

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): January 10, 2022

GRIFFON CORPORATION

(Exact name of registrant as specified in its charter)

Commission File Number: 1-06620

Delaware
(State or other jurisdiction
of incorporation)

11-1893410
(IRS Employer
Identification No.)

**712 Fifth Avenue, 18th Floor
New York, New York 10019**
(Address of principal executive offices, including zip code)
(212) 957-5000

(Registrant's telephone number, including area code)
(Former name or former address, if changed since last report)

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, \$0.25 par value per share	GFF	New York Stock Exchange

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

Emerging growth company ☐

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

Item 7.01. Regulation FD Disclosure

As previously disclosed, on December 17, 2021, Griffon Corporation (“Griffon”), through its subsidiary The Ames Companies Inc., entered into a definitive agreement to acquire the Hunter Fan Company (the “Transaction”) for \$845 million, subject to closing adjustments (the “Purchase Price”). Griffon intends to finance the Purchase Price, including all fees and expenses of Griffon related to the Transaction, through a combination of (i) cash on hand; (ii) availability under its revolving credit facility or, if majority lender consent is not obtained on or prior to the closing date to amend such existing revolving credit facility, a new revolving credit facility in the amount of \$400 million on substantially the same terms as the existing revolving credit facility; and/or (iii) availability under a new term loan facility in the amount of \$750 million (the “New Term Loan Facility”).

Griffon is scheduled to make a presentation to lenders and potential lenders under the New Term Loan Facility (the “Lender Presentation”) today, January 10, 2022. Attached as Exhibit 99.1 and furnished for purposes of Regulation FD is a copy of the Lender Presentation. There can be no assurance that the Transaction will be completed as described in the Lender Presentation or at all.

The information in Exhibit 99.1 is being furnished pursuant to Item 7.01 and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended (the “Securities Act”), or the Exchange Act.

Forward-Looking Statements

This Form 8-K contains forward-looking statements that involve numerous risks and uncertainties. The statements contained in this communication that are not purely historical are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, including, without limitation, statements regarding the expected benefits and closing of the proposed Transaction, the management of Griffon and Griffon’s expectations, beliefs and intentions. All forward-looking statements included in this communication are based on information available to Griffon on the date hereof. In some cases, you can identify forward-looking statements by terminology such as “may,” “can,” “will,” “should,” “could,” “expects,” “plans,” “anticipates,” “intends,” “believes,” “estimates,” “predicts,” “potential,” “targets,” “goals,” “projects,” “outlook,” “continue,” “preliminary,” “guidance,” or variations of such words, similar expressions, or the negative of these terms or other comparable terminology. No assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on our results of operations or financial condition. Accordingly, actual results may differ materially and adversely from those expressed in any forward-looking statements. Neither Griffon nor any other person can assume responsibility for the accuracy and completeness of forward-looking statements. There are various important factors that could cause actual results to differ materially from those in any such forward-looking statements, many of which are beyond Griffon’s control. These factors include: failure to obtain, delays in obtaining, or adverse conditions contained in, any required regulatory or other approvals; failure to consummate or a delay in consummating the Transaction for other reasons; changes in laws or regulations; and changes in general economic conditions. Griffon undertakes no obligation (and expressly disclaims any such obligation) to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. For additional information please refer to Griffon’s most recent Form 10-K, 10-Q and 8-K reports filed with the Securities and Exchange Commission.

Item 9.01. Financial Statements and Exhibits

99.1 [Lender Presentation, dated January 10, 2022](#)

SIGNATURES

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

GRIFFON CORPORATION

Date: January 10, 2022

By: /s/ Seth L. Kaplan

Seth L. Kaplan

Senior Vice President, General Counsel and Secretary



Griffon
CORPORATION

Lender Presentation
January 2022

Cautionary Note Regarding Forward-Looking Statements

This presentation contains "forward-looking statements" – statements that address future, not past events. In this context, forward-looking statements often address our expected future business and financial performance and financial condition, and often contain words such as "expect," "anticipate," "intend," "plan," "believe," "seek," or "will." Forward looking statements by their nature address matters that are, to different degrees, uncertain. These statements are based on assumptions of future events that may not prove accurate. They are also based on our current plans and strategy and such plans and strategy could change in the future. Actual results may differ materially from those projected or implied in any forward-looking statements. Please refer to our most recent SEC filings, including our 2021 Annual Report on Form 10-K, subsequently filed Quarterly reports on Form 10-Q, as well as our other filings with the SEC, for detailed information regarding factors that could cause actual results to differ materially from those expressed or implied in such forward-looking statements. We do not undertake to update our forward-looking statements.

