date period in which Hunter was not owned by Griffon in the prior year. EBITDA reflected an unfavorable foreign exchange impact of 2%. Hunter contributed $56,949 during 2023 compared to $43,579 in 2022.

Segment depreciation and amortization increased $2,249 compared to the prior year period, primarily due to depreciation and amortization on assets placed in service, including a full period of Hunter assets, partially offset by fully depreciated assets and the write-down of certain fixed assets at several manufacturing facilities in connection with CPP's restructuring activities.

CPP Global Sourcing Strategy Expansion and Restructuring Charges

Griffon announced in May 2023 that CPP was expanding its global sourcing strategy to include long handled tools, material handling, and wood storage and organization product lines for the U.S. market. This initiative was successfully completed as of September 30, 2024, ahead of the previously announced date of December 31, 2024.

As a result of this global sourcing expansion initiative, manufacturing operations have concluded at four manufacturing sites and four wood mills, resulting in a total facility footprint reduction of approximately 1.2 million square feet, or approximately 15% of CPP's square footage, and a headcount reduction of approximately 600.

The adoption of an asset-light business model for these U.S. products has positioned CPP to better serve customers with a more flexible and cost-effective sourcing model that leverages supplier relationships around the world, and improved its competitive positioning. These actions will be essential for CPP to achieve its target of 15% EBITDA margin while enhancing free cash flow through improved working capital and significantly reduced capital expenditures.

Implementation of this strategy over the duration of the project resulted in charges of $133,777, which included $51,082 of cash charges for employee retention and severance, operational transition, and facility and lease exit costs, and $82,695 of non-cash charges primarily related to asset write-downs. Cash charges included $22,628 for one-time termination benefits and other personnel-related costs and $28,454 for facility exit and other related costs. Non-cash charges included a $22,018 impairment charge related to certain fixed assets at several manufacturing locations and $60,677 to adjust inventory to net realizable value. In addition, there were $2,678 of capital investments to effectuate the project. This excludes cash proceeds from the sale of real estate and equipment, which through September 30, 2024 were $13,271, and excludes future proceeds from the sale of remaining real estate and equipment.

	Cash Charges		Non-Cash Charges		
	Personnel related costs	Facilities, exit costs and other	Facilities, inventory and other	Total	Capital Investments
Total 2023 restructuring charges	$(16,772)	$(16,764)	$(58,932)	$ (92,468)	$ —
Total 2024 restructuring charges	(5,856)	(11,690)	(23,763)	(41,309)	(2,678)
Total cumulative charges	$(22,628)	$(28,454)	$(82,695)	$(133,777)	$(2,678)

Unallocated Amounts

For 2024, unallocated amounts, excluding depreciation, consisted primarily of corporate overhead costs, totaled $60,031 compared to $55,887 in 2023, with the increase primarily related to increases in Employee Stock Ownership Plan (ESOP) expenses driven by the increase in Griffon's share price, partially offset by a decrease in other compensation related expenses.

For 2023, unallocated amounts, excluding depreciation, consisted primarily of corporate overhead costs, totaled $55,887 compared to $53,888 in 2022, with the increase primarily due to stock compensation expense.

Depreciation and Amortization

Depreciation and amortization of $60,704 in 2024 compared to $65,445 in 2023; the decrease primarily relates to fully depreciated assets and the write-down of certain fixed assets at several manufacturing facilities in connection with CPP's restructuring activities.

Depreciation and amortization of $65,445 in 2023 compared to $64,658 in 2022; the increase was primarily due to depreciation for new assets placed in service and a full year of depreciation and amortization related to the Hunter Fan acquisition.

Comprehensive Income (Loss)

During 2024, total other comprehensive income (loss), net of taxes, of $11,986 included a gain of $10,137 from foreign currency translation adjustments primarily due to the strengthening of the Euro, British Pound and Australian Dollar, all in comparison to the U.S. Dollar; a $1,538 gain from pension and other post-retirement benefits, primarily related to asset returns and amortization.; and a $311 gain on cash flow hedges.

During 2023, total other comprehensive income (loss), net of taxes, of $12,728 included a gain of $8,447 from foreign currency translation adjustments primarily due to the strengthening of the Euro and British Pound, all in comparison to the U.S. Dollar; a $6,634 gain from pension and other post-retirement benefits, primarily associated with an increase in the assumed discount rate compared to 2022; and a $2,353 loss on cash flow hedges.

DISCONTINUED OPERATIONS

Defense Electronics

On September 27, 2021, Griffon announced it was exploring strategic alternatives for its Defense Electronics segment, which consisted of Telephonics Corporation ("Telephonics"), and on June 27, 2022, Griffon completed the sale of Telephonics for $330,000, excluding customary post-closing adjustments, primarily related to working capital. As a result, Griffon classified the results of operations of the Telephonics business as a discontinued operation in the Consolidated Statements of Operations in fiscal 2022. Accordingly, all references made to results and information in this Annual Report on Form 10-K are to Griffon's continuing operations unless noted otherwise.

At September 30, 2024 and 2023, Griffon's discontinued assets and liabilities included the Company's obligation of $7,768 and $11,798, respectively, primarily related to insurance claims, income taxes, product liability, warranty claims and environmental reserves. Griffon's assets for discontinued operations primarily relate to insurance claims. See Note 8, Discontinued Operations.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

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 September 30, 2024, the amount of cash, cash equivalents and marketable securities held by non-U.S. subsidiaries was $46,100. Our intent is to permanently reinvest these funds, except in limited circumstances, outside the U.S., and we do not currently anticipate that we will need funds generated from foreign operations to fund our domestic operations. The Company may repatriate cash from its non-U.S. subsidiaries if the Company determines that it is beneficial to the company and tax efficient. The Company has accrued a deferred tax liability for withholding taxes on previously taxed earnings and profit (PTEP) which are not considered permanently reinvested. In the event we determine that additional funds from non-U.S. operations are needed to fund operations in the U.S., we will be required to accrue and pay U.S. taxes to repatriate these additional funds.

Griffon's primary sources of liquidity are cash flows generated from operations, cash on hand and our secured $500,000 revolving credit facility ("Revolver"), which matures in August 2028. During the fiscal year ended September 30, 2024, the Company generated $380,042 of net cash from continuing operating activities and, as of September 30, 2024, the Company had $379,310 available, subject to certain loan covenants, for borrowing under the Revolver. The Company had cash and cash equivalents of $114,438 at September 30, 2024.

The table below provides a summary of the Consolidated Statements of Cash Flows for the periods indicated.

	Years Ended September 30,	
	2024	2023
	(in thousands)	
Cash Flows from Continuing Operations		
Net Cash Flows Provided By (Used In):		
Operating activities	$ 380,042	$ 431,765
Investing activities	(64,999)	(45,211)
Financing activities	(298,748)	(400,162)

Cash provided by operating activities from continuing operations for 2024 was $380,042 compared to $431,765 in 2023, a decrease of $51,723. In both 2024 and 2023, cash provided by operating activities reflected increased cash generated from operations at HBP, and a net decrease in net working capital, primarily driven by decreases in inventory.

Cash flows from 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 2024, Griffon used $64,999 in investing activities from continuing operations compared to $45,211 in 2023. During 2024, cash flows used in investing activities from continuing operations primarily consisted of capital expenditures of $68,399 and payments to acquire businesses, net of cash acquired of $14,579, partially offset by $14,479 of proceeds primarily from the sale of buildings and equipment associated with CPP's restructuring activities and $3,500 escrow proceeds released from the sale of Telephonics. During 2023, cash flows used in investing activities from continuing operations primarily consisted of a working capital adjustment payment of $2,568 related to the sale of Telephonics and capital expenditures of $63,604 that included the purchase of two buildings for approximately $29,207, partially offset by proceeds totaling $20,961 from the sale of two buildings.

Cash used in financing activities from continuing operations was $298,748 in 2024 compared to $400,162 in 2023. During 2024, cash flows used in financing activities from continuing operations primarily consisted of the purchase of shares in connection with the board authorized share repurchase program and to satisfy withholding taxes on vesting of restricted stock totaling $309,916 and the payment of dividends of $35,806, partially offset by net proceeds from long-term debt of $48,222, primarily related to the Revolver. During 2023, cash flows used in financing activities from continuing operations primarily consisted of net repayments of long-term debt of $99,223, primarily related to the Revolver, the payoff of AMES UK loans and a prepayment of $25,000 aggregate principal amount of the Term Loan B; the purchase of treasury shares in connection with the board authorized share repurchase program and to satisfy withholding taxes on vesting of restricted stock totaling $163,970; and the payment of dividends of $133,814.

During 2024, the Board of Directors approved four quarterly cash dividends each for $0.15 per share, totaling $0.60 per share for the year. 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 November 12, 2024, the Board of Directors declared a cash dividend of $0.18 per share, payable on December 18, 2024 to shareholders of record as of the close of business on November 25, 2024.

During 2024, 595,464 shares, with a market value of $34,330, or $57.65 per share, were withheld to settle employee taxes due upon the vesting of restricted stock and were added to treasury stock.

During 2024, Griffon purchased 4,771,959 shares of common stock under these repurchase programs, for a total of $274,490, or $57.52 per share, excluding excise taxes. As of September 30, 2024, $32,693 remained under these Board authorized repurchase programs. Under the authorized share repurchase program, the Company may, from time to time, purchase shares of its common stock in the open market, including pursuant to a 10b5-1 plan, pursuant to an accelerated share repurchase program or issuer tender offer, or in privately negotiated transactions.

During the year ended September 30, 2024, we accrued $2,772 in connection with the share repurchases described above, which was partially offset by the reversal of $462 of excise taxes to adjust for a benefit related to employee vesting and a $510 net benefit on ESOP contributions. As of September 30, 2024, $3,101 was accrued for excise taxes related to employee share repurchases.

Subsequent to September 30, 2024 and through November 12, 2024, Griffon purchased 481,379 shares of its common stock for a total of $32,693, or $67.91 per share under Board authorized share repurchase programs. On November 13, 2024, Griffon announced that the Board of Directors approved a new $400,000 share repurchase authorization.

During 2024, cash used in discontinued operations from operating activities of $2,776 primarily related to the settling of certain liabilities, primarily stay bonuses, associated with the disposition of Telephonics, and environmental and other costs related to other discontinued businesses. During 2023, cash used in discontinued operations from operating activities of $2,994 primarily related to the settling of certain liabilities, primarily stay bonuses, associated with the disposition of Telephonics, and environmental and other costs related to other discontinued businesses.

Debt

At September 30, 2024 and 2023, Griffon had debt, net of cash and equivalents, as follows:

	At September 30, 2024	At September 30, 2023
	(in thousands)	
Cash and Equivalents and Debt		
Cash and equivalents	$ 114,438	$ 102,889
Notes payables and current portion of long-term debt	$ 8,155	$ 9,625
Long-term debt, net of current maturities	1,515,897	1,459,904
Debt discount and issuance costs	15,633	20,283
Total debt	1,539,685	1,489,812
Debt, net of cash and equivalents	**$1,425,247**	**$1,386,923**

During 2020, Griffon issued, at par, $1,000,000 of 5.75% Senior Notes due 2028 (the "2028 Senior Notes"). Proceeds from the 2028 Senior Notes were used to redeem $1,000,000 of 5.25% Senior Notes due in 2022. 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.

During 2022, Griffon purchased $25,225 of 2028 Senior Notes in the open market at a weighted average discount of 91.82% of par, or $23,161. In connection with these purchases, Griffon recognized a $1,767 net gain on the early extinguishment of debt comprised of $2,064 of face value in excess of purchase price, offset by $297 related to the write-off of underwriting fees and other expenses. As of September 30, 2024, outstanding Senior Notes due totaled $974,775; interest is payable semi-annually on March 1 and September 1.

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 $957,716 on September 30, 2024 based upon quoted market prices (level 1 inputs). At September 30, 2024, $6,900 of underwriting fees and other expenses incurred remained to be amortized.

On January 24, 2022, Griffon amended and restated its Credit Agreement (the "Credit Agreement") to provide for a new $800,000 Term Loan B facility, due January 24, 2029, in addition to the revolving credit facility (the "Revolver") provided for under the Credit Agreement. The Term Loan B facility was issued at 99.75% of par value. Since that time, during 2023 and 2022, Griffon prepaid $25,000 and $300,000, respectively, 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 charges of $437 and $6,296 on the prepayment of debt in 2023 and 2022, respectively. The charges were comprised of write-offs of unamortized debt issuance costs of $386 and $5,575 for 2023 and 2022, respectively, and the original issue discount of $51 and $721 for 2023 and 2022, respectively. As of September 30, 2024, the Term Loan B outstanding balance was $457,000.

On June 26, 2024, Griffon further amended its Credit Agreement to favorably reprice the Term Loan B facility. The amendment reduced the margin above SOFR by 0.25%, eliminated the credit spread adjustment and reduced the SOFR floor from 0.50% to 0%. Furthermore, the amendment stipulates that if Griffon prepays all or a portion of the Term Loan B within six months of the amendment date, Griffon will be required to pay a premium equal to 1% of the amount prepaid. In connection with the amendment, Griffon recognized a $1,700 loss on debt extinguishment in the Company's Consolidated Statement of Operations, primarily consisting of the write-off of unamortized debt issuance costs and original issue discount related to portions of the Term Loan B facility that were repaid and then reborrowed from new lenders. At September 30, 2024, unamortized costs of $5,420 related to the existing and new Term Loan B facility lenders will continue to be amortized over the term of the loan.

The Term Loan B bears interest at the Term SOFR rate plus a spread of 2.00% (6.85% as of September 30, 2024). The Term Loan B facility continues to require nominal quarterly principal payments of $2,000, potential additional annual principal payments based on a percentage of excess cash flow and certain secured leverage thresholds; and a final balloon payment due at maturity. Term Loan B borrowings may generally be repaid without penalty, subject to a prepayment premium of 1% in connection with the above repricing transaction with respect to any prepayments within the six months following the closing date of June 26, 2024. Once repaid, Term Loan B borrowings may not be reborrowed. The Term Loan B facility is subject to the same affirmative and negative covenants that apply to the Revolver (as described below), but is not subject to any financial maintenance covenants. Term Loan B borrowings are secured by the same collateral that secures borrowings under the Revolver, on an equal and ratable basis. The fair value of the Term Loan B facility approximated $457,571 on September 30, 2024 based upon quoted market prices (level 1 inputs).

On August 1, 2023, Griffon amended and restated the Credit Agreement to increase the maximum borrowing availability under the Revolver from $400,000 to $500,000 and extend the maturity date of the Revolver from March 22, 2025 to August 1, 2028. In the event the 2028 Senior Notes are not repaid, refinanced, or replaced prior to December 1, 2027, the Revolver will mature on December 1, 2027. The amendment also modified certain other provisions of the Credit Agreement, including increasing the letter of credit sub-facility under the Revolver from $100,000 to $125,000 and increasing the customary accordion feature from a minimum of $375,000 to a minimum of $500,000. The Revolver also includes a multi-currency sub-facility of $200,000.

Borrowings under the Revolver may be repaid and re-borrowed at any time. Interest is payable on borrowings at either a Secured Overnight Financing Rate ("SOFR"), Sterling Overnight Index Average

("SONIA") or base rate benchmark rate, plus an applicable margin, which adjusts based on financial performance. Griffon's SOFR loans accrue interest at Term SOFR plus a credit adjustment spread and a margin of 2.00% (6.95% at September 30, 2024); SONIA loans accrue interest at SONIA Base Rate plus a credit adjustment spread and a margin of 2.00% (6.98% at September 30, 2024); and base rate loans accrue interest at prime rate plus a margin of 1.00% (9.00% at September 30, 2024).

At September 30, 2024, under the Credit Agreement, there were $107,500 in outstanding borrowings on the Revolver; outstanding standby letters of credit were $13,190; and $379,310 was available, subject to certain loan covenants, for borrowing at that date.

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.

On September 28, 2023, the Company closed on the exercise of its lease purchase option, as permitted under the lease agreement, to acquire ownership of the manufacturing facility located in Ocala, Florida for a cash purchase price of $23,207. The Ocala lease had a maturity date in 2025 and bore interest at a fixed rate of approximately 5.6%. As a result of exercising the purchase option, the Company no longer has any future lease obligations related to this real estate. During 2022, the financing lease on the Troy, Ohio location expired. The Troy 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 22-Leases for further details.

In November 2012, Garant G.P. ("Garant"), a Griffon wholly owned subsidiary, entered into a CAD 15,000 revolving credit facility. Effective in December 2023, the facility was amended to replace the Canadian Dollar Offer Rate ("CDOR") with the Canadian Overnight Repo Rate Average ("CORRA"). The facility accrues interest at CORRA plus 1.3% per annum (5.46% as of September 30, 2024). The revolving facility matures in December 2024, but is renewable upon mutual agreement with the lender. Garant is required to maintain a certain minimum equity. At September 30, 2024, there were no outstanding borrowings under the revolving credit facility with CAD 15,000 ($11,135 as of September 30, 2024) available.

During 2023, Griffon Australia Holdings Pty Ltd and its Australian subsidiaries (collectively, "Griffon Australia") amended its AUD 15,000 receivable purchase facility to AUD 30,000. The receivable purchase facility was renewed in 2024 and now matures in March 2024, but is renewable upon mutual agreement with the lender. The receivable purchase facility accrues interest at Bank Bill Swap Rate plus 1.25% per annum (5.55% at September 30, 2024). At September 30, 2024, there was no balance outstanding under the receivable purchase facility with AUD $30,000 ($20,619 as of September 30, 2024) 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, which matured in July 2023. Prior to maturity, on June 30, 2023, AMES UK paid off and cancelled the GBP 14,000 term loan and GBP 4,000 mortgage loan. The payoff amounts were GBP 7,525 ($9,543) and GBP 2,451 ($3,108), respectively. Upon maturity in July 2023, the GBP 5,000 revolver had no balance and was not renewed.

In February 2024, Griffon repaid in full a loan with the Pennsylvania Industrial Development Authority. The balance in other long-term debt consists primarily of finance leases.

At September 30, 2024, Griffon and its subsidiaries were in compliance with the terms and covenants of its credit and loan agreements. Net Debt to EBITDA (Leverage ratio), a non-GAAP measure, is a key financial measure that is used by management to assess the borrowing capacity of the Company. The

Company has defined its net debt to EBITDA leverage ratio as net debt (total principal debt outstanding net of cash and equivalents) divided by the sum of adjusted EBITDA (as defined above) and stock-based compensation expense. Net Debt to EBITDA, as calculated in accordance with the definition in the Credit Agreement, was 2.6x at September 30, 2024.

Capital Resource Requirements

Griffon's debt requirements include principal on our outstanding debt, most notably our Senior Notes totaling $974,775 payable in 2028 and related annual interest payments of approximately $56,050, a Term Loan B facility maturing in 2029 with an outstanding balance of $457,000 on September 30, 2024, and the Revolver, which matures in 2028 and has an outstanding balance of $107,500. The Term Loan B accrues interest at the Term SOFR rate plus a spread of 2.00% (6.85% as of September 30, 2024). The Term Loan B facility continues to require nominal quarterly principal payments of $2,000, potential additional annual principal payments based on a percentage of excess cash flow and certain secured leverage thresholds, and a balloon payment due at maturity. For the Revolver, 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. Griffon's SOFR loans accrue interest at Term SOFR plus a credit adjustment spread and a margin of 2.00% (6.95% at September 30, 2024); SONIA loans accrue interest at SONIA Base Rate plus a credit adjustment spread and a margin of 2.00% (6.98% at September 30, 2024); and base rate loans accrue interest at prime rate plus a margin of 1.00% (9.00% at September 30, 2024).

Griffon's purchase obligations, which are generally for the purchase of goods and services in the ordinary course of business over the next twelve months is approximately $195,227. Griffon uses blanket purchase orders to communicate expected requirements to certain vendors. Purchase obligations reflect those purchase orders in which the commitment is considered to be firm.

Griffon rents real property and equipment under operating leases expiring at various dates. Operating lease obligations over the next twelve months is approximately $45,291. Refer to Note 22—Leases.

Customers

A small number of customers account for, and are expected to continue to account for, a substantial portion of Griffon's consolidated revenue. In 2024, Home Depot represented 11% of Griffon's consolidated revenue, 8% of HBP's revenue and 15% of CPP's revenue.

No other customer exceeded 10% or more of consolidated revenue. Future operating results will continue to substantially depend on the success of Griffon's largest customers and our relationships with them. Orders from these customers are subject to change and may fluctuate materially. The loss of all or a portion of volume from any one of these customers could have a material adverse impact on Griffon's liquidity and 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 September 30, 2024 and September 30, 2023 and for the years ended September 30, 2024 and 2023. 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 Year Ended September 30, 2024		For the Year Ended September 30, 2023	
	Parent Company	Guarantor Companies	Parent Company	Guarantor Companies
Net sales	$ —	$2,147,788	$ —	$2,190,636
Gross profit	$ —	$ 871,822	$ —	$ 800,477
Income (loss) from operations	$(25,982)	$ 408,181	$(42,948)	$ 228,346
Equity in earnings of Guarantor subsidiaries	$283,959	$ —	$149,981	$ —
Net income (loss)	$(74,331)	$ 283,959	$(85,770)	$ 149,981

Summarized Balance Sheet Information

	For the Year Ended September 30, 2024		For the Year Ended September 30, 2023	
	Parent Company	Guarantor Companies	Parent Company	Guarantor Companies
Current assets	$ 58,194	$ 635,767	$ 51,701	$ 707,929
Non-current assets	12,558	1,307,839	13,954	1,317,575
Total assets	$ 70,752	$1,943,606	$ 65,655	$2,025,504
Current liabilities	$ 69,556	$ 213,234	$ 76,460	$ 226,532
Long-term debt	1,515,669	222	1,459,952	—
Other liabilities	23,033	237,432	(9,994)	271,985
Total liabilities	$1,608,258	$ 450,888	$1,526,418	$ 498,517

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of Griffon's consolidated financial statements in conformity with accounting principles generally accepted in the U.S. 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.

An estimate is considered to be critical if it is subjective and if changes in the estimate using different assumptions would result in a material impact on Griffon's financial position or results of operations. The most significant areas involving management estimates are described below.

Goodwill, Long-Lived Intangible and Tangible Assets, and Impairment

As of September 30, 2024, the balance of goodwill on our balance sheet is $329,393 and indefinite-lived intangibles representing our trademarks is $291,803. We test goodwill and indefinite-lived intangibles for impairment at least annually in the fourth quarter, and more frequently whenever events or circumstances change that would more likely than not reduce the fair value below the carrying amount. Such events or changes in circumstance include significant deterioration in overall economic conditions, changes in the business climate in which our reporting units operate, a decline in our market capitalization, operating performance indicators, when some portion of a reporting unit is disposed of or classified as held for sale, or when a change in the composition of reporting units occurs for other reasons, such as a change in operating segments. To test goodwill and indefinite-lived intangible assets for impairment, we may perform both a qualitative assessment and quantitative assessment. If we elect to perform a qualitative assessment, we consider operating results as well as circumstances impacting the operations or cash flows of the reporting unit or indefinite-lived intangible assets, including macroeconomic conditions, industry and market conditions and reporting unit events and circumstances. For the quantitative test, the assessment is based on both an income-based and market-based valuation approach. If it is determined that an impairment exists, we recognize an impairment loss for the amount by which the carrying amount of the reporting unit or indefinite-lived intangible asset exceeds its estimated fair value.

Under the income-based approach, we determine the fair value of a reporting unit by using discounted cash flows that require significant judgement and assumptions, such as our best estimate of future revenue, operating costs, cash flows, expected long-term cash flow growth rates (terminal value growth rates), and risk adjusted discount rates. Under the market-based approach, we determine the fair value of a reporting unit by applying those multiples exhibited by comparable publicly traded companies and those multiples paid in acquisitions of peer company transactions to the financial results of the reporting units. We then compare the fair value estimates resulting from the income and market-based valuations to the sum of Griffon's market capitalization and net debt position to assess the reasonableness of the implied control premium. We determine the fair value of indefinite-lived intangible assets by using the relief from royalty method, which estimates the value of a trademark by discounting to present value the hypothetical royalty payments that are saved by owning the asset rather than licensing it.

In connection with the preparation of our financial statements for the fiscal years ended September 30, 2024, 2023 and 2022, Griffon performed its annual impairment testing of its goodwill and indefinite-lived intangibles. Griffon performed a quantitative assessment of the CPP reporting units and indefinite lived intangible assets. The assessments in both fiscal 2024 and 2023 did not result in an impairment to goodwill, however, for fiscal 2022, the impairment test resulted in a pre-tax, non-cash goodwill impairment charge of $342,027 to the CPP reporting units. For the HBP reporting unit, we performed a qualitative assessment and determined that indicators that fair value was less than the carrying amount were not present in fiscal years 2024, 2023 and 2022.

Also, in 2024, the impairment test did not result in impairment charges to CPP's gross carrying amount of intangible assets; however, in 2023 and 2022, the impairment tests did result in pre-tax non-cash impairment charges totaling $109,200 and $175,000, respectively, to CPP's gross carrying amount of trademarks. Griffon performed qualitative assessments for the HBP indefinite-lived intangibles and determined that indicators that fair value was less than the carrying amount were not present in fiscal 2024, 2023 and 2022. A 100-basis point increase in the discount rate would have resulted in an additional impairment charge to our indefinite-lived intangible assets of $16,200 and no additional impairment to goodwill for the year ended September 30, 2024.

Long-lived assets, such as customer relationships and software, and tangible assets, primarily property, plant and equipment, are amortized over their expected useful lives, which involve significant assumptions and estimates. We assess the recoverability of the carrying amount of our long-lived assets, including amortizable intangible assets, whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. We evaluate the recoverability of such assets based on the expectations of undiscounted cash flows attributable to the asset group. If the sum of the expected future undiscounted cash flows are less than the carrying amount of the asset group, a loss would be recognized for the difference between the fair value and the carrying amount. As of September 30, 2024 and 2023, we tested long-lived intangible and tangible assets for impairment by comparing estimated future undiscounted cash flows of each CPP asset group to the carrying amount of the asset group and determined that an impairment did not exist. No event or indicator of impairment existed for the HBP assets groups as of September 30, 2024 and 2023.

Fair value estimates are based on assumptions believed to be reasonable at the time, but such assumptions are subject to inherent uncertainty. Actual results may differ materially from those estimates. Any changes in key assumptions or management judgment with respect to a reporting unit or its prospects, which may result from a decline in Griffon's stock price, a change in market conditions, market trends, interest rates or other factors outside of Griffon's control, or significant under-performance relative to historical or projected future operating results, could result in a significantly different estimate of the fair value of Griffon's reporting units, which could result in an impairment charge in the future.

Income Taxes

Griffon's effective tax rate is based on income, statutory tax rates and tax planning opportunities available in the various jurisdictions in which Griffon operates. For interim financial reporting, the annual tax rate is estimated based on projected taxable income for the full year, and a quarterly income tax provision is recorded in accordance with the anticipated annual rate. As the year progresses, the annual tax rate is refined as new information becomes available, including year-to-date financial results. This process often results in changes to the effective tax rate throughout the year. Significant judgment is required in determining the effective tax rate and in evaluating tax positions.

Deferred tax assets and liabilities are recognized based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. Deferred tax assets represent items to be used as a tax deduction or credit in future tax returns for which a tax benefit has been recorded in the income statement. The Company assesses whether a valuation allowance should be established against its deferred tax assets based on consideration of all available evidence, both positive and negative, using a more likely than not standard. This assessment considers, among other matters, the nature, frequency and severity of recent losses; a forecast of future profitability; the duration of statutory carryback and carryforward periods; the Company's experience with tax attributes expiring unused; and tax planning alternatives. The likelihood that the deferred tax asset balance will be recovered from future taxable income is assessed at least quarterly, and the valuation allowance, if any, is adjusted accordingly.

Tax benefits are recognized for an uncertain tax position when, in management's judgment, it is more likely than not that the position will be sustained upon examination by a taxing authority. For a tax position that meets the more-likely-than-not recognition threshold, the tax benefit is measured as the largest amount that is judged to have a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority. The liability associated with unrecognized tax benefits is adjusted periodically due to changing circumstances, such as the progress of tax audits, case law developments and new or emerging legislation. Such adjustments are recognized in the period in which they are identified. The effective tax rate includes the net impact of changes in the liability for unrecognized tax benefits and subsequent adjustments as considered appropriate by management. A number of years may elapse before a particular matter for which Griffon has recorded a liability related to an unrecognized tax benefit is audited and finally resolved. The number of years with open tax audits varies by jurisdiction. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, Griffon believes its liability for unrecognized tax benefits is adequate. Favorable resolution of an unrecognized tax benefit could be recognized as a reduction in Griffon's tax provision and effective tax rate in the period of resolution. Unfavorable settlement of an unrecognized tax benefit may require the use of cash in the period of resolution. The liability for unrecognized tax benefits is generally presented as non-current. However, if it is anticipated that a cash settlement will occur within one year, that portion of the liability is presented as current. Interest and penalties recognized on the liability for unrecognized tax benefits is recorded as income tax expense.

Pension Benefits

Griffon sponsors defined and supplemental benefit pension plans for certain active and retired employees. Annual amounts relating to these plans are recorded based on actuarial projections, which include various actuarial assumptions, including discount rates, assumed rates of return, compensation increases and turnover rates. The actuarial assumptions used to determine pension liabilities, assets and expense are reviewed annually and modified based on current economic conditions and trends. The expected return on plan assets is determined based on the nature of the plans' investments and expectations for long-term rates of return. The discount rate used to measure obligations is based on a corporate bond spot-rate yield curve that matches projected future benefit payments, with the appropriate spot rate applicable to the timing of the projected future benefit payments. Assumptions used in determining Griffon's obligations under the defined benefit pension plans are believed to be reasonable, based on experience and advice from independent actuaries; however, differences in actual experience or changes in the assumptions may materially affect Griffon's financial position or results of operations.

All of the defined benefit plans are frozen and have ceased accruing benefits.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

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 Canadian Overnight Repo Rate Average rate (CORRA) and Bank Bill Swap rate (BBSY) based variable interest rate. Due to the current and expected level of borrowings under these facilities, a 100 basis point change in SONIA, SOFR, CORRA or BBSY would not have a material impact on Griffon's results of operations or liquidity.

Foreign Exchange

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

Item 8. ***Financial Statements and Supplementary Data***

The financial statements of Griffon and its subsidiaries and the report thereon of Grant Thornton LLP (PCAOB ID 248) are included herein:

- ☐ Report of Independent Registered Public Accounting Firm.
- ☐ Consolidated Balance Sheets at September 30, 2024 and 2023.
- ☐ Consolidated Statements of Operations and Comprehensive Income (Loss) for the years ended September 30, 2024, 2023 and 2022.
- ☐ Consolidated Statements of Cash Flows for the years ended September 30, 2024, 2023 and 2022.
- ☐ Consolidated Statements of Shareholders' Equity for the years ended September 30, 2024, 2023 and 2022.
- ☐ Notes to Consolidated Financial Statements.
- ☐ Schedule II—Valuation and Qualifying Account.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Griffon Corporation

Opinions on the financial statements and internal control over financial reporting

We have audited the accompanying consolidated balance sheets of Griffon Corporation (a Delaware corporation) and subsidiaries (the "Company") as of September 30, 2024 and 2023, and the related consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2024, and the related notes and financial statement schedule included under Item 15(a)(2) (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of September 30, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2024 and 2023, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

Basis for opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

CPP Goodwill and Indefinite—Lived Intangible Assets Impairment Testing

As described further in notes 1 and 7 to the consolidated financial statements, the Company tests goodwill and indefinite-lived intangible assets for impairment at least annually in the fourth quarter, and more frequently whenever events or circumstances change that would more likely than not reduce the fair value below the carrying amount. The Company performed its annual impairment testing of goodwill and indefinite-lived intangible assets as of September 30, 2024. A quantitative assessment of the goodwill and indefinite-lived intangible assets was performed for the Consumer and Professional Products ("CPP") reporting units.

The CPP reporting units' goodwill was tested for impairment by comparing the estimated fair value of the reporting units to their respective carrying values. The estimated fair value of the CPP reporting units was determined using a combination of the income-based and market-based valuation methodologies, which include the present value of expected future cash flows and the use of market assumptions specific to the reporting units. The Company used prospective financial information to which discount rates were applied to calculate the estimated fair value.

Similarly to goodwill, CPP's indefinite-lived intangible assets were tested for impairment by comparing the estimated fair value of the indefinite-lived intangible assets to their carrying value using a relief from royalty valuation method, which estimates the value of a trademark by discounting to present value the hypothetical royalty payments that are saved by owning the asset rather than licensing it. We identified the Company's annual impairment testing of the CPP reporting units' goodwill and certain indefinite-lived intangible assets as a critical audit matter.

The principal considerations for our determination that the CPP annual impairment testing is a critical audit matter are as follows: The determination of the fair value of reporting units and indefinite-lived intangible assets require management to make significant estimates and assumptions related to forecasts of future cash flows, such as revenue growth rates, discount rates, weighted average cost of capital, and specifically for indefinite-lived intangibles, royalty rates. This requires management to evaluate historical results and expectations of future operating performance based on relevant information available to them regarding expectations of industry performance, as well as expectations for entity-specific performance. In addition, determining the discount rates requires management to evaluate the appropriate risk premium based on their judgment of industry and entity-specific risks. Similarly, determining the royalty rates requires management to evaluate hypothetical royalty payments that are saved by owning the asset rather than licensing it. As disclosed by management, changes in these assumptions could have a significant impact on the fair value of the reporting units and indefinite-lived intangible assets. In turn, auditing these judgments and assumptions requires a high degree of auditor judgment.

Our audit procedures related to the CPP quantitative impairment testing included the following: We tested the design and operating effectiveness of controls relating to the impairment testing, including the Company's ability to develop the estimates utilized in calculating the fair value of the CPP reporting units and certain indefinite-lived intangible assets. Such estimates included revenue growth rates, discount rates, weighted average cost of capital and specifically for indefinite-lived intangible assets, royalty rates. With the assistance of valuation specialists, we evaluated the appropriateness of the valuation methodologies utilized and assessed the appropriateness of inputs utilized. We also evaluated the qualifications of those responsible for preparing the calculations of fair values. We tested key inputs, significant judgments and estimates utilized in performing the annual impairment test, as follows: a) tested revenue growth rates by comparing to historical trends and industry expectations, performed a sensitivity analysis over revenue growth rates and assessed management's historical ability to accurately forecast; b) tested discount rates by comparing to historical rates and industry expectations, compared rates to market comparable companies, independently calculated discount rates for comparison to those used by management, performed a sensitivity analysis over discount rates, and tested weighted average cost of capital by analyzing the implied discount rate and independently calculated a weighted-average discount rate compared to the rate utilized by management; and c) for indefinite-lived intangible assets, tested royalty rates by comparing to comparable licensing agreements, and performed a sensitivity analysis over royalty rates.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2006.
New York, New York
November 13, 2024

GRIFFON CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	At September 30, 2024	At September 30, 2023
CURRENT ASSETS		
Cash and equivalents	$ 114,438	$ 102,889
Accounts receivable, net of allowances of $10,986 and $11,264	312,765	312,432
Inventories	425,489	507,130
Prepaid and other current assets	61,604	57,139
Assets held for sale	14,532	—
Assets of discontinued operations	648	1,001
Total Current Assets	929,476	980,591
PROPERTY, PLANT AND EQUIPMENT, net	288,297	279,218
OPERATING LEASE RIGHT-OF-USE ASSETS	171,211	169,942
GOODWILL	329,393	327,864
INTANGIBLE ASSETS, net	618,782	635,243
OTHER ASSETS	30,378	21,731
ASSETS OF DISCONTINUED OPERATIONS	3,417	4,290
Total Assets	$2,370,954	$2,418,879
CURRENT LIABILITIES		
Notes payable and current portion of long-term debt	$ 8,155	$ 9,625
Accounts payable	119,354	116,646
Accrued liabilities	181,918	193,098
Current portion of operating lease liabilities	35,065	32,632
Liabilities of discontinued operations	4,498	7,148
Total Current Liabilities	348,990	359,149
LONG-TERM DEBT, net	1,515,897	1,459,904
LONG-TERM OPERATING LEASE LIABILITIES	147,369	147,224
OTHER LIABILITIES	130,540	132,708
LIABILITIES OF DISCONTINUED OPERATIONS	3,270	4,650
Total Liabilities	2,146,066	2,103,635
COMMITMENTS AND CONTINGENCIES – See Note 16		
SHAREHOLDERS' EQUITY		
Preferred stock, par value $0.25 per share, authorized 3,000 shares, no shares issued	—	—
Common stock, par value $0.25 per share, authorized 85,000 shares, issued shares of 84,746 in both 2024 and 2023	21,187	21,187
Capital in excess of par value	677,028	662,680
Retained earnings	461,442	281,516
Treasury shares, at cost, 36,443 common shares and 31,684 common shares, respectively	(876,527)	(577,686)
Accumulated other comprehensive loss	(58,024)	(70,010)
Deferred compensation	(218)	(2,443)
Total Shareholders' Equity	224,888	315,244
Total Liabilities and Shareholders' Equity	$2,370,954	$2,418,879

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

GRIFFON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(in thousands, except per share data)