Use of Non-GAAP Financial Measures

The Company provides financial measures and terms not calculated in accordance with accounting principles generally accepted in the United States (GAAP). Presentation of non-GAAP measures such as, but not limited to, "free cash flow," "segment adjusted EBITDA," "compliance adjusted EBITDA" and "adjusted EBITDA" provide investors with an alternative method for assessing our operating results in a manner that enables them to more thoroughly evaluate our performance. The non-GAAP measures included in this presentation are provided to give investors access to the types of measures that we use in analyzing our results.

The Company's calculation of non-GAAP financial measures is not necessarily comparable to similarly titled measures reported by other companies. These non-GAAP measures may be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results. A reconciliation of GAAP to non-GAAP measures appear on slides 51 and 52.

A copy of this presentation, including the reconciliation of GAAP to non-GAAP measures, is available on our website www.griffon.com.

Important Additional Information Regarding Proxy Solicitation

Griffon filed its proxy statement and associated WHITE proxy card with the U.S. Securities and Exchange Commission (the "SEC") on December 30, 2021 in connection with the solicitation of proxies for Griffon's 2022 Annual Meeting (the "Proxy Statement"). Shareholders as of the record date of December 28, 2021 are eligible to vote at the 2022 Annual Meeting. Griffon, its directors and certain of its executive officers will be participants in the solicitation of proxies from shareholders in respect of the 2022 Annual Meeting. Details concerning the nominees of Griffon's Board of Directors for election at the 2022 Annual Meeting and information regarding the names of Griffon's directors and executive officers and their respective interests in Griffon by security holdings or otherwise is set forth in Griffon's Proxy Statement. BEFORE MAKING ANY VOTING DECISION, INVESTORS AND SHAREHOLDERS OF THE COMPANY ARE URGED TO READ ALL RELEVANT DOCUMENTS FILED WITH THE SEC, INCLUDING THE PROXY STATEMENT AND ACCOMPANYING WHITE PROXY CARD, AND ANY SUPPLEMENTS THERETO, BECAUSE THEY CONTAIN IMPORTANT INFORMATION. Investors and shareholders may obtain a copy of the Proxy Statement and other relevant documents filed by Griffon with the SEC free of charge from the SEC's website, or by directing a request by mail to Griffon Corporation, Attention: Corporate Secretary, at 712 Fifth Avenue, New York, NY 10019, or by visiting the investor relations section of Griffon's website.

Ron Kramer, Chairman & CEO

Brian Harris, SVP & CFO

Tom Gibbons, VP & Treasurer

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2. Griffon Overview
3. Hunter Fan Overview
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A large, light gray watermark of a griffin is centered on the page. The griffin is depicted in a stylized, blocky manner, facing left with its wings spread and tail curved.