	Years Ended September 30,		
	2024	2023	2022
Revenue	$2,623,520	$2,685,183	$2,848,488
Cost of goods and services	1,603,585	1,736,362	1,911,602
Gross profit	1,019,935	948,821	936,886
Selling, general and administrative expenses	621,638	642,734	608,926
Goodwill and intangible asset impairments	—	109,200	517,027
Total operating expenses	621,638	751,934	1,125,953
Income (loss) from continuing operations	398,297	196,887	(189,067)
Other income (expense)			
Interest expense	(104,086)	(101,445)	(84,379)
Interest income	2,434	2,094	215
Gain (loss) on sale of buildings	(61)	12,655	—
Debt extinguishment, net	(1,700)	(437)	(4,529)
Other, net	1,766	2,928	6,881
Total other income (expense)	(101,647)	(84,205)	(81,812)
Income (loss) before taxes from continuing operations	296,650	112,682	(270,879)
Provision for income taxes	86,753	35,065	16,836
Income (loss) from continuing operations	209,897	77,617	(287,715)
Discontinued operations:			
Income before tax from discontinued operations	—	—	116,345
Provision for income taxes	—	—	20,188
Income from discontinued operations	—	—	96,157
Net income (loss)	$ 209,897	$ 77,617	$ (191,558)
Basic earnings (loss) per common share:			
Income (loss) from continuing operations	$ 4.41	$ 1.49	$ (5.57)
Income from discontinued operations	—	—	1.86
Basic earnings (loss) per common share	$ 4.41	$ 1.49	$ (3.71)
Weighted-average shares outstanding	47,573	52,111	51,672
Diluted earnings (loss) per common share:			
Income (loss) from continuing operations	$ 4.23	$ 1.42	$ (5.57)
Income from discontinued operations	—	—	1.86
Diluted earnings (loss) per common share	$ 4.23	$ 1.42	$ (3.71)
Weighted-average shares outstanding	49,668	54,612	51,672
Net income (loss)	$ 209,897	$ 77,617	$ (191,558)
Other comprehensive income (loss), net of taxes:			
Foreign currency translation adjustments	10,137	8,447	(37,920)
Pension and other post retirement plans	1,538	6,634	1,503
Gain (loss) on cash flow hedge	311	(2,353)	(344)
Total other comprehensive income (loss), net of taxes	11,986	12,728	(36,761)
Comprehensive income (loss)	$ 221,883	$ 90,345	$ (228,319)

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

GRIFFON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Years Ended September 30,		
	2024	**2023**	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES - CONTINUING OPERATIONS:			
Net income (loss)	$ 209,897	$ 77,617	$ (191,558)
Net income from discontinued operations	—	—	(96,157)
Income (loss) from continuing operations	$ 209,897	$ 77,617	$ (287,715)
Adjustments to reconcile net income (loss) to net cash provided by operating activities of continuing operations:			
Depreciation and amortization	60,704	65,445	64,658
Fair value write-up of acquired inventory sold	491	—	5,401
Stock-based compensation	26,838	41,112	33,135
Goodwill and intangible asset impairments	—	109,200	517,027
Asset impairment charges - restructuring	23,763	58,932	4,831
Provision for losses on accounts receivable	636	971	1,416
Amortization of deferred financing costs and debt discounts	4,202	4,232	3,775
Debt extinguishment, net	1,700	437	4,529
Deferred income tax provision (benefit)	3,574	(37,795)	(56,706)
Gain on sale of assets and investments	(61)	(12,960)	(469)
Change in assets and liabilities, net of assets and liabilities acquired:			
(Increase) decrease in accounts receivable	4,243	51,119	(20,662)
(Increase) decrease in inventories	73,582	129,209	(106,753)
(Increase) decrease in prepaid and other assets	(925)	621	(20,005)
Decrease in accounts payable, accrued liabilities and income taxes payable	(30,732)	(67,843)	(96,372)
Other changes, net	2,130	11,468	13,150
Net cash provided by operating activities - continuing operations	380,042	431,765	59,240
CASH FLOWS FROM INVESTING ACTIVITIES - CONTINUING OPERATIONS:			
Acquisition of property, plant and equipment	(68,399)	(63,604)	(42,488)
Acquired business, net of cash acquired	(14,579)	—	(851,464)
Proceeds (payments) from investments	—	—	14,923
Proceeds (payments) from sale of business, net	3,500	(2,568)	295,712
Proceeds from sale of property, plant and equipment	14,479	20,961	90
Net cash used in investing activities - continuing operations	(64,999)	(45,211)	(583,227)
CASH FLOWS FROM FINANCING ACTIVITIES - CONTINUING OPERATIONS:			
Dividends paid	(35,806)	(133,814)	(126,677)
Purchase of shares for treasury	(309,916)	(163,970)	(10,886)
Proceeds from long-term debt	217,000	122,558	1,058,909
Payments of long-term debt	(168,778)	(221,781)	(511,194)
Financing costs	(907)	(3,025)	(17,065)
Other, net	(341)	(130)	258
Net cash provided by (used in) financing activities - continuing operations	(298,748)	(400,162)	393,345
CASH FLOWS FROM DISCONTINUED OPERATIONS:			
Net cash provided by (used in) operating activities	(2,776)	(2,994)	10,198
Net cash used in investing activities	—	—	(2,627)
Net cash provided by (used in) discontinued operations	(2,776)	(2,994)	7,571
Effect of exchange rate changes on cash and equivalents	(1,970)	(693)	(5,398)
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	11,549	(17,295)	(128,469)
CASH AND EQUIVALENTS AT BEGINNING OF PERIOD	102,889	120,184	248,653
CASH AND EQUIVALENTS AT END OF PERIOD	$ 114,438	$ 102,889	$ 120,184
Supplemental Disclosure of Cash Flow Information:			
Cash paid for interest	$ 100,676	$ 99,833	$ 78,274
Cash paid for taxes	102,978	70,937	80,264

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

GRIFFON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)

	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 9/30/2021	84,375	$21,094	$602,181	$ 669,998	27,762	$(416,850)	$(45,977)	$(23,288)	$ 807,158
Net loss	—	—	—	(191,558)	—	—	—	—	(191,558)
Dividends	—	—	—	(134,380)	—	—	—	—	(134,380)
Shares withheld on employee taxes on vested equity awards	—	—	—	—	422	(10,886)	—	—	(10,886)
Amortization of deferred compensation	—	—	—	—	—	—	—	10,483	10,483
Equity awards granted, net	371	93	(7,713)	—	(502)	7,620	—	—	—
ESOP allocation of common stock	—	—	15,729	—	—	—	—	—	15,729
Stock-based compensation	—	—	17,785	—	—	—	—	—	17,785
Other comprehensive income, net of tax	—	—	—	—	—	—	(36,761)	—	(36,761)
Balance at 9/30/2022	84,746	$21,187	$627,982	$ 344,060	27,682	$(420,116)	$(82,738)	$(12,805)	$ 477,570
Net income	—	—	—	77,617	—	—	—	—	77,617
Dividends	—	—	—	(140,161)	—	—	—	—	(140,161)
Shares withheld on employee taxes on vested equity awards	—	—	—	—	366	(12,990)	—	—	(12,990)
Amortization of deferred compensation	—	—	—	—	—	—	—	10,362	10,362
Common stock acquired	—	—	—	—	4,143	(152,279)	—	—	(152,279)
Equity awards granted, net	—	—	(7,699)	—	(507)	7,699	—	—	—
ESOP allocation of common stock	—	—	21,868	—	—	—	—	—	21,868
Stock-based compensation	—	—	20,529	—	—	—	—	—	20,529
Other comprehensive income, net of tax	—	—	—	—	—	—	12,728	—	12,728
Balance at 9/30/2023	84,746	$21,187	$662,680	$ 281,516	31,684	$(577,686)	$(70,010)	$ (2,443)	$ 315,244
Net income	—	—	—	209,897	—	—	—	—	209,897
Dividends	—	—	—	(29,971)	—	—	—	—	(29,971)
Shares withheld on employee taxes on vested equity awards	—	—	—	—	595	(34,330)	—	—	(34,330)
Amortization of deferred compensation	—	—	—	—	—	—	—	2,225	2,225
Common stock acquired including excise taxes	—	—	—	—	4,772	(277,896)	—	—	(277,896)
Equity awards granted, net	—	—	(12,875)	—	(608)	12,875	—	—	—
ESOP allocation of common stock including excise taxes	—	—	8,918	—	—	510	—	—	9,428
Stock-based compensation	—	—	18,305	—	—	—	—	—	18,305
Other comprehensive income, net of tax	—	—	—	—	—	—	11,986	—	11,986
Balance at 9/30/2024	84,746	$21,187	$677,028	$ 461,442	36,443	$(876,527)	$(58,024)	$ (218)	$ 224,888

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

GRIFFON CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

NOTE 1—DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of business

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 with acquisition and growth opportunities as well as divestitures. As long-term investors, we intend to continue to grow and strengthen our existing businesses, and to diversify further through investments in our businesses and acquisitions.

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

Griffon announced in May 2023 that CPP was expanding its global sourcing strategy to include long handled tools, material handling, and wood storage and organization product lines for the U.S. market. This initiative was successfully completed as of September 30, 2024, ahead of the previously announced date of December 31, 2024. Refer to Note 10 - Restructuring Charges for further details.

On July 1, 2024, Griffon announced that its subsidiary, The AMES Companies, Inc., ("AMES") expanded the scope of its Australian operations by acquiring substantially all the assets of Pope, a leading Australian provider of residential watering products, from The Toro Company (NYSE:TTC) for a purchase price of approximately AUD 21,800 (approximately $14,500) in cash. This is CPP's seventh acquisition in Australia since 2013, and further expands AMES's product portfolio in the Australian market.

On June 27, 2022, we completed the sale of our Defense Electronics ("DE") segment, which consisted of our Telephonics Corporation ("Telephonics") subsidiary, for $330,000 in cash, excluding customary post-closing adjustments. As such, the results of operations of our Telephonics business is classified as a discontinued operation in the Consolidated Statements of Operations for all periods presented and the related assets and liabilities have been classified as assets and liabilities of the discontinued operation in the Consolidated Balance Sheets. Accordingly, all references made to results and information in this Annual Report on Form 10-K are to Griffon's continuing operations, unless noted otherwise.

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 $845,000. Hunter, part of our CPP segment, complements and diversifies our portfolio of leading consumer brands and products.

Griffon currently conducts its operations through two reportable segments:

- 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 Cornell and Cookson brands.

- Consumer and Professional Products ("CPP") is a leading 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.

Consolidation

The consolidated financial statements include the accounts of Griffon and all subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. The results of operations of acquired businesses are included from the dates of acquisitions.

Earnings per share

Due to rounding, the sum of earnings per share may not equal earnings per share of Net income.

Discontinued operations

As of September 30, 2024 and 2023, assets and liabilities of discontinued operations was associated with Installations Services and other discontinued activities, which primarily consisted of insurance claims, product liability, warranty and environmental reserves. For the year ended September 30, 2022, discontinued operations included the Telephonics business in our Consolidated Statements of Operations and Comprehensive Income (Loss), which has been segregated from Griffon's continuing operations. There was no reported revenue for the years ended September 30, 2024, 2023 and 2022 for Installations Services and other discontinued operations. See Note 8, Discontinued Operations.

Reclassifications

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

Use of estimates

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, 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.

Cash and equivalents

Griffon considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Cash equivalents primarily consist of overnight commercial paper, highly-rated liquid money market funds backed by U.S. Treasury securities and U.S. Agency securities. Griffon had cash in non-U.S. bank accounts of approximately $46,100 and $45,500 at September 30, 2024 and 2023, respectively. Substantially all U.S. cash and equivalents are in excess of FDIC insured limits. Griffon regularly evaluates the financial stability of all institutions and funds that hold its cash and equivalents.

Fair value of financial instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts and notes payable and revolving credit and Term Loan B 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 debt is based upon current market rates.

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

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

The fair values of Griffon's 2028 Senior Notes and Term Loan B facility approximated $957,716 and $457,571, respectively, on September 30, 2024. Fair values were based upon quoted market prices (level 1 inputs).

Insurance contracts with a value of $4,819 at September 30, 2024 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 and $634 are included in Other current assets on the Consolidated Balance Sheets.

Items Measured at Fair Value on a Recurring Basis

In the normal course of business, Griffon's operations are exposed to the effect 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. 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 USD as discussed below.

At September 30, 2024 and 2023, Griffon had $67,500 and $11,000 of Australian dollar contracts at a weighted average rate of $1.47 and $1.45, respectively, which qualified for hedge accounting. These hedges were all deemed effective as cash flow hedges with gains and losses related to changes in fair value deferred and recorded in Other comprehensive income (loss) and Prepaid and other current assets, or Accrued liabilities, until settlement (level 2 inputs). Upon settlement, gains and losses were recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss) in Cost of goods and services ("COGS"). Accumulated Other Comprehensive Income (AOCI) included deferred losses of $660 ($462, net of tax) at September 30, 2024 and deferred gains of $765 ($536, net of tax) at September 30, 2023. Upon settlement, gains of $1,120, $3,991 and $5,477 were recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss) in COGS during 2024, 2023 and 2022, respectively. All contracts expire in 30 days to 240 days.

At September 30, 2024 and 2023, Griffon had $20,500 and $52,000 of Chinese Yuan contracts at a weighted average rate of $7.11 and $7.00, respectively, which qualified for hedge accounting. These hedges were all deemed effective as cash flow hedges with gains and losses related to changes in fair value deferred and recorded in AOCI and Prepaid and other current assets, or Accrued liabilities, until settlement (level 2 inputs). Upon settlement, gains and losses are recognized in the Consolidated Statements of Operations and Comprehensive Income (Loss) in COGS. AOCI included deferred gains of $410 ($300, net of tax) and deferred losses of $1,721 ($1,257, net of tax) at September 30, 2024 and 2023, respectively. Upon settlement, losses of $1,936, $2,313 and $736 were recorded in COGS during 2024, 2023 and 2022, respectively. All contracts expire in 9 to 184 days.

At September 30, 2024 and 2023, Griffon had $13,497 and $3,700, respectively, of Canadian dollar contracts at a weighted average rate of $1.35 and $1.36, respectively. These contracts, which protect Canadian operations from currency fluctuations for U.S. dollar based purchases, do not qualify for hedge accounting and fair value losses of $67 and fair value gains of $60 were recorded in Other assets and to Other income for the outstanding contracts, based on similar contract values (level 2 inputs), for the years ended September 30, 2024 and 2023, respectively. Realized gains (losses) of $98, $336 and $247 were recorded in Other income during 2024, 2023 and 2022, respectively. All contracts expire in 1 to 359 days.

Pension plan assets with a fair value of $158,705 at September 30, 2024, are measured and recorded at fair value based upon quoted prices in active markets for identical assets (level 1 inputs), quoted market prices for similar assets (level 2 inputs) and fair value assumptions for unobservable inputs in which little or no market data exists (level 3).

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

Non-U.S. currency translation

Assets and liabilities of non-U.S. subsidiaries, where the functional currency is not the U.S. dollar, have been translated at year-end exchange rates and profit and loss accounts have been translated using weighted average exchange rates during the applicable fiscal year. Adjustments resulting from currency translation are recorded in AOCI as cumulative translation adjustments. The Company recognized cumulative translation gains during 2024 and 2023 of $10,137 and $8,447, respectively. As of September 30, 2024 and 2023, the cumulative foreign currency translation recorded in AOCI was a loss of $38,586 and $48,723, respectively. Assets and liabilities of an entity that are denominated in currencies other than that entity's functional currency are re-measured into the functional currency using period end exchange rates, or historical rates where applicable to certain balances. Gains and losses arising on remeasurements are recorded within the Consolidated Statement of Operations and Comprehensive Income as a component of Other income (expense).

Revenue recognition

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.

Refer to Note 2—Revenue for more detail.

Accounts receivable, expected loss allowance for doubtful accounts and concentrations of credit risk

Accounts receivable is composed principally of trade accounts receivable, that arise from the sale of goods or services on account, and is stated at historical cost. A substantial portion of Griffon's trade receivables are from Home Depot, whose financial condition is dependent on the construction and related retail sectors of the economy. As a percentage of consolidated accounts receivable, Home Depot was 12%. Griffon performs continuing evaluations of the financial condition of its customers, and although Griffon generally does not require collateral, letters of credit may be required from customers in certain circumstances.

Trade receivables are recorded at the stated amount, less expected loss allowance for doubtful accounts and, when appropriate, for customer program reserves and cash discounts. The expected loss allowance represents estimated uncollectible receivables associated with potential customer defaults on contractual obligations (usually due to customers' potential insolvency). The expected loss allowance for doubtful accounts includes amounts for certain customers where 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. The provision related to the expected loss allowance for doubtful accounts is recorded in Selling, general and administrative ("SG&A") expenses. The Company writes-off accounts receivable when they are deemed to be uncollectible.

Customer program reserves and cash discounts are netted against accounts receivable when it is customer practice to reduce invoices for these amounts. The amounts netted against accounts receivable in 2024 and 2023 were $64,211 and $106,166, respectively.

All accounts receivable amounts are expected to be collected in less than one year.

The Company does not currently have customers or contracts that prescribe specific retainage provisions.

Inventories

Inventories, stated at the lower of cost (first-in, first-out or average) or net realizable value, include material, labor and manufacturing overhead costs.

Griffon's businesses typically do not require inventory that is susceptible to becoming obsolete or dated. In general, HBP produces residential and commercial sectional garage doors, commercial rolling steel door and grille products, and CPP produces long-handled tools and landscaping products, and storage and organizational products, both in response to orders from customers of retailers and dealers or based on expected orders, as applicable.

Long-lived assets, including definite intangible assets

Property, plant and equipment includes the historical cost of land, buildings, equipment and significant improvements to existing plant and equipment or, in the case of acquisitions, a fair market value appraisal of such assets completed at the time of acquisition. Expenditures for maintenance, repairs and minor renewals are expensed as incurred. When property or equipment is sold or otherwise disposed of, the related cost and accumulated depreciation is removed from the respective accounts and the gain or loss is recognized.

Depreciation expense, which includes amortization of assets under capital leases, was $37,901, $43,056 and $46,443 in 2024, 2023 and 2022, respectively, and was calculated on a straight-line basis over the estimated useful lives of the assets. Depreciation included in SG&A expenses was $16,510, $17,598 and $16,683 in 2024, 2023 and 2022, respectively. The remaining components of depreciation, attributable to manufacturing operations, are included in Cost of goods and services. Estimated useful lives for property, plant and equipment are as follows: buildings and building improvements, 25 to 40 years; machinery and equipment, 2 to 15 years; and leasehold improvements, over the term of the lease or life of the improvement, whichever is shorter.