Transaction Overview

Executive Summary

- Griffon Corporation (NYSE: GFF) ("Griffon" or the "Company") is a diversified management and holding company that conducts business through three segments: Consumer and Professional Products (through the AMES Companies), Home and Building Products (through Clopay Corporation) and Defense Electronics (through Telephonics Corporation; classified as discontinued operation as of FYE September 30, 2021).
 - For the FYE Period ended September 30, 2021, Griffon generated Revenue and Adj. EBITDA¹ of \$2,542 million and \$289 million, respectively (incl. Defense Electronics).
- On December 17, 2021, Griffon entered into a definitive agreement to acquire Hunter Fan ("Hunter") from MidOcean Partners in a transaction valued at \$845 million.
- Founded in 1886 and headquartered in Memphis, TN, Hunter is the leading provider of branded ceiling fans and residential lighting. Hunter's iconic products include residential ceiling fans and light fixtures, in addition to ceiling fans used in commercial and industrial settings. Sales channels include in-store retail, e-Commerce (both retail and direct-to-consumer), and showroom.
 - For the FYE Period ended October 29, 2021, Hunter generated Revenue and Adj. EBITDA¹ of \$365 million and \$86 million, respectively
- The acquisition of Hunter Fan's market-leading brand and product portfolio is highly aligned with Griffon's Consumer and Professional Products segment and provides growth and diversification at an attractive purchase price that is immediately accretive to Griffon earnings.
 - Pro forma for the transaction, the combined company generated Revenue and Adj. EBITDA¹ of \$2,907 million and \$376 million, respectively (incl. Defense Electronics).
- In order to finance the acquisition of Hunter, the Company intends to raise a new 7-year, \$750 million Term Loan B, in addition to modest use of its existing Revolver Capacity and cash on hand (the "Transaction").
 - Pro forma for the Transaction, gross secured and total leverage will be 2.3x and 5.0x, respectively, while net secured and total leverage will be 1.8x and 4.6x, respectively, based on Griffon's LTM PF Adj. EBITDA of \$376 million (incl. Defense Electronics).
- Commitments to the Term Loan B are requested by 12pm ET on Thursday, January 20th.

¹ For reconciliation of Adj. EBITDA to Income before Taxes from Continuing Operations, or Net Income, as appropriate, see pages 52-53. Griffon Adj. EBITDA calculated per debt compliance certificate as defined in the Credit Facilities.

Sources & Uses and Pro Forma Capitalization

(\$ in millions)	
Sources of Funds	Amount
Revolver Draw (\$400)	\$50
New Term Loan B	750
Cash from Balance Sheet	72
Total Sources	\$872
Uses of Funds	
	Amount
Acquisition Purchase Price	\$845
Estimated Fees and Expenses	27
Total Uses	\$872

(\$ in millions)		As of	Pro Forma
Capitalization	Maturity	9/30/21	9/30/21
Cash & Cash Equivalents		\$249	\$176
Revolver (\$400) ¹	3/22/2025	37	87
New Term Loan B	7 Years	—	750
Finance Leases	Various	16	16
Secured Debt		\$53	\$853
5.750% Sr Unsecured Notes due 2028	3/1/2028	1,000	1,000
Other Long Term Debt	Various	32	32
Total Debt		\$1,086	\$1,886
Market Capitalization (as of 1/7/22)		1,510	1,510
Total Capitalization		\$2,596	\$3,396
FYE 9/30/21 Operating Metrics²			
Total Adjusted EBITDA before corporate expenses		317	317
Corporate Expenses (less depreciation)		(48)	(48)
Stock Compensation Expense		20	20
Griffon Adj. EBITDA		\$289	\$289
(*) Hunter Fan 10/31/21 FYE Adj. EBITDA		—	86
PF Adj. EBITDA		\$289	\$376
Credit Statistics			
Secured Debt / PF Adj. EBITDA		0.2x	2.3x
Net Secured Debt / PF Adj. EBITDA		—	1.8x
Total Debt / PF Adj. EBITDA		3.8x	5.0x
Net Debt / PF Adj. EBITDA		2.9x	4.6x

¹ As of 11/10/2021.

² For reconciliation of Adj. EBITDA to Income before Taxes from Continuing Operations, or Net Income, as appropriate, see pages 52-53. Griffon Adj. EBITDA calculated per debt compliance certificate as defined in the Credit Facilities.

Summary of Terms – Senior Credit Facilities

Summary of Terms	
Borrower:	Griffon Corporation
Facilities:	\$400 million Cash Flow Revolver \$750 million First Lien Term Loan
Guarantees:	Each existing and subsequently acquired or organized direct or indirect wholly-owned material U.S. subsidiary
Security:	First priority secured interest in substantially all of the assets of the Borrower and the Guarantors (other than real estate assets)
Tenor:	March 22, 2025 7 years
Incremental:	Greater of (i) \$375 million and (ii) an amount subject to 3.5x Senior Secured Net Leverage Ratio <u>MFN</u> : 50 bps MFN with 6-month sunset
Optional Redemption:	N/A 101 soft call for 6 months
Amortization:	N/A 1% per annum
Financial Covenants:	<ul style="list-style-type: none"> 3.50x Senior Secured Net Leverage (revised from 3.25x Gross Secured Leverage in existing credit agreement) 5.75x Total Net Leverage (stepping down to 5.50x on 10/1/22) 2.00x Interest Coverage Ratio \$100mm Capex per year, with ability to carry forward 100% of unused amounts to next succeeding fiscal year and 50% of unused amounts to second next succeeding fiscal year None
Mandatory Prepayments:	<ul style="list-style-type: none"> <u>ECF</u>: 50% with step-downs to 25% and 0% at 0.50x and 1.00x inside Closing Date Senior Secured Net Leverage, respectively <u>Asset Sales/Extraordinary Receipts</u>: 100%, and reinvestment period of 12 months + 6 months
Negative Covenants:	Substantially the same to existing Credit Facility with select modifications around debt/lien incurrence and investment/restricted payment capacity

Execution Timeline

January 2022							February 2022						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1			1	2	3	4	5
2	3	4	5	6	7	8	6	7	8	9	10	11	12
9	10	11	12	13	14	15	13	14	15	16	17	18	19
16	17	18	19	20	21	22	20	21	22	23	24	25	26
23	24	25	26	27	28	29	27	28					
30	31												

Key Date
 Bank Holiday

Date:	Event:
Week of January 10 th	<ul style="list-style-type: none"> Global Lender Conference Call (January 10th at 11am ET)
Week of January 17 th	<ul style="list-style-type: none"> Lender Commitments and Comments to the Credit Agreement Due (January 20th by 12pm ET)
Week of January 24 th	<ul style="list-style-type: none"> Close and Fund Term Loan B Concurrent with Acquisition Close

Griffon Overview



Business overview

- ✓ Diversified global management and holding company, which oversees the operations of its subsidiaries, allocates resources among them, and manages their capital structures
- ✓ Owns and operates businesses in multiple industries and geographic markets to reduce the effects of market cyclicity, seasonality, and weather
- ✓ Consistently profitable through all business cycles
- ✓ Strategically positioned for further growth

Key data

\$2.5 billion revenue

\$289 million adjusted EBITDA¹

\$317 million adjusted EBITDA before unallocated expenses²

~7,400 employees

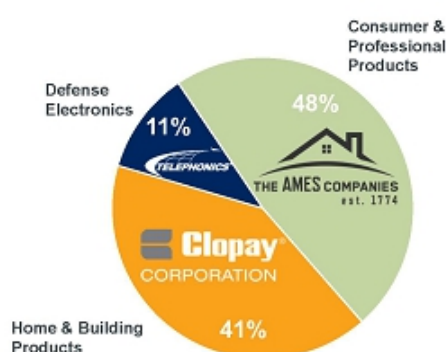
\$797 million net debt

~\$1.5 billion market capitalization³

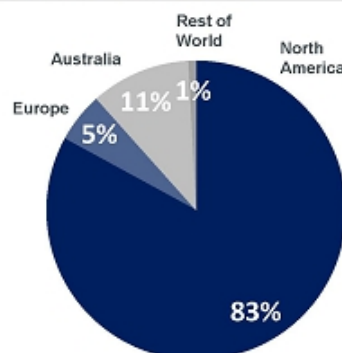
2.9x net leverage⁴

NYSE:GFF

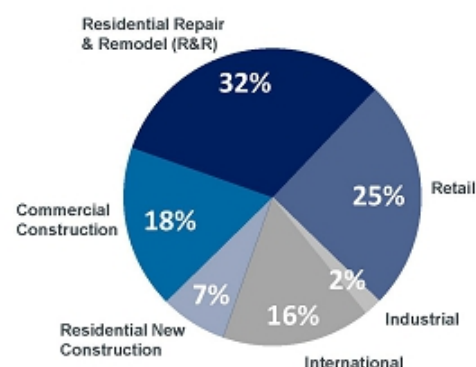
Revenue by segment



Revenue by geography⁵



Revenue by end market⁵



For the fiscal year ended (FYE) 9/30/2021. Revenue and Adj. EBITDA figures include Telephonics.