Capitalized interest costs included in Property, plant and equipment were $2,228, $1,463 and $1,739 for the years ended September 30, 2024, 2023 and 2022, respectively. The original cost of fully-depreciated property, plant and equipment remaining in use at September 30, 2024 was approximately $232,857.

Long-lived assets, including customer relationships and software, and tangible assets, primarily property, plant and equipment, are amortized over their expected useful lives, generally eight to twenty-five years, and involves significant assumptions and estimates. We assess the recoverability of the carrying amount of our long-lived assets, including amortizable intangible assets, whenever events or changes in circumstances indicate the carrying amount of the assets may not be recoverable. We evaluate the recoverability of such assets based on the expectations of undiscounted cash flows attributable to the asset group. If the sum of the expected future undiscounted cash flows are less than the carrying amount of the asset group, a loss would be recognized for the difference between the fair value and the carrying amount. For the fiscal years ended September 30, 2024 and 2023, we tested long-lived definite intangible and tangible assets for impairment by comparing estimated future undiscounted cash flows of each CPP asset group to the carrying amount of the asset group and determined that an impairment did not exist. No event or indicator of impairment existed for the HBP assets groups.

Goodwill and indefinite-lived intangibles

Goodwill represents the excess of the cost of net assets acquired in business combinations over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed in a business combination.

We test goodwill and indefinite-lived intangibles for impairment at least annually in the fourth quarter, and more frequently whenever events or circumstances change that would more likely than not reduce the fair value below the carrying amount. Such events or changes in circumstance include significant deterioration in overall economic conditions, changes in the business climate in which our reporting units operate, a decline in our market capitalization, operating performance indicators, when some portion of a reporting unit is disposed of or classified as held for sale, or when a change in the composition of reporting units occurs for other reasons, such as a change in operating segments. To test goodwill and indefinite-lived intangible assets for impairment, we may perform both a qualitative assessment and quantitative assessment. If we elect to perform a qualitative assessment, we consider operating results as well as circumstances impacting the operations or cash flows of the reporting unit or indefinite-lived intangible assets, including macroeconomic conditions, industry and market conditions and reporting unit events and circumstances. For the quantitative test, the assessment is based on both an income-based and market-based valuation approach. If it is determined that an impairment exists, we recognize an impairment loss for the amount by which the carrying amount of the reporting unit or indefinite-lived intangible asset exceeds its estimated fair value.

Fair value estimates are based on assumptions believed to be reasonable at the time, but such assumptions are subject to inherent uncertainty. Actual results may differ materially from those estimates. Any changes in key assumptions or management judgment with respect to a reporting unit or its prospects, which may result from a decline in Griffon's stock price, a change in market conditions, market trends, interest rates or other factors outside of Griffon's control, or significant under-performance relative to historical or projected future operating results, could result in a significantly different estimate of the fair value of Griffon's reporting units, which could result in an impairment charge in the future.

In connection with the preparation of our financial statements for the fiscal years ended September 30, 2024, 2023 and 2022, Griffon performed its annual impairment testing of its goodwill and indefinite-lived intangibles. Griffon performed a quantitative assessment of the CPP reporting units and indefinite-lived intangible assets. The assessments in both fiscal 2024 and 2023 did not result in an impairment to goodwill, however, for the fiscal 2022, the impairment tests resulted in a pre-tax, non-cash goodwill impairment charge of $342,027 to the CPP reporting units. For the HBP reporting unit, we performed a qualitative assessment and determined that indicators that fair value was less than the carrying amount were not present in fiscal years 2024, 2023 and 2022.

During the years ended September 30, 2024, 2023 and 2022, the Company compared the estimated fair values of its CPP indefinite-lived intangibles to their carrying amounts using a relief from royalty method, which estimates the value of a trademark by discounting to present value the hypothetical royalty payments that are saved by owning the asset rather than licensing it. The Company then compared the estimated fair values of each trademark to their carrying amounts. For the year ended September 30, 2024, the impairment test did not result in impairment charges to CPP's gross carrying amount of intangible assets; however, for the years ended September 30, 2023 and 2022, the impairment tests resulted in pre-tax non-cash impairment charges of $109,200 and $175,000, respectively, to the gross carrying amount of trademarks in the CPP segment. Griffon performed qualitative assessments for the HBP indefinite-lived intangibles and determined that indicators that fair value was less than the carrying amount were not present in fiscal 2024, 2023 and 2022.

Leases

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

The Company 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 Consolidated Balance Sheets. Finance leases are included in property, plant, and equipment, net, other accrued liabilities, and other non-current liabilities.

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 Consolidated Balance Sheets. Variable lease cost for both operating and finance leases, if any, is recognized as incurred. The Company has lease agreements that contain both lease and non-lease components. For real estate leases, we account for lease components together with non-lease components (e.g., common-area maintenance).

Income taxes

We are subject to Federal, state and local income taxes in the U.S. and in various taxing jurisdictions outside the U.S. We recognize deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements or tax returns in accordance with applicable accounting guidance for accounting for income taxes, using currently enacted tax rates in effect for the year in which the differences are expected to reverse.

We record a valuation allowance when necessary to reduce deferred tax assets to the amount expected to be realized. Deferred tax assets are reduced by a valuation allowance if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Both positive and negative evidence are considered in forming our judgment as to whether a valuation allowance is appropriate, and more weight is given to evidence that can be objectively verified. Valuation allowances are reassessed whenever there are changes in circumstances that may cause a change in judgment.

The accounting for uncertainty in income taxes requires a more-likely-than-not threshold for financial statement recognition of tax positions taken or expected to be taken in a tax return. We record, as needed, a liability for the difference between the benefit recognized for financial statement purposes and the tax position taken or expected to be taken on our tax return. To the extent that our assessment of such tax positions changes, the change in estimate is recorded in the period in which the determination is made. Interest and penalties recognized on the liability for unrecognized tax benefits is recorded as income tax expense.

Research and development costs, shipping and handling costs and advertising costs

Research and development costs are charged to SG&A expense as incurred and amounted to approximately $19,400 in 2024, $18,100 in 2023 and $15,600 in 2022.

Total shipping and handling costs included in both COGS and SG&A were $125,120 in 2024, $123,100 in 2023 and $130,830 in 2022, of which $68,400 in 2024, $67,300 in 2023 and $69,000 in 2022 were included in SG&A. Advertising costs, which are expensed as incurred in SG&A, was $25,600 in 2024, $28,400 in 2023 and $26,700 in 2022.

Risk, retention and insurance

Griffon's property and casualty insurance programs contain various deductibles that, based on Griffon's experience, are reasonable and customary for a company of its size and risk profile. Griffon generally maintains deductibles for claims and liabilities related primarily to workers' compensation, general, product and automobile liability as well as property damage and business interruption losses resulting from certain events. Griffon does not consider any of the deductibles to represent a material risk to Griffon. Griffon accrues for claim exposures that are probable of occurrence and can be reasonably estimated. Insurance is maintained to transfer risk beyond the level of self-retention and provides protection on both an individual claim and annual aggregate basis.

Pension benefits

Griffon sponsors defined and supplemental benefit pension plans for certain retired employees. Annual amounts relating to these plans are recorded based on actuarial projections, which include various actuarial assumptions, including discount rates, assumed rates of return, compensation increases and turnover rates. Actuarial assumptions used to determine pension liabilities, assets and expense are reviewed annually and modified based on current economic conditions and trends. The expected return on plan assets is determined based on the nature of the plan's investments and expectations for long-term rates of return. The discount rate used to measure obligations is based on a corporate bond spot-rate yield curve that matches projected future benefit payments, with the appropriate spot rate applicable to the timing of the projected future benefit payments. Assumptions used in determining Griffon's obligations under the defined benefit pension plans are believed to be reasonable, based on experience and advice from independent actuaries; however, differences in actual experience or changes in assumptions may materially impact Griffon's financial position or results of operations.

All of the defined benefit plans are frozen and have ceased accruing benefits.

The Company's non-service cost components of net periodic benefit plan cost was an expense (benefit) of $137, $866 and $(4,256) during 2024, 2023, and 2022 respectively.

Issued but not yet effective accounting pronouncements

In October 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-06, Disclosure Improvements: Amendments - Codification Amendments in Response to the SEC's Disclosure Update and Simplification Initiative. The FASB issued the standard to introduce changes to US GAAP that originate in either SEC Regulation S-X or S-K, which are rules about the form and content of financial reports. The provisions of the standard are contingent when the SEC removes the related disclosure provisions from Regulation S-X and S-K. The company does not expect the provisions of the standard to have a material impact on the Company's financial statements and related disclosures.

In November 2023, the Financial Accounting Standards Board ("FASB") issued ASU No. 2023-07, Segment Reporting (Topic 280), Improvements to Reportable Segment Disclosures. This standard expands disclosures regarding a public entity's reportable segments and requires additional information about a reportable segment's expenses, interim segment profit or loss, and how a public entity's chief operating decision maker uses reported segment profit or loss information in assessing segment performance and allocating resources. The standard does not change the definition of operating segments. This standard is effective for the Company beginning with our fiscal year 2025, with early adoption permitted. The Company is currently evaluating the potential changes to its reportable segment disclosures and related impact on its business and financial reporting processes and information technology systems. The Company does not expect the adoption of this standard to have a material impact on its financial position, results of operations, or cash flows.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740), Improvements to Income Tax Disclosure. The standard requires significant additional disclosures focused on income taxes paid and the rate reconciliation table. Specifically, the amendments in the standard require the Company to disclose disaggregated: (1) income taxes paid by federal, state, and foreign, (2) continuing operations pre-tax income between domestic and foreign, and (3) continuing operations income tax expense by federal, state and foreign. The standard also requires the Company to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. This standard is effective for the Company beginning with our fiscal year 2026, with retrospective application permitted. The Company is currently evaluating the potential changes to its income tax disclosures and related impact on its financial reporting processes and information technology systems. The Company does not expect the adoption of this standard to have a material impact on its financial position, results of operations, or cash flows.

NOTE 2—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).

A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when each performance obligation is satisfied. A majority of the Company's contracts have a single performance obligation which represents, in most cases, the product being sold to the customer. To a lesser extent, some contracts include multiple performance obligations such as a product, the related installation, and extended warranty services. These contracts require judgment in determining the number of performance obligations. For contracts with multiple performance obligations, judgment is required to determine whether performance obligations specified in these contracts are distinct and should be accounted for as separate revenue transactions for recognition purposes. In these types of contracts, the Company allocates the total transaction price to each performance obligation in an amount based on the estimated relative standalone selling prices of the promised goods or services underlying each performance obligation. The Company uses an observable price to determine the stand-alone selling price for separate performance obligations or a cost plus margin approach when one is not available. The transaction price includes variable consideration, such as discounts and volume rebates, when it is probable that a significant reversal of revenue recognized will not occur. Variable consideration is determined using either the expected value or the most likely amount of consideration to be received based on historical experience and the specific facts and circumstances at the time of evaluation.

See Note 19—Reportable Segments for revenue from contracts with customers disaggregated by end markets, segments and geographic location.

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.

A majority of the Company's revenue is short cycle in nature with shipments occurring within one year from order and does not include a material long-term financing component, implicitly or explicitly. Payment terms generally range between 15 to 90 days and vary by the location of the business, the type of products manufactured to be sold and the volume of products sold, among other factors.

The Company recognizes revenue from product sales when all factors are met, including when control of a product transfers to the customer upon its shipment, completion of installation, testing, certification or other substantive acceptance required under the contract. Other than standard product warranty provisions, sales arrangements provide for no significant post-shipment obligations on the Company. From time-to-time and for certain customers, rebates and other sales incentives, promotional allowances or discounts are offered, typically related to customer purchase volumes, all of which are fixed or determinable and are classified as a reduction of revenue and recorded at the time of sale. Griffon provides for sales returns and allowances based upon historical returns experience. The Company includes shipping costs billed to customers in revenue and the related shipping costs in either Cost of Goods and Services or Selling, General and Administrative expenses.

The majority of the Company's contracts offer assurance-type warranties in connection with the sale of a product to a customer. Assurance-type warranties provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications. Such warranties do not represent a separate performance obligation.

Payment terms vary depending on the type and location of the customer and the products or services offered. Generally, the period between the time revenue is recognized and the time payment is due is not significant. Shipping and handling charges are not considered a separate performance obligation. Additionally, all taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction and collected from a customer (e.g., sales, use, value added, and some excise taxes) are excluded from revenue.

NOTE 3—ACQUISITIONS

Griffon continually evaluates potential acquisitions that either 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.

On July 1, 2024, Griffon announced that its subsidiary, AMES expanded the scope of its Australian operations by acquiring substantially all the assets of Pope, a leading Australian provider of residential watering products, from The Toro Company (NYSE:TTC) for a purchase price of approximately AUD 21,800 (approximately $14,500) in cash. The purchase price was preliminarily allocated to inventory of AUD 16,581 (approximately $11,051), goodwill of AUD 2,225 (approximately $1,483) and acquired intangibles, net of deferred taxes, of AUD 2,940 (approximately $1,960), 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)

On January 24, 2022, Griffon acquired Hunter, a market leader in residential ceiling, commercial, and industrial fans, from MidOcean for a contractual purchase price of $845,000. The acquisition was primarily financed with a Term Loan B facility and a combination of cash on hand and revolver borrowings. Hunter complements and diversifies Griffon's portfolio of leading consumer brands and products. Based on the final purchase price allocation, the goodwill recognized was $250,711, which was assigned to the CPP segment, and is not deductible for income tax purposes. The following unaudited proforma summary from continuing operations presents consolidated information as if the Company acquired Hunter on October 1, 2020:

	Proforma For the Year Ended September 30, (unaudited)
	2022
Revenue	$2,938,998
Income (loss) from continuing operations	(288,062)

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 fair value adjustments to property, plant, and equipment, and intangible assets had been applied from October 1, 2020.
- 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 final 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	250,711
Intangible assets	616,000
Total assets acquired	$1,077,006
Accounts payable and accrued liabilities	$ 70,039
Current portion of operating lease liabilities	3,323
Deferred tax liability(3)	139,219
Long-term operating lease liabilities	9,123
Other long-term liabilities	3,848
Total liabilities assumed	$ 225,552
Total net assets acquired	$ 851,454

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

(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 primarily intangibles assets.

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

		Average Life (Years)
Goodwill	$250,711	N/A
Indefinite-lived intangibles (Hunter and Casablanca brands)	356,000	N/A
Definite-lived intangibles (Customer relationships)	260,000	20
Total goodwill and intangible assets	$866,711	

During the years ended September 30, 2024 and 2022, SG&A included acquisition costs of $441 and $9,303, respectively. During the year ended September 30, 2023, acquisition related costs were de minimis.

NOTE 4—INVENTORIES

The following table details the components of inventory:

	At September 30, 2024	At September 30, 2023
Raw materials and supplies	$ 92,366	$127,342
Work in process	13,923	12,070
Finished goods	319,200	367,718
Total	$425,489	$507,130

In connection with the Company's restructuring activities described in Note 10, Restructuring Charges, during the years ended September 30, 2024, and September 30, 2023, CPP recorded inventory impairment charges of $23,763 and $37,100, respectively, to adjust inventory to its net realizable value.

NOTE 5—PROPERTY, PLANT AND EQUIPMENT

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

	At September 30, 2024	At September 30, 2023
Land, building and building improvements	$ 153,076	$ 169,923
Machinery and equipment	472,030	447,972
Leasehold improvements	37,833	33,740
	662,939	651,635
Accumulated depreciation and amortization	(374,642)	(372,417)
Total	$ 288,297	$ 279,218

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

In connection with the expansion of CPP's global sourcing strategy which has been completed as of September 30, 2024, certain owned manufacturing locations which concluded operations have met the criteria to be classified as held for sale, and the net book value of these properties as of September 30, 2024 totaled $14,532.

Except as described in Note 10, Restructuring Charges, no event or indicator of impairment occurred during the years ended September 30, 2024 and September 30, 2023, which would require additional impairment testing of property, plant and equipment.

NOTE 6—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 credit losses. 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. Credit losses 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 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 this guidance 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:

Beginning Balance, October 1, 2022	$12,137
Provision for expected credit losses	971
Amounts written off charged against the allowance	(1,186)
Other, primarily foreign currency translation	(658)
Ending Balance, September 30, 2023	$11,264
Provision for expected credit losses	636
Amounts written off charged against the allowance	(1,325)
Other, primarily foreign currency translation	411
Ending Balance, September 30, 2024	$10,986

NOTE 7—GOODWILL AND INTANGIBLES

Goodwill at September 30, 2024 and 2023 was $329,393 and $327,864, respectively. For the fiscal years ended September 30, 2024, 2023 and 2022, the Company performed a quantitative assessment of the

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

CPP reporting units using both an income-based and market-based approach, which did not result in a goodwill impairment in fiscal 2024 and 2023, however, for the fiscal year ended September 30, 2022, the impairment tests resulted in a pre-tax, non-cash goodwill impairment charge of $342,027 to the CPP reporting units. For the HBP reporting unit, we performed a qualitative assessment and determined that indicators that fair value was less than the carrying amount were not present in fiscal years 2024, 2023 and 2022.

The following table provides a summary of the carrying value of goodwill by segment as of September 30, 2024, 2023 and 2022.

	At September 30, 2022	Goodwill from acquisitions[a]	At September 30, 2023	Goodwill from acquisitions[b]	Foreign currency translation adjustments	At September 30, 2024
Consumer and Professional Products	$144,537	$(7,926)	$136,611	$1,483	$46	$138,140
Home and Building Products	191,253	—	191,253	—	—	191,253
Total	$335,790	$(7,926)	$327,864	$1,483	$46	$329,393

[a] The adjustment to goodwill is in connection with the acquisition of Hunter in 2022.

[b] The change in goodwill for the CPP segment relates to the acquisition of Pope in 2024.

During the years ended September 30, 2024, 2023 and 2022, the Company compared the estimated fair values of its CPP indefinite-lived intangibles to their carrying amounts using a relief from royalty method, which estimates the value of a trademark by discounting to present value the hypothetical royalty payments that are saved by owning the asset rather than licensing it. The Company then compared the estimated fair values of each trademark to their carrying amounts. For the year ended September 30, 2024, the impairment test did not result in impairment charges to CPP's gross carrying amount of intangible assets; however, for the years ended September 30, 2023 and 2022, the impairment tests resulted in pre-tax non-cash impairment charges of $109,200 and $175,000, respectively, to the gross carrying amount of our trademarks in the CPP segment. Griffon performed qualitative assessments for the HBP indefinite-lived intangibles and determined that indicators that fair value was less than the carrying amount were not present during 2024, 2023 and 2022.