¹ For reconciliation of Adj. EBITDA to Income before Taxes from Continuing Operations, or Net Income, as appropriate, see pages 52-53.

Griffon Adj. EBITDA calculated per debt compliance certificate as defined in the Credit Facilities.

² EBITDA before unallocated expenses is defined as Adj. EBITDA excluding unallocated (mostly corporate) expenses

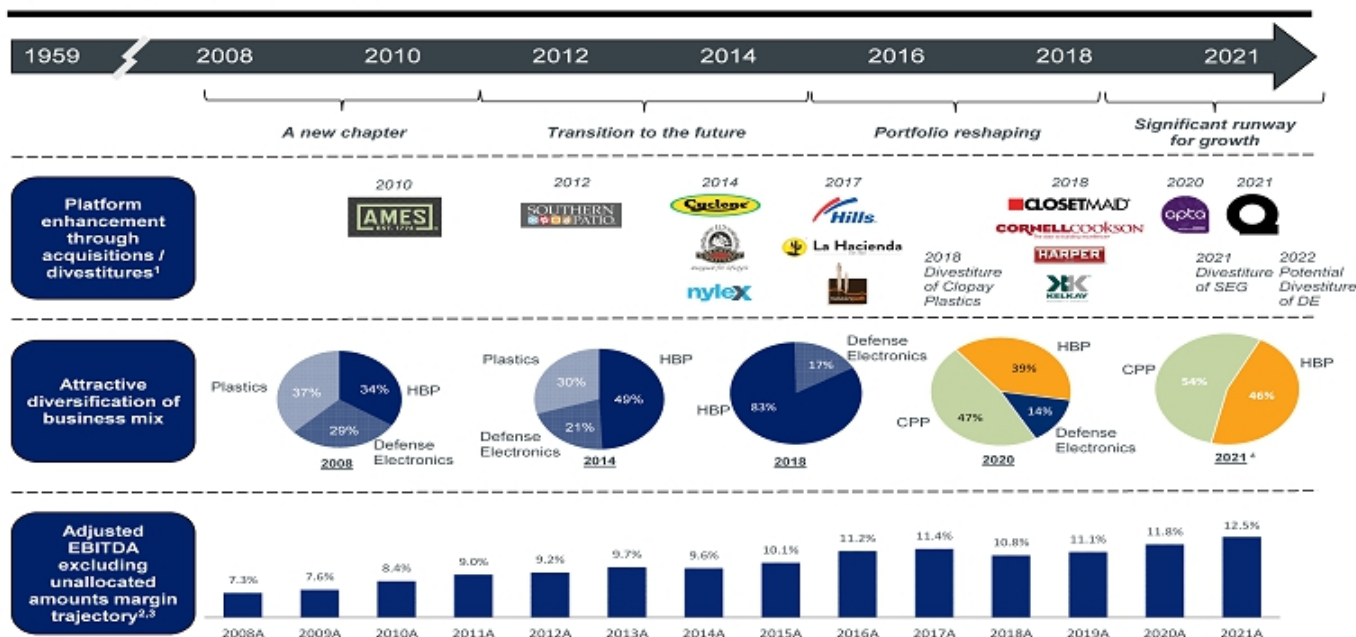
³ As of 1/7/2022 with close price of \$26.82/share and 56,303,873 shares outstanding.

⁴ As of 9/30/2021; net debt / consolidated Adj. EBITDA calculated per debt compliance certificate as defined in the Credit Facilities.

⁵ End market and geography breakouts exclude Telephonics revenue.

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Evolution of Griffon



Note: dates indicate Griffon fiscal year (ending 9/30).

¹ Logo represents acquisitions, unless otherwise noted.