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

	At September 30, 2024			At September 30, 2023	
	Gross Carrying Amount	Accumulated Amortization	Average Life (Years)	Gross Carrying Amount	Accumulated Amortization
Customer relationships & other[1]	$450,784	$134,296	17	$443,164	$113,057
Unpatented technology	17,350	6,859	10	15,504	3,815
Total amortizable intangible assets	468,134	141,155		458,668	116,872
Trademarks[1]	291,803	—		293,447	—
Total intangible assets	$759,937	$141,155		$752,115	$116,872

[1] On October 1, 2023, the Company reclassified certain indefinite-lived trademark intangible assets, with a combined carrying value of $4,100, to definite-lived intangible assets. The change resulted from the anticipated future life of these trademarks. We commenced amortizing these assets on a straight-line basis over a five-year useful life.

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

In 2024, the gross carrying amount of intangible assets was impacted by acquired intangibles from the Pope acquisition and $5,022 related to foreign currency translation.

Amortization expense for intangible assets subject to amortization was $22,803, $22,389 and $18,215 in 2024, 2023, and 2022, respectively. Amortization expense for each of the next five years and thereafter, based on current intangible balances and classifications, is estimated as follows: 2025 - $22,708; 2026 - $22,107; 2027 - $22,107; 2028 - $22,107 and 2029 - $22,107; thereafter - $215,843.

NOTE 8—DISCONTINUED OPERATIONS

On September 27, 2021, Griffon announced it was exploring strategic alternatives for its DE segment, which consisted of its Telephonics subsidiary. On June 27, 2022, Griffon completed the sale of Telephonics for $330,000 in cash, excluding customary post-closing adjustments, primarily related to working capital. In connection with the sale of Telephonics, the Company recorded a gain of $107,517 ($89,241, net of tax) for the year ended September 30, 2022.

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)

For the year ended September 30, 2022, the following amounts related to Telephonics have been segregated from Griffon's continuing operations and are reported as discontinued operations:

	For the Year Ended September 30, 2022
Revenue	$161,061
Cost of goods and services	125,208
Gross profit	35,853
Selling, general and administrative expenses	26,423
Income from discontinued operations	9,430
Other income (expense)	
Gain on sale of business	107,517
Interest income, net	2
Other, net	(604)
Total other income (expense)	106,915
Income from discontinued operations before tax	116,345
Provision for income taxes	20,188
Income from discontinued operations	$ 96,157

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

For the year ended September 30, 2022, depreciation and amortization was excluded from the results since DE was classified as a discontinued operation and, accordingly, the Company ceased depreciation and amortization in accordance with discontinued operations accounting guidelines. Depreciation and amortization for fiscal 2022 would have been approximately $7,442 through the date of disposition on June 27, 2022.

The following amounts summarize the total assets and liabilities related to 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 Consolidated Balance Sheets:

	At September 30, 2024	At September 30, 2023
Assets of discontinued operations:		
Prepaid and other current assets	$ 648	$ 1,001
Other long-term assets	3,417	4,290
Total assets of discontinued operations	$4,065	$ 5,291
Liabilities of discontinued operations:		
Accrued liabilities, current	$4,498	$ 7,148
Other long-term liabilities	3,270	4,650
Total liabilities of discontinued operations	$7,768	$11,798

At September 30, 2024 and 2023, Griffon's liabilities for discontinued operations primarily related to insurance claims, income taxes, product liability, warranty claims and environmental reserves totaling $7,768 and $11,798, respectively. The decrease in assets and liabilities was primarily associated with insurance claims receivable and payable.

Except for revenue from the Telephonics business for the year ended September 30, 2022, as noted above, there was no reported revenue in 2024, 2023 and 2022 for Installations Services and other discontinued operations.

NOTE 9—ACCRUED LIABILITIES

The following table details the components of accrued liabilities:

	At September 30, 2024	At September 30, 2023
Compensation	$ 82,413	$ 77,558
Interest	4,532	4,317
Warranties and rebates	16,900	24,294
Insurance	12,535	10,619
Rent, utilities and freight	5,294	6,720
Income and other taxes	17,459	22,954
Marketing and advertising	5,401	7,008
Restructuring	12,998	19,658
Other	24,386	19,970
Total	$181,918	$193,098

NOTE 10—RESTRUCTURING CHARGES

Griffon announced in May 2023 that CPP was expanding its global sourcing strategy to include long handled tools, material handling, and wood storage and organization product lines for the U.S. market. This initiative was successfully completed as of September 30, 2024, ahead of the previously announced date of December 31, 2024.

As a result of this global sourcing expansion initiative, manufacturing operations have concluded at four manufacturing sites and four wood mills, resulting in a total facility footprint reduction of approximately 1.2 million square feet, or approximately 15% of CPP's square footage, and a headcount reduction of approximately 600. The closed locations, which have a total book value of $14,532, have met the held for sale criteria and have been classified as such on our Consolidated Balance Sheets as of September 30, 2024.

The adoption of an asset-light business model for these U.S. products has positioned CPP to better serve customers with a more flexible and cost-effective sourcing model that leverages supplier relationships around the world, and improved its competitive positioning.

Implementation of this strategy over the duration of the project resulted in charges of $133,777, which included $51,082 of cash charges for employee retention and severance, operational transition, and facility and lease exit costs, and $82,695 of non-cash charges primarily related to asset write-downs. In addition, there were $2,678 of capital investments to effectuate the project. This excludes cash proceeds from the sale of real estate and equipment, which through September 30, 2024 were $13,271, and excludes future proceeds from the sale of remaining real estate and equipment.

In the year ended September 30, 2024, CPP incurred pre-tax restructuring and related exit costs approximating $41,309. Cash charges totaled $17,546 and non-cash, asset-related charges totaled $23,763; the cash charges included $5,856 for one-time termination benefits and other personnel related costs and $11,690 for facility exit costs. Non-cash charges related to $23,763 recorded to adjust inventory to net realizable value.

In the year ended September 30, 2023, CPP incurred pre-tax restructuring and related exit costs approximating $92,468. Cash charges totaled $33,536 and non-cash, asset-related charges totaled $58,932; the cash charges included $16,772 for one-time termination benefits and other personnel related costs and $16,764 for facility exit costs. Non-cash charges included a $21,832 impairment charge related to certain fixed assets at several manufacturing locations and $37,100 to adjust inventory to net realizable value.

In the year ended September 30, 2022, CPP incurred pre-tax restructuring and related exit costs approximating $16,782. Cash charges totaled $11,951 and non-cash, asset-related charges totaled $4,831; the cash charges included $4,124 for one-time termination benefits and other personnel-related costs and $7,827 for facility exit costs. Non-cash charges included a $3,805 of inventory that have no recoverable value and $1,026 primarily related to disposal of fixed assets at several manufacturing locations. These restructuring charges related to the development of CPP's next-generation business platform, which was completed in fiscal 2022.

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

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

	For the Year Ended September 30,		
	2024	2023	2022
Cost of goods and services	$35,806	$82,028	$ 7,964
Selling, general and administrative expenses	5,503	10,440	8,818
Total restructuring charges	$41,309	$92,468	$16,782

	For the Year Ended September 30,		
	2024	2023	2022
Personnel related costs	$ 5,856	$16,772	$ 4,124
Facilities, exit costs and other	11,690	16,764	7,827
Non-cash facility and other	23,763	58,932	4,831
Total	$41,309	$92,468	$16,782

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

	Cash Charges	Cash Charges	Non-Cash Charges	
	Personnel related costs	Facilities & Exit Costs	Facility and Other Costs	Total
Accrued liability at September 30, 2021	$ 418	$ 264	$ —	$ 682
Charges	4,124	7,827	4,831	16,782
Payments	(4,156)	(7,827)	—	(11,983)
Non-cash charges[1]	—	—	(4,831)	(4,831)
Accrued liability at September 30, 2022	$ 386	$ 264	$ —	$ 650
Charges	16,772	16,764	58,932	92,468
Payments	(3,051)	(11,477)	—	(14,528)
Non-cash charges[1]	—	—	(58,932)	(58,932)
Accrued liability at September 30, 2023	$ 14,107	$ 5,551	$ —	$ 19,658
Charges	5,856	11,690	23,763	41,309
Payments	(11,781)	(12,425)	—	(24,206)
Non-cash charges[1]	—	—	(23,763)	(23,763)
Accrued liability at September 30, 2024	$ 8,182	$ 4,816	$ —	$ 12,998

(1) Non-cash charges in Facility and Other Costs primarily represent the non-cash write-off of certain long-lived assets and inventory that has no recoverable value in connection with certain facility closures.

NOTE 11—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 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 the original purchase unless otherwise stated on the product or packaging from the date of original purchase. Warranty costs expected to be incurred in the next 12 months are classified in accrued liabilities. Warranty costs expected to be incurred beyond one year are classified in other long-term liabilities. The short-term warranty liability was $13,050 as of September 30, 2024 and $20,781 as of September 30, 2023. The long-term warranty liability was $1,239 at both September 30, 2024 and 2023.

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

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

	Years Ended September 30,	
	2024	2023
Balance, beginning of period	$ 20,781	$ 16,786
Warranties issued and changes in estimated pre-existing warranties	23,253	21,301
Actual warranty costs incurred	(30,984)	(17,306)
Balance, end of period	$ 13,050	$ 20,781

NOTE 12—LONG-TERM DEBT

Debt at September 30, 2024 and 2023 consisted of the following:

		At September 30, 2024				
		Outstanding Balance	Original Issuer Premium (Discount)	Capitalized Fees & Expenses	Balance Sheet	Coupon Interest Rate
Senior Notes due 2028	(a)	$ 974,775	$ 169	$ (6,900)	$ 968,044	5.75%
Term Loan B due 2029	(b)	457,000	(599)	(5,420)	450,981	Variable
Revolver due 2028	(b)	107,500	—	(2,859)	104,641	Variable
Non U.S. lines of credit	(d)	—	—	(2)	(2)	Variable
Other debt	(e)	410	—	(22)	388	Variable
Totals		1,539,685	(430)	(15,203)	1,524,052	
less: Current portion		(8,155)	—	—	(8,155)	
Long-term debt		$1,531,530	$(430)	$(15,203)	$1,515,897	

		At September 30, 2023				
		Outstanding Balance	Original Issuer Premium (Discount)	Capitalized Fees & Expenses	Balance Sheet	Coupon Interest Rate
Senior notes due 2028	(a)	$ 974,775	$ 218	$ (8,920)	$ 966,073	5.75%
Term Loan B due 2029	(b)	463,000	(922)	(7,039)	455,039	Variable
Revolver due 2028	(b)	50,445	—	(3,606)	46,839	Variable
Non U.S. lines of credit	(d)	—	—	(3)	(3)	Variable
Other debt	(e)	1,592	—	(11)	1,581	Variable
Totals		1,489,812	(704)	(19,579)	1,469,529	
less: Current portion		(9,625)	—	—	(9,625)	
Long-term debt		$1,480,187	$(704)	$(19,579)	$1,459,904	

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

Interest expense consists of the following for 2024, 2023 and 2022.

		Year Ended September 30, 2024				
		Effective Interest Rate	Cash Interest	Amort. Debt (Premium) Discount	Amort. Deferred Cost & Other Fees	Total Interest Expense
Senior notes due 2028	(a)	5.93%	$56,050	$ (48)	$2,020	$ 58,022
Term Loan B due 2029	(b)	8.17%	36,193	163	1,304	37,660
Revolver due 2028	(b)	Variable	8,018	—	746	8,764
Non U.S. lines of credit	(d)	Variable	43	—	15	58
Other debt	(e)	Variable	586	1	1	588
Capitalized interest			(1,006)	—	—	(1,006)
Totals			$99,884	$116	$4,086	$104,086

		Year Ended September 30, 2023				
		Effective Interest Rate	Cash Interest	Amort. Debt (Premium) Discount	Amort. Deferred Cost & Other Fees	Total Interest Expense
Senior notes due 2028	(a)	5.95%	$56,050	$ (48)	$2,020	$ 58,022
Term Loan B due 2029	(b)	7.49%	35,321	172	1,398	36,891
Revolver due 2028	(b)	Variable	4,282	—	646	4,928
Finance lease—real estate	(c)	5.60%	680	—	—	680
Non U.S. lines of credit	(d)	Variable	630	—	42	672
Other debt	(e)	Variable	392	—	2	394
Capitalized interest			(142)	—	—	(142)
Totals			$97,213	$124	$4,108	$101,445

		Year Ended September 30, 2022				
		Effective Interest Rate	Cash Interest	Amort. Debt Premium	Amort. Deferred Cost & Other Fees	Total Interest Expense
Senior notes due 2028	(a)	5.95%	$57,105	$ (48)	$2,056	$59,113
Term Loan B due 2029	(b)	4.14%	18,116	135	1,068	19,319
Revolver due 2028	(b)	Variable	3,762	—	491	4,253
Finance lease—real estate	(c)	5.60%	759	—	4	763
Non U.S. lines of credit	(d)	Variable	17	—	15	32
Non U.S. term and mortgage loans	(d)	Variable	610	—	53	663
Other debt	(e)	Variable	544	—	1	545
Capitalized interest			(309)	—	—	(309)
Totals			$80,604	$ 87	$3,688	$84,379

Minimum payments under debt agreements for the next five years are as follows: $8,155 in 2025, $8,104 in 2026, $8,045 in 2027, $1,090,322 in 2028, $425,047 in 2029 and $12 thereafter.

(a) During 2020, Griffon issued, at par, $1,000,000 of 5.75% Senior Notes due 2028 (the "2028 Senior Notes"). Proceeds from the 2028 Senior Notes were used to redeem $1,000,000 of 5.25% Senior Notes due in 2022. 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.

During 2022, Griffon purchased $25,225 of Senior Notes in the open market at a weighted average discount of 91.82% of par, or $23,161. In connection with these purchases, Griffon recognized a $1,767 net gain on the early extinguishment of debt comprised of $2,064 of face value in excess of purchase price, offset by $297 related to the write-off of underwriting fees and other expenses. As of September 30, 2024, outstanding Senior Notes due totaled $974,775; interest is payable semi-annually on March 1 and September 1.

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 $957,716 on September 30, 2024 based upon quoted market prices (level 1 inputs). At September 30, 2024, $6,900 of underwriting fees and other expenses incurred remained to be amortized.

(b) On January 24, 2022, Griffon amended and restated its Credit Agreement (the "Credit Agreement") to provide for a new $800,000 Term Loan B facility, due January 24, 2029, in addition to the revolving credit facility (the "Revolver") provided for under the Credit Agreement. The Term Loan B facility was issued at 99.75% of par value. Since that time, during 2023 and 2022, Griffon prepaid $25,000 and $300,000, respectively, 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 charges of $437 and $6,296 on the prepayment of debt in 2023 and 2022, respectively. The charges were comprised of write-offs of unamortized debt issuance costs of $386 and $5,575 for 2023 and 2022, respectively, and the original issue discount of $51 and $721 for 2023 and 2022, respectively. As of September 30, 2024, the Term Loan B outstanding balance was $457,000.

On June 26, 2024, Griffon further amended its Credit Agreement to favorably reprice the Term Loan B facility. The amendment reduced the margin above SOFR by 0.25%, eliminated the credit spread adjustment and reduced the SOFR floor from 0.50% to 0%. Furthermore, the amendment stipulates that if Griffon prepays all or a portion of the Term Loan B within six months of the amendment date, Griffon will be required to pay a premium equal to 1% of the amount prepaid. In connection with the amendment, Griffon recognized a $1,700 loss on debt extinguishment in the Company's Consolidated Statements of Operations, primarily consisting of the write-off of unamortized debt issuance costs and original issue discount related to portions of the Term Loan B facility that were repaid and then reborrowed from new lenders. At September 30, 2024, unamortized costs of $5,420 related to the existing and new Term Loan B facility lenders will continue to be amortized over the term of the loan.

The Term Loan B bears interest at the Term SOFR rate plus a spread of 2.00% (6.85% as of September 30, 2024). The Term Loan B facility continues to require nominal quarterly principal payments of $2,000, potential additional annual principal payments based on a percentage of excess cash flow and certain secured leverage thresholds, and a final balloon payment due at maturity. Term Loan B borrowings may generally be repaid without penalty, subject to a prepayment premium of 1% in connection with the above repricing transaction with respect to any prepayments within the six months following the closing date of June 26, 2024. Once repaid, Term Loan B borrowings may not be reborrowed. The Term Loan B facility is subject to the same affirmative and negative covenants that apply to the Revolver (as described below), but is not subject to any financial maintenance covenants. Term Loan B borrowings are secured by the same collateral that secures borrowings under the Revolver, on an equal and ratable basis. The fair value of the Term Loan B facility approximated $457,571 on September 30, 2024 based upon quoted market prices (level 1 inputs).

On August 1, 2023, Griffon amended and restated the Credit Agreement to increase the maximum borrowing availability under the Revolver from $400,000 to $500,000 and extend the maturity date of the Revolver from March 22, 2025 to August 1, 2028. In the event the 2028 Senior Notes are not repaid, refinanced, or replaced prior to December 1, 2027, the Revolver will mature on December 1, 2027. The amendment also modified certain other provisions of the Credit Agreement, including increasing the letter of credit sub-facility under the Revolver from $100,000 to $125,000 and increasing the customary accordion feature from a minimum of $375,000 to a minimum of $500,000. The Revolver also includes a multi-currency sub-facility of $200,000.

Borrowings under the Revolver may be repaid and re-borrowed at any time. Interest is payable on borrowings at either a Secured Overnight Financing Rate ("SOFR"), Sterling Overnight Index Average ("SONIA") or base rate benchmark rate, plus an applicable margin, which adjusts based on financial performance. Griffon's SOFR loans accrue interest at Term SOFR plus a credit adjustment spread and a margin of 2.00% (6.95% at September 30, 2024); SONIA loans accrue interest at SONIA Base Rate plus a credit adjustment spread and a margin of 2.00% (6.98% at September 30, 2024); and base rate loans accrue interest at prime rate plus a margin of 1.00% (9.00% at September 30, 2024).

At September 30, 2024, under the Credit Agreement, there were $107,500 in outstanding borrowings on the Revolver; outstanding standby letters of credit were $13,190; and $379,310 was available, subject to certain loan covenants, for borrowing at that date.

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.

(c) On September 28, 2023, the Company closed on the exercise of its lease purchase option, as permitted under the lease agreement, to acquire ownership of the manufacturing facility located in Ocala, Florida for a cash purchase price of $23,207. The Ocala lease had a maturity date in 2025 and bore interest at a fixed rate of approximately 5.6%. As a result of exercising the purchase option, the Company no longer has any future lease obligations related to this real estate. During 2022, the financing lease on the Troy, Ohio location expired. The Troy 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 22- Leases for further details.

(d) In November 2012, Garant G.P. ("Garant"), a Griffon wholly owned subsidiary, entered into a CAD 15,000 revolving credit facility. Effective in December 2023, the facility was amended to replace the Canadian Dollar Offer Rate ("CDOR") with the Canadian Overnight Repo Rate Average ("CORRA"). The facility accrues interest at CORRA plus 1.3% per annum (5.46% as of September 30, 2024). The revolving facility matures in December 2024, but is renewable upon mutual agreement with the lender. Garant is required to maintain a certain minimum equity. At September 30, 2024, there were no outstanding borrowings under the revolving credit facility with CAD 15,000 ($11,135 as of September 30, 2024) available.

During 2023, Griffon Australia Holdings Pty Ltd and its Australian subsidiaries (collectively, "Griffon Australia") amended its AUD 15,000 receivable purchase facility to AUD 30,000. The receivable purchase facility was renewed in 2024 and now matures in March 2024, but is renewable upon mutual agreement with the lender. The receivable purchase facility accrues interest at Bank

Bill Swap Rate plus 1.25% per annum (5.55% at September 30, 2024). At September 30, 2024, there was no balance outstanding under the receivable purchase facility with AUD $30,000 ($20,619 as of September 30, 2024) 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, which matured in July 2023. Prior to maturity, on June 30, 2023, AMES UK paid off and cancelled the GBP 14,000 term loan and GBP 4,000 mortgage loan. The payoff amounts were GBP 7,525 ($9,543) and GBP 2,451 ($3,108), respectively. Upon maturity in July 2023, the GBP 5,000 revolver had no balance and was not renewed.

(e) In February 2024, Griffon repaid in full a loan with the Pennsylvania Industrial Development Authority. The balance in other long-term debt consists primarily of finance leases.

At September 30, 2024, Griffon and its subsidiaries were in compliance with the terms and covenants of its credit and loan agreements.

NOTE 13—EMPLOYEE BENEFIT PLANS

Griffon offers defined contribution plans to most of its U.S. employees. In addition to employee contributions to the plans, Griffon makes contributions based upon various percentages of compensation and/or employee contributions, which were $10,319 in 2024, $10,857 in 2023 and $11,080 in 2022.

The Company also provides healthcare and life insurance benefits for certain groups of retirees through several plans. For certain employees, the benefits are at fixed amounts per retiree and are partially contributory by the retiree. The post-retirement benefit obligation was $1,670 and $1,679 as of September 30, 2024 and 2023. The accumulated other comprehensive income for these plans was $306 and $420 as of September 30, 2024 and 2023, respectively, and the 2024, 2023 and 2022 expense was $56, $67 and $47 respectively. It is the Company's practice to fund these benefits as incurred.

Griffon also has qualified and non-qualified defined benefit plans covering certain employees which provide benefits based on years of service and employee compensation. Over time, these amounts will be recognized as part of net periodic pension costs in the Consolidated Statements of Operations and Comprehensive Income (Loss).

Griffon is responsible for overseeing the management of the investments of two qualified defined benefit plans and uses the services of an investment manager to manage the plans' assets based on agreed upon risk profiles. The primary objective of the qualified defined benefit plan is to secure participant retirement benefits. As such, the key objective in this plan's financial management is to promote stability and, to the extent appropriate, growth in the funded status. Financial objectives are established in conjunction with a review of current and projected plan financial requirements. The fair values of a majority of the plan assets were determined by the plans' trustee using quoted market prices for identical instruments (level 1 inputs) as of September 30, 2024 and 2023. The fair value of various other investments was determined by the plans' trustees using direct observable market corroborated inputs, including quoted market prices for similar assets (level 2 inputs). A small amount of plan assets are invested in private equity which consist primarily of investments in private companies which are valued using the net asset values provided by the underlying private investment companies as a practical expedient (level 3 inputs).

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

The Clopay AMES Pension Plan, the Hunter Fan Pension Plan and the AMES supplemental executive retirement plan are frozen to new entrants and participants in the plans no longer accrue benefits.

The Hunter Fan Pension Plan was terminated with an effective date of April 30, 2024. This was communicated to plan participants in February 2024. The plan is fully funded and the company does not anticipate making an additional funding contribution as of the benefit distribution date. The benefit distribution date will be determined once the company receives approval from certain regulatory agencies.

The Company's non-service cost components of net periodic benefit plan cost was an expense (benefit) of $137, $866 and $(4,256) during 2024, 2023, and 2022 respectively.

Griffon uses judgment to establish the assumptions used in determining the future liability of the plan, as well as the investment returns on the plan assets. The expected return on assets assumption used for pension expense was developed through analysis of historical market returns, current market conditions and past experience of plan investments. The long-term rate of return assumption represents the expected average rate of earnings on the funds invested, or to be invested, to provide for the benefits included in the benefit obligations. The assumption is based on several factors including historical market index returns, the anticipated long-term asset allocation of plan assets and the historical return. The discount rate assumption is determined by developing a yield curve based on high quality bonds with maturities matching the plans' expected benefit payment stream. The plans' expected cash flows are then discounted by the resulting year-by-year spot rates. A 10% change in the discount rate or return on assets would not have a material effect on the financial statements of Griffon.

Net periodic costs (benefits) were as follows:

	Defined Benefits for the Years Ended September 30,			Supplemental Benefits for the Years Ended September 30,		
	2024	2023	2022	2024	2023	2022
Net periodic (benefits) costs:						
Interest cost	$ 7,050	$ 6,814	$ 3,448	$ 504	$488	$172
Expected return on plan assets	(10,172)	(10,213)	(11,255)	—	—	—
Amortization of:						
Actuarial loss	2,250	3,314	2,818	505	463	561
Total net periodic (benefits) costs	$ (872)	$ (85)	$ (4,989)	$1,009	$951	$733

The tax benefits in 2024, 2023 and 2022 for the amortization of pension costs in Other comprehensive income (loss) were $578, $793 and $710, respectively.

The weighted-average assumptions used in determining the net periodic (benefits) costs were as follows:

	Defined Benefits for the Years Ended September 30,			Supplemental Benefits for the Years Ended September 30,		
	2024	2023	2022	2024	2023	2022
Discount rate	5.63%	5.17%	2.63%	5.53%	5.02%	1.94%
Expected return on assets	6.75%	6.72%	6.72%	—%	—%	—%

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

Plan assets and benefit obligation of the defined and supplemental benefit plans were as follows:

	Defined Benefits at September 30,		Supplemental Benefits at September 30,	
	2024	2023	2024	2023
Change in benefit obligation:				
Benefit obligation at beginning of fiscal year	$139,224	$149,021	$ 10,882	$ 11,922
Interest cost	7,050	6,814	504	488
Benefits paid	(11,576)	(11,541)	(1,896)	(1,907)
Actuarial (gain) loss	11,048	(5,070)	1,286	379
Benefit obligation at end of fiscal year	145,746	139,224	10,776	10,882
Change in plan assets:				
Fair value of plan assets at beginning of fiscal year	146,997	144,091	—	—
Actual return on plan assets	21,933	12,232	—	—
Company contributions	1,351	2,215	1,896	1,907
Benefits paid	(11,576)	(11,541)	(1,896)	(1,907)
Fair value of plan assets at end of fiscal year	158,705	146,997	—	—
Projected benefit obligation in excess of plan assets	$ 12,959	$ 7,773	$(10,776)	$(10,882)
Amounts recognized in the statement of financial position consist of:				
Non-Current Assets	$ 12,959	$ 7,773	$ —	$ —
Accrued liabilities	—	—	(1,823)	(1,834)
Other liabilities (long-term)	—	—	(8,953)	(9,048)
Total Liabilities	12,959	7,773	(10,776)	(10,882)
Net actuarial losses	25,314	28,279	6,700	5,919
Deferred taxes	(5,316)	(5,939)	(3,037)	(2,873)
Total Accumulated other comprehensive loss, net of tax	19,998	22,340	3,663	3,046
Net amount recognized at September 30,	$ 32,957	$ 30,113	$ (7,113)	$ (7,836)
Accumulated benefit obligations	$145,746	$139,224	$ 10,776	$ 10,882
Information for plans with accumulated benefit obligations in excess of plan assets:				
ABO	$145,746	$139,224	$ 10,776	$ 10,882
PBO	145,746	139,224	10,776	10,882
Fair value of plan assets	158,705	146,997	—	—

Actuarial losses as of September 30, 2024 were primarily due to the decrease in the discount rate. Actuarial gains as of September 30, 2023 were primarily the result of the increase in the discount rate.

The weighted-average assumptions used in determining the benefit obligations were as follows:

	Defined Benefits at September 30,		Supplemental Benefits at September 30,	
	2024	2023	2024	2023
Weighted average discount rate	4.76%	5.63%	4.46%	5.53%

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

Estimated future benefit payments to retirees, which reflect expected future service, are as follows:

For the years ending September 30,	Defined Benefits	Supplemental Benefits
2025	$12,040	$1,823
2026	12,058	1,664
2027	12,031	1,503
2028	11,930	1,342
2029	11,813	1,184
2030-2034	55,522	3,801

During 2025, Griffon is not required to and does not expect to contribute to the Defined Benefit plans and expects to contribute $1,823 to Supplemental Benefits that will be funded from the general assets of Griffon.

The Clopay AMES Pension Plan and the Hunter Fan Pension Plan are covered by the Pension Protection Act of 2006. The Adjusted Funding Target Attainment Percent for the Clopay AMES Pension Plan and Hunter Fan Pension Plan as of January 1, 2024 was 97.1% and 127.3%, respectively. Since the plans were in excess of the 80% funding threshold there were no plan restrictions. There are no catch up contributions for either plan expected in 2025.

The actual and weighted-average asset allocation for qualified benefit plans were as follows:

	At September 30,		
	2024	2023	Target
Cash and equivalents	2.9%	3.3%	—%
Equity securities	26.4%	41.9%	30.0%
Fixed income	48.6%	24.8%	50.0%
Other	22.1%	30.0%	20.0%
Total	100.0%	100.0%	100.0%

The following is a description of the valuation methodologies used for plan assets measured at fair value:

Government and agency securities—When quoted market prices are available in an active market, the investments are classified as Level 1. When quoted market prices are not available in an active market, the investments are classified as Level 2.

Equity securities—The fair values reflect the closing price reported on a major market where the individual mutual fund securities are traded in equity securities. These investments are classified within Level 1 of the valuation hierarchy.

Debt securities—The fair values are based on a compilation of primarily observable market information or a broker quote in a non-active market where the individual mutual fund securities are invested in debt securities. These investments are classified within Level 1 and Level 2 of the valuation hierarchy.

Commingled funds—The fair values are determined using NAV provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the trust/entity, minus its liabilities, and then divided by the number of shares outstanding. These investments are generally classified within Level 2 or 3, as appropriate, of the valuation hierarchy and can be liquidated on demand.

Interest in limited partnerships and hedge funds—One limited partnership investment is a private equity fund and the fair value is determined by the fund managers based on the net asset values provided by the underlying private investment companies as a practical expedient. These investments are classified within Level 2 of the valuation hierarchy.

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

Fully benefit-responsive investment contracts—The Plan holds fully benefit-responsive investment contracts that are reported at contract value, which is the value of principal and interest under the terms of the annuity contract.

The following table presents the fair values of Griffon's pension and post-retirement plan assets by asset category:

At September 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and equivalents	$ 4,522	$ —	$ —	$ 4,522
Government agency securities	5,890	5,116	—	11,006
Debt instruments	42,705	6,144	—	48,849
Equity securities	41,786	—	—	41,786
Commingled funds	—	4,859	9,979	14,838
Limited partnerships and hedge fund investments	—	20,177	—	20,177
Other Securities	17,004	—	—	17,004
Subtotal	$111,907	$36,296	$9,979	$158,182
Accrued income and plan receivables				523
Total				$158,705

At September 30, 2023	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and equivalents	$ 4,889	$ —	$ —	$ 4,889
Government and agency securities	6,249	2,388	—	8,637
Debt instruments	21,828	4,094	—	25,922
Equity securities	61,482	—	—	61,482
Commingled funds	—	9,022	10,459	19,481
Limited partnerships and hedge fund investments	—	21,768	—	21,768
Other Securities	1,834	—	—	1,834
Subtotal	$96,282	$37,272	$10,459	$144,013
Accrued income and plan receivables				285
Fully benefit-responsive investment contract				2,699
Total				$146,997

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

The following table represents level 3 significant unobservable inputs for the years ended September 30, 2024 and 2023:

	Significant Unobservable Inputs (Level 3)
As of October 1, 2022	$ 9,484
Purchases, issuances and settlements	—
Gains and losses	975
As of September 30, 2023	10,459
Purchases, issuances and settlements	(1,591)
Gains and losses	1,111
As of September 30, 2024	$ 9,979

Griffon has an Employee Stock Ownership Plan ("ESOP") that covers substantially all domestic employees. All U.S. employees of Griffon, who are not members of a collective bargaining unit, automatically become eligible to participate in the plan on the October 1st following completion of one qualifying year of service (as defined in the plan). Securities are allocated to participants' individual accounts based on the proportion of each participant's aggregate compensation (not to exceed $330 for the plan year ended September 30, 2024), to the total of all participants' compensation. Shares of the ESOP which have been allocated to employee accounts are charged to expense based on the fair value of the shares transferred and are treated as outstanding in determining earnings per share. Dividends paid on shares held by the ESOP are used to offset debt service on ESOP Loans. Dividends paid on shares held in participant accounts are utilized to allocate shares from the aggregate number of shares to be released, equal in value to those dividends, based on the closing price of Griffon common stock on the dividend payment date. Compensation expense under the ESOP was $8,533 in 2024, $20,583 in 2023 and $14,325 in 2022. The cost of the shares held by the ESOP and not yet allocated to employees is reported as a reduction of Shareholders' Equity. The fair value of the unallocated ESOP shares as of September 30, 2024 and 2023 based on the closing stock price of Griffon's stock was $1,250 and $7,768, respectively. The ESOP shares were as follows:

	At September 30,	
	2024	2023
Allocated shares	4,234,713	4,409,113
Unallocated shares	17,852	195,827
Total	4,252,565	4,604,940

NOTE 14—INCOME TAXES

Income taxes have been based on the following components of Income before taxes from continuing operations:

	For the Years Ended September 30,		
	2024	2023	2022
Domestic	$292,409	$106,209	$(247,004)
Non-U.S.	4,241	6,473	(23,875)
	$296,650	$112,682	$(270,879)

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

Provision (benefit) for income taxes on income was comprised of the following from continuing operations:

	For the Years Ended September 30,		
	2024	2023	2022
Current	$83,179	$ 72,860	$ 73,542
Deferred	3,574	(37,795)	(56,706)
Total	$86,753	$ 35,065	$ 16,836
U.S. Federal	$59,480	$ 23,612	$ (5,178)
State and local	15,328	5,899	14,361
Non-U.S.	11,945	5,554	7,653
Total provision	$86,753	$ 35,065	$ 16,836

Differences between the effective income tax rate applied to Income (loss) before taxes from continuing operations and the U.S. Federal statutory income tax rate are presented in the table below. For the fiscal year ended September 30, 2022, the Company reported a pre-tax loss and income tax expense. As a result, unfavorable items to the US Federal statutory income tax rate are presented as negative amounts, while favorable items are presented as positive amounts.

	For the Years Ended September 30,		
	2024	2023	2022
U.S. Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State and local taxes, net of Federal benefit	3.7 %	(0.2)%	(5.3)%
Non-U.S. taxes - foreign permanent items and taxes	1.0 %	1.4 %	(1.5)%
Change in tax contingency reserves	(0.5)%	(0.4)%	(0.1)%
Tax Reform-Repatriation of Foreign Earnings and GILTI	(0.5)%	0.5 %	0.2 %
Change in valuation allowance	2.8 %	3.9 %	(1.7)%
Other non-deductible/non-taxable items, net	— %	— %	(0.4)%
Non-deductible officer's compensation	1.9 %	5.1 %	(1.9)%
Research and U.S. foreign tax credits	(0.3)%	(0.9)%	0.2 %
Goodwill impairment	— %	— %	(17.1)%
Share based compensation	(0.7)%	0.8 %	0.4 %
Other	0.8 %	(0.1)%	—%
Effective tax rate	29.2 %	31.1 %	(6.2)%

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

The tax effect of temporary differences that give rise to future deferred tax assets and liabilities are as follows:

	At September 30, 2024	At September 30, 2023
Deferred tax assets:		
Bad debt reserves	$ 2,491	$ 2,537
Inventory reserves	7,086	11,764
Deferred compensation (equity compensation and defined benefit plans)	7,036	5,929
Compensation benefits	5,052	5,118
Insurance reserve	2,411	2,823
Restructuring reserve	2,616	4,224
Warranty reserve	5,130	6,912
Lease liabilities	47,824	47,077
Net operating loss	25,299	15,459
Tax credits	5,933	5,933
Research & Development	4,510	5,281
Other reserves and accruals	5,167	5,312
	120,555	118,369
Valuation allowance	(26,989)	(17,992)
Total deferred tax assets	93,566	100,377
Deferred tax liabilities:		
Goodwill and intangibles	(126,523)	(130,066)
Property, plant and equipment	(19,903)	(18,430)
Right-of-use assets	(45,112)	(44,499)
Unremitted Foreign Earnings	(1,896)	(1,894)
Other	(723)	(1,179)
Total deferred tax liabilities	(194,157)	(196,068)
Net deferred tax liabilities	$(100,591)	$ (95,691)

The components of the net deferred tax liability, by balance sheet account, were as follows:

	At September 30, 2024	At September 30, 2023
Other assets	$ 495	$ 617
Assets held for sale	947	—
Other liabilities	(103,194)	(97,440)
Liabilities of discontinued operations	1,161	1,132
Net deferred liability	$(100,591)	$(95,691)

In 2024 and 2023, the net increases in the valuation allowance of $8,997 and $4,502, respectively are the result of a determination that certain state and foreign net operating losses will not be realized.

Prior to fiscal year 2023, Griffon did not provide deferred U.S. income taxes of undistributed earnings on non-U.S. subsidiaries as such earnings were intended to be reinvested indefinitely. At September 30, 2023, Griffon made a policy election to indefinitely reinvest the undistributed earnings of certain non-U.S. subsidiaries. As of September 30, 2024, we have approximately $146,891 of undistributed earnings of non-U.S. subsidiaries. Of these undistributed earnings, $80,914 were previously subjected to U.S. federal income tax. As of September 30, 2024, we recognized a deferred tax liability of $1,896 for estimated non-U.S. withholding taxes on the non-U.S. earnings that are not indefinitely reinvested. The Company has not provided deferred taxes on any other outside basis differences in its investments in the non-U.S. subsidiaries as these other outside basis differences are currently considered indefinitely reinvested. The Company generates substantial cash flow in the U.S. and does not have a current need for the cash to be returned to the U.S. from the foreign entities. The Company may repatriate non-indefinitely reinvested earnings of its non-U.S. subsidiaries where excess cash has accumulated and the Company determines that it is appropriate and tax efficient. Accordingly, the Company continues to reinvest all other undistributed earnings of its non-U.S. subsidiaries and may be subject to additional non-U.S. withholding taxes and U.S. state income taxes if it reverses its indefinite reinvestment assertion in the future.