² Results through FY21 include contribution of Telephonics business expected to be divested in FY22 and results through FY17 include contribution of Plastics business divested in FY18. FY18 and FY19 EBITDA includes impact of initially-lower margins from CornellCookson and ClosetMaid acquisitions.

³ For reconciliation of Adj. EBITDA to Income before Taxes from Continuing Operations, or Net Income, as appropriate, see pages 52-53. Griffon Adj. EBITDA calculated per debt compliance certificate as defined in the Credit Facilities.

⁴ Fiscal year ended 9/30/2021 excludes Telephonics.

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Founded in 1774 and based in Orlando, Florida, AMES is the leading North American manufacturer and a global provider of branded consumer and professional tools, and products for home storage and organization, landscaping, and enhancing outdoor lifestyles

Consumer and Professional Products

\$1.2bn / 54%
Revenue¹ / % overall

¹ Fiscal year ended 9/30/2021; 54% of continuing revenue (excludes Telephonics).
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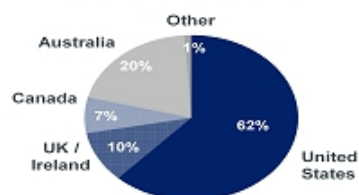
Consumer and Professional Products (CPP)



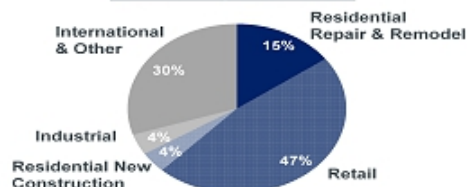
Orlando, Florida

**\$1.2bn
Revenue¹**

Revenue by geography¹



Revenue by end market²



- ✓ Broad, iconic portfolio of market-leading branded products, many with 100+ year legacy
- ✓ Widely recognized and respected by consumers and professionals
- ✓ Strong, long-term customer relationships
- ✓ Extensive design, manufacturing, and logistics capabilities

Market leading positions in every core product category

¹ Fiscal year ended 9/30/2021, geography determined by location of customer.

² Revenue by end market for the year ended 9/30/2021.

Note: International and Other category includes all revenue outside of North America.

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Long Handle Tools



Wheelbarrows and Carts



Striking Tools



Hand Tools



Yard Maintenance



Cleaning



Snow Tools



North America



RAZORBACK

UnionTools



UK & Ireland



Australasia



WESTMIX

Pots and Planters



Watering and Hose Reels



Outdoor Décor



Decorative Aggregates



Water Features



Outdoor Lifestyles



North America



UK & Ireland



Australasia



Wire and Wood Closet Systems



Decorative Shelving



Cube & Stackable Storage



Cabinet Pull Outs and Racks



Wire and Wood Garage and Utility Systems



North America

CLOSETMAID

Suite Symphony

EXPRESSSHELF

Style +

Space Creations

Master Suite

Australasia

Hills

Clopay[®] CORPORATION

Clopay, founded in 1964 and based in Mason, Ohio, is North America's largest manufacturer and marketer of garage doors and rolling steel door and grille products for residential, commercial, industrial, institutional, and retail use

Home and Building Products

\$1.0bn / 46%
Revenue¹ / % overall



¹ Fiscal year ended 9/30/2021; 46% of continuing revenue (excludes Telephonics).
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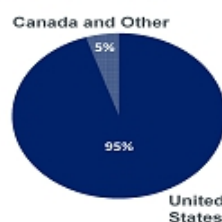
Home and Building Products (HBP)



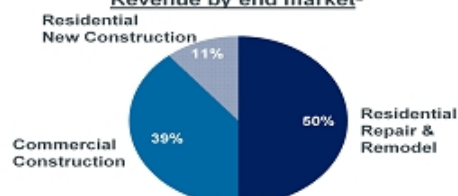
Mason, Ohio

\$1.0bn
Revenue¹

Revenue by geography¹



Revenue by end market²



- ✓ Premium, reliable and recognized brands that are market leaders in their categories
- ✓ Extensive design, manufacturing, and logistics capabilities – 52 distribution centers in North America
- ✓ Network of ~2,500 professional dealers
- ✓ Investments in technology and capacity driving innovation and growth

Market leading positions in every core product category

¹ Fiscal year ended 9/30/2021, geography determined by location of customer.