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

At September 30, 2024, Griffon had no loss carryforwards for U.S. tax purposes and $63,217 for non-U.S. tax purposes. At September 30, 2023, Griffon had no loss carryforwards for U.S. tax purposes and $27,585 for non-U.S. tax purposes. The non-U.S. loss carryforwards expire in varying amounts beginning in 2027 to indefinite carryforward.

At September 30, 2024 and 2023, Griffon had state and local loss carryforwards of $228,485 and $176,343, respectively, which expire in varying amounts through 2043.

At September 30, 2024 and 2023, Griffon had federal tax credit carryforwards of $5,933 in both years, which expire in varying amounts through 2035.

We believe it is more likely than not that the benefit from certain federal, state, and non-U.S. tax attributes will not be realized. In recognition of this risk, we have provided a valuation allowance as of September 30, 2024 and 2023 of $26,989 and $17,992, respectively, on the deferred tax assets. As it becomes probable that the benefits of these attributes will be realized, the reversal of valuation allowance will be recognized as a reduction of income tax expense.

If certain substantial changes in Griffon's ownership occur, there would be an annual limitation on the amount of carryforward(s) that can be utilized.

Griffon files U.S. Federal, state and local tax returns, as well as applicable returns in Canada, Australia, U.K. and other non-U.S. jurisdictions. Griffon's U.S. Federal income tax returns are no longer subject to income tax examination for years before 2018. Griffon's major U.S. state and other non-U.S. jurisdictions are no longer subject to income tax examinations for years before 2016. Various U.S. state and statutory tax audits are currently underway.

The following is a roll forward of unrecognized tax benefits:

Balance at September 30, 2022	$ 6,808
Additions based on tax positions related to the current year	208
Additions based on tax positions related to prior years	32
Reductions based on tax positions related to prior years	(16)
Lapse of Statutes	(740)
Balance at September 30, 2023	$ 6,292
Additions based on tax positions related to the current year	154
Additions based on tax positions related to prior years	35
Reductions based on tax positions related to prior years	(2,735)
Lapse of Statutes	(140)
Balance at September 30, 2024	$ 3,606

If recognized, the amount of potential unrecognized tax benefits that would impact Griffon's effective tax rate is $1,638. Griffon recognizes potential accrued interest and penalties related to unrecognized tax benefits in income tax expense. At September 30, 2024 and 2023, the combined amount of accrued interest and penalties related to tax positions taken or to be taken on Griffon's tax returns and recorded as part of the reserves for uncertain tax positions was $310 and $651, respectively. During the year ended September 30, 2024, the Company incurred a reduction in unrecognized tax benefits primarily due to the acceptance of previously filed amended returns by various jurisdictions, along with a reduction in state tax rates. Griffon cannot reasonably estimate the extent to which other existing liabilities for uncertain tax positions may increase or decrease within the next twelve months as a result of the progression of ongoing tax audits or other events. Griffon believes that it has adequately provided for all open tax years by tax jurisdiction.

In August 2022, the U.S. Government enacted the Inflation Reduction Act of 2022 ("IRA"). Included in the IRA was a provision to implement a 15% corporate alternative minimum tax ("CAMT") on large corporations effective beginning with Griffon's 2024 fiscal year. Griffon is currently not subject to the CAMT.

The Organization for Economic Co-operation and Development ("OECD") released the Global Anti-base Erosion Model Rules for Pillar Two ("Pillar Two") in December 2021, which defined a 15% global minimum tax. Australia, Canada, U.K. and other countries have enacted or are considering changes in their tax laws and regulations based on Pillar Two, some of which become effective for the Company in 2025. The Company will continue to evaluate the impact of these proposed and enacted legislative changes as guidance becomes available. The Company does not expect Pillar Two to have a material impact on the financial statements.

NOTE 15—STOCKHOLDERS' EQUITY AND EQUITY COMPENSATION

During 2024, 2023 and 2022, the Company declared and paid, in quarterly increments, cash dividends totaling $0.60 per share, $0.45 per share and $0.36 per share, respectively. Additionally, on April 19, 2023, the Board of Directors declared a special cash dividend of $2.00 per share, paid on May 19, 2023 to shareholders of record as of the close of business on May 9, 2023. On June 27, 2022, the Board of Directors declared a special cash dividend of $2.00 per share, paid on July 20, 2022.

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. Dividends paid on shares in the ESOP were used to offset ESOP loan payments and recorded as a reduction of debt service payments and compensation expense. For all dividends, a dividend payable was established for the holders of restricted shares; such dividends will be released upon vesting of the underlying restricted shares. At September 30, 2024, accrued dividends were $9,147.

On November 12, 2024, the Board of Directors declared a cash dividend of $0.18 per share, payable on December 18, 2024 to shareholders of record as of the close of business on November 25, 2024.

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; 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

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Incentive Plan; and on March 20, 2024, shareholders approved an amendment to add 2,600,000 shares to the Amended Incentive Plan. Options granted under the Amended Incentive Plan may be either "incentive stock options" or nonqualified stock options, which 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 8,850,000 (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 September 30, 2024, 2,377,532 shares were 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 or units granted multiplied by the stock price on date of grant, and for performance shares, including performance units, the likelihood of achieving the performance criteria. The Company recognizes forfeitures as they occur. Compensation expense for restricted stock granted to four senior executives is calculated as the target 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.

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

	For the Years Ended September 30,		
	2024	2023	2022
Restricted stock	$18,305	$20,529	$18,810
ESOP[1]	8,533	20,583	14,325
Total stock-based compensation	$26,838	$41,112	$33,135

[1] During the years ended September 30, 2023 and 2022, special dividend ESOP charges included in compensation expense were $15,494 and $10,538, respectively.

A summary of restricted stock activity, inclusive of restricted stock units, for 2024 is as follows:

	Shares	Weighted Average Grant-Date Fair Value
Unvested at September 30, 2023	3,249,097	$20.40
Granted	578,101	54.21
Vested	(1,382,838)	58.48
Forfeited	(27,160)	30.93
Unvested at September 30, 2024	2,417,200	29.26

The fair value of restricted stock which vested during 2024, 2023, and 2022 was $80,861, $34,214 and $25,863, respectively.

Unrecognized compensation expense related to non-vested shares of restricted stock was $31,538 at September 30, 2024 and will be recognized over a weighted average vesting period of 1.9 years.

At September 30, 2024, a total of approximately 4,794,732 shares of Griffon's authorized Common Stock were reserved for issuance in connection with stock compensation plans.

During 2024, Griffon granted 561,326 shares of restricted stock and restricted stock units to its employees. This included 166,272 shares of restricted stock and 7,832 restricted stock units granted to forty-three executives and key employees, subject to certain performance conditions, with a vesting period of 36 months with a total fair value of $8,225, or a weighted average fair value of $47.24 per share. This also included 387,222 shares of restricted stock granted to four senior executives with a vesting period of thirty-three 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 conditions are attained, the amount of shares that can vest will range from 64,539 to 387,222, with the target number of shares being 129,074. The total fair value of these restricted shares using the Monte Carlo Simulation model, assuming achievement of the performance conditions at target, is approximately $12,181, or a weighted average fair value of $94.37 per share. Additionally, Griffon granted 16,775 restricted shares to the non-employee directors of Griffon with a vesting period of one year and a fair value of $1,210, or a weighted average fair value of $72.13 per share. During the year ended September 30, 2024, 570,269 shares granted were issued out of treasury stock.

On November 12, 2024, Griffon granted 142,911 shares of restricted stock and restricted stock units to 43 executives and key employees, subject to certain performance conditions, with a vesting period of thirty-six months, with a total fair value of $9,735, or a weighted average fair value of $68.12 per share. In addition, Griffon also granted 436,947 shares of restricted stock to four senior executives with a vesting period of thirty-six 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 conditions are attained, the amount of shares that can vest will range from a minimum of 72,827 to a maximum of 436,947, with the target number of shares being 145,649. The total estimated fair value of these restricted shares, assuming achievement of the performance conditions at target, is $12,372, or a weighted average fair value of $84.95 per share.

On April 19, 2023, the Company's Board of Directors approved a $200,000 increase to Griffon's share repurchase program to $257,955 from the prior unused authorization of $57,955. Also, on November 15, 2023, Griffon announced that the Board of Directors approved an additional increase of $200,000 to its share repurchase authorization. Under the authorized share repurchase program, the Company may, from time to time, purchase shares of its common stock in the open market, including pursuant to a 10b5-1 plan, pursuant to an accelerated share repurchase program or issuer tender offer, or in privately negotiated transactions. During the year ended September 30, 2024, Griffon purchased 4,771,959 shares of common stock under these repurchase programs, for a total of $274,490, or $57.52 per share, excluding excise taxes. The share repurchases during the year ended September 30, 2024 include the repurchase of 1,500,000 shares of common stock by the Company on February 20, 2024 pursuant to a stock purchase and cooperation agreement executed by the Company and Voss Value Master Fund, L.P., Voss Value-Oriented Special Situations Fund, L.P and four separately managed accounts of which Voss Capital, LLC is the investment manager, in a private transaction. The purchase price per share was $65.50, for an aggregate purchase price of $98,250. As of September 30, 2024, $32,693 remained available for the purchase of common stock under these Board authorized repurchase programs. Subsequent to September 30, 2024 and through November 12, 2024, Griffon purchased 481,379 shares of common stock for a total of $32,693, or $67.91 per share under these Board authorized repurchase programs. On November 13, 2024, Griffon announced that the Board of Directors approved an additional increase of $400,000 to its share repurchase program which, prior to such increase, had exhausted its availability.

On September 5, 2023, Griffon repurchased 400,000 shares of its common stock, par value $0.25 per share, beneficially owned by two separately managed accounts of which Voss Capital, LLC is the investment manager (the "Selling Shareholders"), in a private transaction to facilitate redemptions by investors in the Selling Shareholders. The purchase price per share was approximately $41.87, for an aggregate purchase price of $16,746. The Selling Shareholders are affiliates of Voss Capital, LLC. Travis W. Cocke, the Founder, Chief Investment Officer and Managing Member of Voss Capital, LLC, was formerly a member of the Board of Directors of the Company. These shares are included in the total shares purchased in the previous paragraph.

During the year ended September 30, 2024, 595,464 shares, with a market value of $34,330, or $57.65 per share, were withheld to settle employee taxes due upon the vesting of restricted stock, and were added to treasury stock.

During the year ended September 30, 2024, we accrued $2,772 in connection with the share repurchases described above, which was partially offset by the reversal of $462 of excise taxes to adjust for a benefit related to employee vesting and a $510 net benefit on ESOP contributions. As of September 30, 2024, $3,101 was accrued for excise taxes related to employee share repurchases.

NOTE 16—COMMITMENTS AND CONTINGENT LIABILITIES

Purchase Commitments

Purchase obligations are generally for the purchase of goods and services in the ordinary course of business. Griffon uses blanket purchase orders to communicate expected requirements to certain vendors. Purchase obligations reflect those purchase orders where the commitment is considered to be firm. Amounts purchased under such commitments were $159,362, $184,422 and $255,661 for the years ended September 30, 2024, 2023 and 2022, respectively. Aggregate future minimum purchase obligations at September 30, 2024 are $195,227 in 2025, $2,309 in 2026, $304 in 2027, $165 in 2028, $164 in 2029 and $468 thereafter.

Legal and environmental

Peekskill Site. Lightron Corporation ("Lightron"), a wholly-owned subsidiary of Griffon, once conducted lamp manufacturing and metal finishing operations at a location in the Town of Cortlandt, New York, just outside the city of Peekskill, New York (the "Peekskill Site"). ISC Properties, Inc. ("ISCP"), a wholly-owned subsidiary of Griffon, owned the Peekskill Site for approximately three years. ISCP sold the Peekskill Site in November 1982.

Based upon studies conducted by ISCP and the New York Department of Environmental Conservation, soils and groundwater beneath the Peekskill Site contain chlorinated solvents and metals. Stream sediments downgradient from the Peekskill Site also contain metals. On May 15, 2019 the United States Environmental Protection Agency ("EPA") added the Peekskill Site to the National Priorities List under CERCLA and has since reached agreement with Lightron and ISCP pursuant to which Lightron and ISCP will perform a Remedial Investigation/Feasibility Study ("RI/FS"). Performance of the RI/FS is expected to be completed in 2025.

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. Lightron and ISCP are being defended by an insurance company, subject to a reservation of rights, and this insurer is paying the costs of the RI.

Memphis, TN site. Hunter Fan Company ("Hunter") operated headquarters and a production plant in Memphis, TN 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 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. In 2021, the TDEC performed a preliminary assessment of the site and recommended to the EPA that it include the site 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 any 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.

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 the 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 reimbursement from such parties, including Hunter, 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.

NOTE 17—EARNINGS PER SHARE

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

The following table is a reconciliation of the share amounts (in thousands) used in computing basic and diluted EPS for 2024, 2023 and 2022:

	2024	2023	2022
Common shares outstanding	48,303	53,062	57,064
Unallocated ESOP shares	(18)	(196)	(1,025)
Non-vested restricted stock	(2,336)	(3,111)	(3,457)
Impact of weighted average shares	1,624	2,356	(910)
Weighted average shares outstanding—basic	47,573	52,111	51,672
Incremental shares from stock based compensation	2,095	2,501	—
Weighted average shares outstanding—diluted	49,668	54,612	51,672
Anti-dilutive restricted stock excluded from diluted EPS computation	—	—	2,294

Shares of the ESOP that have been allocated to employee accounts are treated as outstanding in determining earnings per share.

NOTE 18—RELATED PARTIES

On February 20, 2024, Griffon entered into a stock purchase and cooperation agreement to repurchase, and repurchased, 1,500,000 shares of its common stock, par value $0.25 per share, beneficially owned by four separately managed accounts of which Voss Capital, LLC is the investment manager (the "Selling Shareholders"), in a private transaction. The purchase price per share was approximately $65.50, for an aggregate purchase price of $98,250. The Selling Shareholders are affiliates of Voss Capital, LLC. Travis W. Cocke, the Founder, Chief Investment Officer and Managing Member of Voss Capital, LLC, was formerly a member of the Board of Directors of the Company. Pursuant to the stock purchase and cooperation agreement, Mr. Cocke resigned as a member of the Board on February 20, 2024.

On September 5, 2023 Griffon entered into a stock purchase agreement to repurchase 400,000 shares of its common stock, par value $0.25 per share, beneficially owned by two separately managed accounts of which Voss Capital, LLC is the investment manager (the "Selling Shareholders"), in a private transaction to facilitate redemptions by investors in the Selling Shareholders. The purchase price per share was approximately $41.87, for an aggregate purchase price of $16,746. The Selling Shareholders are affiliates of Voss Capital, LLC. Travis W. Cocke, the Founder, Chief Investment Officer and Managing Member of Voss Capital, LLC, was formerly a member of the Board of Directors of the Company.

NOTE 19—REPORTABLE SEGMENTS

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

- 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 Cornell and Cookson brands.

- Consumer and Professional Products ("CPP") is a leading 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.

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

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

	For the Years Ended September 30,		
	2024	2023	2022
Revenue			
Home and Building Products	$1,588,625	$1,588,505	$1,506,882
Consumer and Professional Products	1,034,895	1,096,678	1,341,606
Total revenue	$2,623,520	$2,685,183	$2,848,488

Griffon evaluates performance and allocates resources based on segment adjusted EBITDA and adjusted EBITDA, non GAAP measures, defined as income before taxes from continuing operations, excluding interest income and expense, depreciation and amortization, strategic review charges, non-cash impairment charges, restructuring charges, gain/loss from debt extinguishment, and acquisition related expenses, as well other items that may affect comparability, as applicable, non GAAP measures. Segment adjusted EBITDA also excludes unallocated amounts, mainly corporate overhead. Griffon believes this information is useful to investors for the same reason.

The following table provides a reconciliation of segment adjusted EBITDA to income (loss) before taxes from continuing operations:

	For the Years Ended September 30,		
	2024	2023	2022
Segment Adjusted EBITDA:			
Home and Building Products	$ 501,001	$ 510,876	$ 412,738
Consumer and Professional Products	72,632	50,343	99,308
Segment Adjusted EBITDA	573,633	561,219	512,046
Unallocated amounts, excluding depreciation	(60,031)	(55,887)	(53,888)
Adjusted EBITDA	513,602	505,332	458,158
Net interest expense	(101,652)	(99,351)	(84,164)
Depreciation and amortization	(60,704)	(65,445)	(64,658)
Goodwill and intangible impairments	—	(109,200)	(517,027)
Restructuring charges	(41,309)	(92,468)	(16,782)
Debt extinguishment, net	(1,700)	(437)	(4,529)
Acquisition costs	(441)	—	(9,303)
Strategic review—retention and other	(10,594)	(20,225)	(9,683)
Special dividend ESOP charges	—	(15,494)	(10,538)
Gain (loss) on sale of buildings	(61)	12,655	—
Proxy expenses	—	(2,685)	(6,952)
Fair value step-up of acquired inventory sold	(491)	—	(5,401)
Income (loss) before taxes from continuing operations	$ 296,650	$ 112,682	$(270,879)

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

	For the Years Ended September 30,		
	2024	2023	2022
Depreciation and Amortization			
Segment:			
Home and Building Products	$15,349	$15,066	$16,539
Consumer and Professional Products	44,797	49,811	47,562
Total segment depreciation and amortization	60,146	64,877	64,101
Corporate	558	568	557
Total consolidated depreciation and amortization	$60,704	$65,445	$64,658
Capital Expenditures			
Segment:			
Home and Building Products[1]	$41,765	$24,065	$11,029
Consumer and Professional Products[2] [3]	26,330	39,476	31,279
Total segment	68,095	63,541	42,308
Corporate[4]	304	63	180
Total consolidated capital expenditures	$68,399	$63,604	$42,488

(1) During the year ended September 30, 2023, HBP's capital expenditures included approximately $6,000 in connection with the purchase of HBP's Mason headquarters.

(2) During the year ended September 30, 2023, CPP's capital expenditures included approximately $23,207 in connection with the purchase of CPP's Ocala, Florida manufacturing facility.

(3) During the years ended September, 30, 2024 and 2023, CPP capital expenditures excludes proceeds from the sale of real estate and equipment of approximately $13,271 and $8,900, respectively.

(4) During the year ended September 30, 2023, Corporate's capital expenditures exclude proceeds from the sale of real estate of approximately $11,800.