² Revenue by end market for the fiscal year ended 9/30/2021.

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North America



Sectional Doors



Grilles



Shutters



Service Doors



North America



CORNELLCOOKSON
The door to building excellence.®

Griffon Owns Diversified Businesses with Highly Recognized Brands and Leading Market Positions

	Outdoor Living		Indoor / Home Products		Residential & Commercial Doors	
	Long handle tools, wheelbarrows and snow tools	Landscaping, pots and planters	Closet Systems and Indoor Storage Solutions	Ceiling Fans ¹	Garage Doors	Commercial & Industrial
	  	  	  	  	  	  
Brands	 	 		 	 	
Market Position ²						

¹ Hunter Fan Company acquisition expected to close by end of January.

² Market position in North America.

³ Number 1 market position by brand recognition.

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Stable, Diversified Customer Base With Long Standing Relationships

- Longstanding relationship with top customers
- Griffon is the predominant supplier to many of our primary customers
 - Clopay Doors: sole supplier of garage doors for both The Home Depot and Menards
 - AMES: largest supplier of non-power lawn and garden tools to The Home Depot, Lowe's, and Bunnings
 - ClosetMaid is a key supplier of The Home Depot and Target
 - Hunter is a leading supplier of residential fans for Home Depot, Lowe's, Menards, Amazon, and Wayfair¹
- High level of customer integration provides for superior delivery of products and services



¹ Hunter Fan Company acquisition expected to close by end of January.
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Favorable Industry Trends in the Building, Home, and Outdoor Living Markets

Continued Strength in Residential R&R Spending

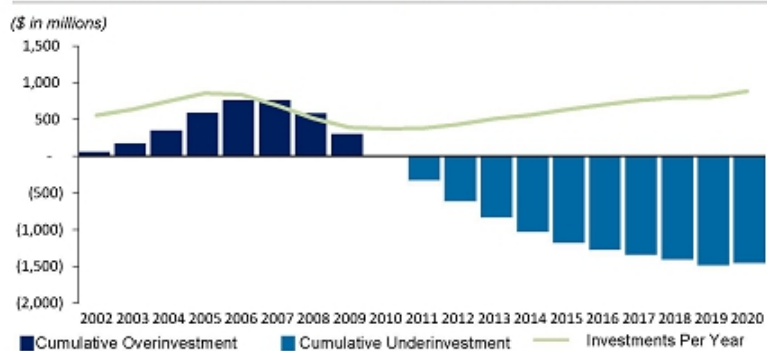


Renovation Market has a Net Under-Investment Backlog of
\$1.5 Trillion¹

The Home is the Winner

- ✓ Home buying and remodeling activity has been accelerated by multiple factors:
 - More time at home, including work-from-home and leisure activities
 - De-urbanization, desire for more living space and outdoor spaces
- ✓ Favorable demographics underpin strong demand
 - Rising household formations and millennial homeownership
 - Aging-in-place

Underinvestment in R&R Spending Following the Great Recession



Significant Pent-Up Demand

- ✓ Following the Great Recession, homeowner investment in R&R fell well below long-term trends
- ✓ Significant pent-up demand will drive long-term growth in residential R&R spending

Source: Bloomberg, IMF, U.S. Census, and Federal Reserve Economic Data (FRED).

¹ Assuming pent-up demand is released over the next five years, R&R spend could accelerate to an 11% CAGR through 2025.