	At September 30, 2024	At September 30, 2023
Assets		
Segment assets:		
Home and Building Products	$ 737,992	$ 703,661
Consumer and Professional Products[1]	1,495,489	1,579,588
Total segment assets	2,233,481	2,283,249
Corporate	133,408	130,339
Total continuing assets	2,366,889	2,413,588
Other discontinued operations	4,065	5,291
Consolidated total	$2,370,954	$2,418,879

(1) In connection with the expansion of CPP's global sourcing strategy, certain owned manufacturing locations which concluded operations have met the criteria to be classified as held for sale as of September 30, 2024. The aggregate net book value of these properties as of September 30, 2024 totaled $14,532.

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

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.

	For the Years Ended September 30,		
	2024	2023	2022
Residential repair and remodel	$ 769,691	$ 757,088	$ 736,525
Commercial	684,388	700,112	630,066
Residential new construction	134,546	131,305	140,291
Total Home and Building Products	1,588,625	1,588,505	1,506,882
Residential repair and remodel	352,797	377,775	392,490
Retail	234,591	267,046	456,735
Residential new construction	57,537	51,093	45,243
Industrial	67,738	78,308	76,430
International excluding North America	322,232	322,456	370,708
Total Consumer and Professional Products	1,034,895	1,096,678	1,341,606
Total Revenue	$2,623,520	$2,685,183	$2,848,488

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

	For the Year Ended September 30, 2024		
	Home and Building Products	Consumer and Professional Products	Total
Revenue by Geographic Area—Destination			
United States	$1,519,063	$ 638,782	$2,157,845
Europe	112	52,933	53,045
Canada	60,995	67,375	128,370
Australia	—	251,778	251,778
All other countries	8,455	24,027	32,482
Total Revenue	$1,588,625	$1,034,895	$2,623,520

	For the Year Ended September 30, 2023		
	Home and Building Products	Consumer and Professional Products	Total
Revenue by Geographic Area—Destination			
United States	$1,515,479	$ 716,098	$2,231,577
Europe	18	51,041	51,059
Canada	62,897	75,477	138,374
Australia	—	231,764	231,764
All other countries	10,111	22,298	32,409
Total Revenue	$1,588,505	$1,096,678	$2,685,183

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

	For the Year Ended September 30, 2022		
	Home and Building Products	Consumer and Professional Products	Total
Revenue by Geographic Area—Destination			
United States	$1,437,085	$ 858,956	$2,296,041
Europe	60	106,471	106,531
Canada	57,916	92,930	150,846
Australia	—	258,945	258,945
All other countries	11,821	24,304	36,125
Total Revenue	$1,506,882	$1,341,606	$2,848,488

As a percentage of segment revenue, HBP sales to The Home Depot approximated 8%, 9% and 7% in 2024, 2023 and 2022, respectively; CPP sales to The Home Depot approximated 15%, 15% and 19% in 2024, 2023 and 2022, respectively.

As a percentage of Griffon's consolidated revenue, sales to The Home Depot approximated 11%, 12% and 13% in 2024, 2023 and 2022, respectively.

NOTE 20—OTHER INCOME (EXPENSE)

For the years ended September 30, 2024, 2023 and 2022, Other income (expense) from continuing operations of $1,766, $2,928 and $6,881, respectively, includes ($333), $302 and $305, respectively, of net currency exchange transaction gains (losses) from receivables and payables held in non-functional currencies, $148, $469 and $(225), respectively, of net gains or (losses) on investments, and $(137), $(866) and $4,256, respectively, of net periodic benefit plan income (expense). Other income (expense) also includes rental income of $0, $212 and $689 and royalty income of $2,198, $2,104 and $2,250 for the years ended September 30, 2024, 2023 and 2022, respectively.

NOTE 21—OTHER COMPREHENSIVE INCOME (LOSS)

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

	Years Ended September 30,								
	2024			2023			2022		
	Pre-tax	Tax	Net of tax	Pre-tax	Tax	Net of tax	Pre-tax	Tax	Net of tax
Foreign currency translation adjustments	$10,137	$ —	$10,137	$ 8,447	$ —	$ 8,447	$(37,920)	$ —	$(37,920)
Pension and other defined benefit plans	1,947	(409)	1,538	8,418	(1,784)	6,634	1,907	(404)	1,503
Cash flow hedge	444	(133)	311	(3,363)	1,010	(2,353)	(491)	147	(344)
Total other comprehensive income (loss)	$12,528	$(542)	$11,986	$13,502	$ (774)	$12,728	$(36,504)	$(257)	$(36,761)

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

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

	At September 30,	
	2024	2023
Foreign currency translation	$(38,586)	$(48,723)
Pension and other defined benefit plans	(19,127)	(20,665)
Cash flow hedge	(311)	(622)
Total	$(58,024)	$(70,010)

Total comprehensive income (loss) were as follows:

	For the Years Ended September 30,		
	2024	2023	2022
Net income (loss)	$209,897	$77,617	$(191,558)
Other comprehensive income (loss), net of taxes	11,986	12,728	(36,761)
Comprehensive income (loss)	$221,883	$90,345	$(228,319)

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

	For the Years Ended September 30,		
	2024	2023	2022
Gain (Loss)			
Pension amortization	$(2,755)	$(3,777)	$(3,379)
Cash flow hedges	(816)	1,678	4,741
Total before tax	(3,571)	(2,099)	1,362
Tax	750	441	(286)
Net of tax	$(2,821)	$(1,658)	$ 1,076

NOTE 22—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 Consolidated Balance Sheets. Finance leases are included in property, plant, and equipment, net, accrued liabilities, and other liabilities on our Consolidated Balance Sheets. 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.

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

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 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 Year Ended September 30,		
	2024	2023	2022
Fixed	$46,575	$45,993	$44,457
Variable[(a), (b)]	9,772	10,654	8,615
Short-term[(b)]	4,997	7,717	7,438
Total	$61,344	$64,364	$60,510

(a) Primarily related to common-area maintenance and property taxes.

(b) Not recorded on the balance sheet.

Supplemental cash flow information were as follows:

	For the Year Ended September 30,		
	2024	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$45,439	$41,533	$47,275
Financing cash flows from finance leases	291	2,164	2,462
Total	$45,730	$43,697	$49,737

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

	As of September 30, 2024	As of September 30, 2023
Operating Leases:		
Right of use assets:		
Operating right-of-use assets	$171,211	$169,942
Lease Liabilities:		
Current portion of operating lease liabilities	$ 35,065	$ 32,632
Long-term operating lease liabilities	147,369	147,224
Total operating lease liabilities	$182,434	$179,856
Finance Leases:		
Right of use assets:		
Property, plant and equipment, net[1]	$ 808	$ 994
Lease Liabilities:		
Notes payable and current portion of long-term debt	$ 155	$ 280
Long-term debt, net	255	184
Total financing lease liabilities	$ 410	$ 464

(1) For the years ended September 30, 2024 and 2023, finance lease assets are recorded net of accumulated depreciation of $1,463 and $6,769, respectively.

On September 28, 2023, the Company closed on the exercise of its lease purchase option, as permitted under the lease agreement, to acquire ownership of the manufacturing facility located in Ocala, Florida for a cash purchase price of $23,207. The Ocala lease had a maturity date in 2025 and bore interest at a fixed rate of approximately 5.6%. As a result of exercising the purchase option, the Company no longer has any future lease obligations related to this real estate. The remaining lease liability balance relates to finance equipment leases.

The aggregate future maturities of lease payments for operating leases and finance leases as of September 30, 2024 are as follows (in thousands):

	Operating Leases	Finance Leases
2025	$ 45,291	$177
2026	36,262	116
2027	30,944	54
2028	25,368	50
2029	20,455	50
Thereafter	69,213	12
Total lease payments	227,533	459
Less: imputed interest	(45,099)	(49)
Present value of lease liabilities	$182,434	$410

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

Average lease terms and discount rates were as follows:

	As of September 30,	
	2024	2023
Weighted-average remaining lease term (years)		
Operating Leases	7.1	7.9
Finance Leases	4.2	3.3
Weighted-average discount rate		
Operating Leases	6.33%	5.94%
Finance Leases	6.70%	5.65%

NOTE 23—SUBSEQUENT EVENTS

On November 12, 2024, the Board of Directors declared a cash dividend of $0.18 per share, payable on December 18, 2024 to shareholders of record as of the close of business on November 25, 2024. Griffon 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.

Subsequent to September 30, 2024 and through November 12, 2024, Griffon purchased 481,379 shares of its common stock for a total of $32,693, or $67.91 per share under Board authorized share repurchase programs. On November 13, 2024, Griffon announced a $400,000 increase to its share repurchase program which, prior to such increase, had exhausted its availability.

On November 12, 2024, Griffon granted 142,911 shares of restricted stock and restricted stock units to 43 executives and key employees, subject to certain performance conditions, with a vesting period of thirty-six months, with a total fair value of $9,735, or a weighted average fair value of $68.12 per share. In addition, Griffon also granted 436,947 shares of restricted stock to four senior executives with a vesting period of thirty-six 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 conditions are attained, the amount of shares that can vest will range from a minimum of 72,827 to a maximum of 436,947, with the target number of shares being 145,649. The total estimated fair value of these restricted shares, assuming achievement of the performance conditions at target, is $12,372, or a weighted average fair value of $84.95 per share.

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SCHEDULE II

GRIFFON CORPORATION

VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended September 30, 2024, 2023 and 2022
(in thousands)

Description	Balance at Beginning of Year	Additions	Reductions	Other (1)	Balance at End of Year
FOR THE YEAR ENDED SEPTEMBER 30, 2024					
Allowance for credit losses	$11,264	$ 636	$ (1,325)	$ 411	$10,986
Inventory valuation[2]	$55,737	$27,210	$(27,353)	$ 691	$56,285
Deferred tax valuation allowance	$17,992	$ 8,997	$ —	$ —	$26,989
FOR THE YEAR ENDED SEPTEMBER 30, 2023					
Allowance for credit losses	$12,137	$ 971	$ (1,186)	$ (658)	$11,264
Inventory valuation[2]	$22,875	$44,570	$(11,692)	$ (16)	$55,737
Deferred tax valuation allowance	$13,490	$ 4,502	$ —	$ —	$17,992
FOR THE YEAR ENDED SEPTEMBER 30, 2022					
Allowance for credit losses	$ 8,787	$ 1,172	$ (251)	$2,429	$12,137
Inventory valuation	$31,605	$ 4,725	$(14,103)	$ 648	$22,875
Deferred tax valuation allowance	$10,425	$ 4,330	$ (1,265)	$ —	$13,490

(1) For the year ended September 30, 2022, Other primarily consists of foreign currency and opening balances of reserves assumed from the Hunter acquisition.

(2) In connection with the Company's restructuring activities described in Note 10, Restructuring Charges, during the years ended September 30, 2024 and 2023, CPP recorded inventory impairment charges of $23,763 and $37,100, respectively, to adjust inventory to its net realizable value.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

Not applicable.

Item 9A. ***Controls and Procedures***

Evaluation and Disclosure Controls and Procedures

Griffon's management, with the participation of its Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of Griffon's disclosure controls and procedures, as defined by Exchange Act Rule 13a-15(e). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2024, Griffon's disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Griffon's management is responsible for establishing and maintaining adequate internal control over financial reporting. Griffon's internal control over financial reporting is a process designed under the supervision of its Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Griffon's financial statements for external reporting in accordance with accounting principles generally accepted in the United States of America. Management evaluates the effectiveness of Griffon's internal control over financial reporting using the criteria set forth by the 2013 Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework. Management, under the supervision and with the participation of Griffon's Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of Griffon's internal control over financial reporting as of September 30, 2024 and concluded that it is effective.

Griffon's internal control over financial reporting is designed 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. Griffon's internal control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of Griffon's assets;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that Griffon's receipts and expenditures are being made only in accordance with authorizations of Griffon's management and directors; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of Griffon's assets that could have a material effect on the financial statements.

Management, including Griffon's Chief Executive Officer and Chief Financial Officer, does not expect that Griffon's internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of internal controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, any evaluation of the effectiveness of controls in future periods is subject to the risk that those internal controls may become inadequate because of changes in business conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Griffon's independent registered public accounting firm, Grant Thornton LLP, has audited the effectiveness of Griffon's internal control over financial reporting as of September 30, 2024, and has expressed an unqualified opinion in their report which appears in this Annual Report on Form 10-K.

Changes in Internal Controls

There were no changes in Griffon's internal control over financial reporting that occurred during the fourth quarter of the year ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 9B. *Other Information*

Rule 10b5-1 Trading Plans

During the fiscal quarter ended September 30, 2024, none of our directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

Item 9C. *Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.*

None.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Griffon has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on the 13th day of November 2024.

GRIFFON CORPORATION

By: /s/ RONALD J. KRAMER

Ronald J. Kramer,
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on November 13, 2024 by the following persons on behalf of the Registrant in the capacities indicated:

/s/ RONALD J. KRAMER Ronald J. Kramer	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
/s/ BRIAN G. HARRIS Brian G. Harris	Executive 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)
/s/ HENRY A. ALPERT Henry A. Alpert	Director
/s/ JEROME L. COBEN Jerome L. Coben	Director
/s/ H. C. CHARLES DIAO H. C. Charles Diao	Director
/s/ LOUIS J. GRABOWSKY Louis J. Grabowsky	Director
/s/ LACY M. JOHNSON Lacy M. Johnson	Director
/s/ VICTOR EUGENE RENUART Victor Eugene Renuart	Director
/s/ JAMES W. SIGHT James W. Sight	Director
/s/ SAMANTA HEGEDUS STEWART Samanta Hegedus Stewart	Director
/s/ KEVIN F. SULLIVAN Kevin F. Sullivan	Director
/s/ MICHELLE L. TAYLOR Michelle L. Taylor	Director
/s/ CHERYL L. TURNBULL Cheryl L. Turnbull	Director

Exhibit 31.1

Certification

I, Ronald J. Kramer, certify that:

1. I have reviewed this annual report on Form 10-K 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: November 13, 2024

/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 annual report on Form 10-K 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: November 13, 2024

/s/ BRIAN G. HARRIS

Brian G. Harris
Executive 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-K of Griffon Corporation for the period ended September 30, 2024 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: November 13, 2024

I, Brian G. Harris, Senior Vice President and Chief Financial Officer of Griffon Corporation, hereby certify that the Form 10-K of Griffon Corporation for the period ended September 30, 2024 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: November 13, 2024

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.

GAAP to NON-GAAP RECONCILIATION

	For the Year Ended		
	2024	2023	2022
		(in thousands)	
Net cash provided by operating activities - continuing operations	$380,042	$431,765	$ 59,240
Acquistion of property, plant and equipment	(68,399)	(63,604)	(42,488)
Proceeds from the sale of property, plant and equipment	14,479	20,961	90
Free cash flow	$326,122	$389,122	$ 16,842

	September 30,		
	2024	2023	2022
		(in thousands)	
Cash and equivalents	$ 114,438	$ 102,889	$ 120,184
Notes payables and current portion of long-term debt	8,155	9,625	12,653
Long-term debt, net of current maturities	1,515,897	1,459,904	1,560,998
Debt discount/premium and issuance costs	15,633	20,283	21,909
Total gross debt	1,539,685	1,489,812	1,595,560
Debt, net of cash and equivalents	**$1,425,247**	**$1,386,923**	**$1,475,376**
Adjusted EBITDA	$ 513,602	$ 505,332	$ 458,158
Special dividend ESOP charges	—	(15,494)	(10,538)
Acquisition proforma adjustments	—	—	28,921
Stock and ESOP-based compensation	26,838	41,112	33,135
Adjusted EBITDA, per debt compliance	**$ 540,440**	**$ 530,950**	**$ 509,676**
Net debt to EBITDA (leverage ratio)	**2.6x**	**2.6x**	**2.9x**

Griffon CORPORATION

COMPANY PROFILE

HOME AND BUILDING PRODUCTS

Home and Building Products conducts its operations through Clopay Corporation. Founded in 1964, Clopay Corporation 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 Cornell and Cookson brands.

CONSUMER AND PROFESSIONAL PRODUCTS

Consumer and Professional Products is 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. Consumer and Professional Products sells products globally through a portfolio of leading brands including AMES, since 1774, Hunter, since 1886, True Temper, and ClosetMaid.

DIRECTORS

Henry A. Alpert
President, Spartan Petroleum Corp.
(petroleum distributor/real estate)

Jerome L. Coben
Partner (Ret.)
Skadden, Arps, Slate, Meagher and Flom LLP

H. C. Charles Diao
Senior Vice President, Finance and Corporate Treasurer
Bally's Corporation

Louis J. Grabowsky
Co-Founder and Principal, Juniper Capital Management

Lacy M. Johnson
Partner
Taft Stettinius & Hollister LLP

Ronald J. Kramer
Chairman of the Board and Chief Executive Officer

General Victor Eugene Renuart
USAF (Ret.)
President, The Renuart Group, LLC
(defense consulting firm)

James W. Sight
Private Investor

Samanta Hegedus Stewart
Former Investor Relations Executive

Kevin F. Sullivan
Retired Executive

Michelle L. Taylor
Vice President, Supply Chain, NiSource
(public utility company)

Cheryl L. Turnbull
Senior Director — New Ventures and Venture Capital, The Ohio State University

OFFICERS

Ronald J. Kramer
Chairman of the Board and Chief Executive Officer

Robert F. Mehmel
President and Chief Operating Officer

Brian G. Harris
Executive Vice President and Chief Financial Officer

Seth L. Kaplan
Senior Vice President, General Counsel and Secretary

Michael A. Sarrica
Senior Vice President, Operations

W. Christopher Durborow
Vice President and Chief Accounting Officer

Michael W. Hansen
Vice President, Corporate Strategy and Development

Denise A. Lueders
Vice President, Taxation

Christine J. Guerriero
Controller

Meghan M. Faney
Treasurer

Independent Registered Public Accountants
Grant Thornton LLP

Stock Listing
The company's Common Stock is listed on the New York Stock Exchange (NYSE) under the symbol GFF.

Registrar and Transfer Agent
American Stock Transfer & Trust Company

Additional copies of this report will be furnished to shareholders upon written request to the company at:

Griffon Corporation
Attn. Secretary
712 Fifth Avenue, 18th Floor
New York, New York 10019

Website
www.griffon.com

Griffon Corporation has included as exhibits to its Annual Report on Form 10-K for fiscal year 2024 filed with the SEC certifications of Griffon's Chief Executive Officer and Chief Financial Officer certifying the quality of the company's public disclosures. Griffon's Chief Executive Officer has also submitted to the NYSE a certification that he is not aware of any violations by Griffon of the NYSE corporate governance listing standards.

Griffon

www.griffon.com