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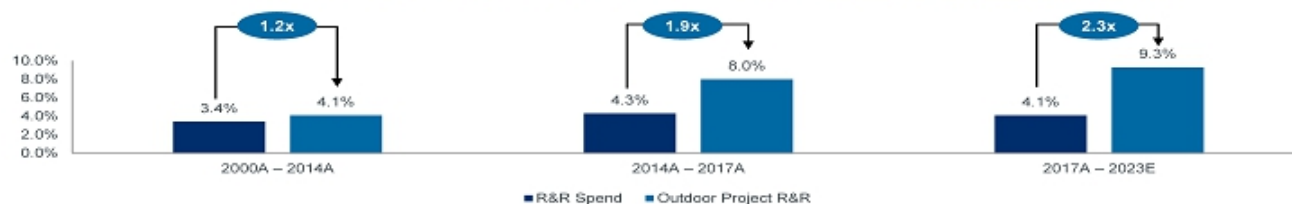
Favorable Industry Trends in the Building, Home, and Outdoor Living Markets (Cont.)



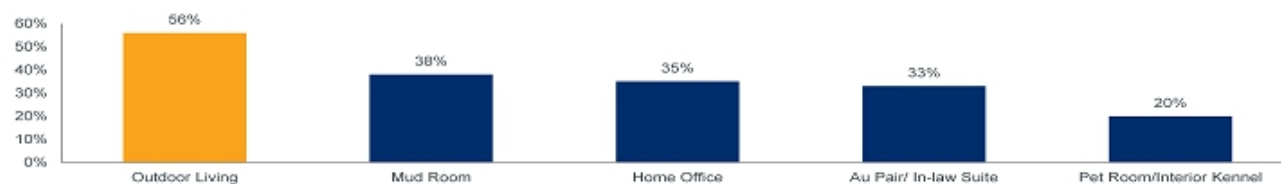
Outdoor Living Growth is Underpinned by Long-Term Macro Tailwinds

*The Pandemic Has Heightened Consumer Focus on Outdoor Living
and is Driving Increased Investment in Outdoor Home Projects*

80% of Outdoor Living Spend is R&R Related with Outdoor R&R Expected to Exceed Regular R&R



Most Popular Spend Areas



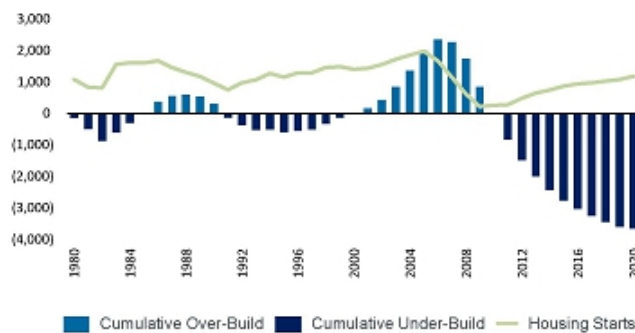
Favorable Industry Trends in the Building, Home, and Outdoor Living Markets (Cont.)

Outlook for Residential Construction Activity is Increasingly Positive

- ✓ Pent up single family housing demand due to historic underbuilding as housing starts have meaningfully lagged population growth
- ✓ Increase in first time home buyers as millennial age group gets married and starts families, driving demand for suburban homes
- ✓ Demand increase from families and individuals looking to shift permanently from high density urban areas to suburban areas
- ✓ Robust home building activity and strong homebuilder confidence, somewhat tempered by supply chain constraints, labor availability and commodity volatility; strong consumer demand for single family homes and interest rates still attractive at decades long lows

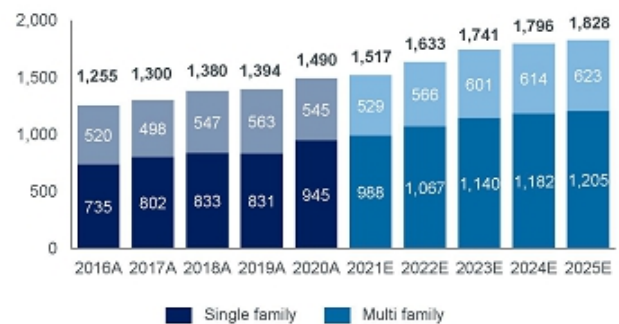
Historic Underbuilding in U.S. Housing Market

(U.S. Housing Starts Over/Under Built, thousands)



U.S. Housing Starts

(U.S. SF & MF Housing Starts, thousands)



Source: Wall Street Research, U.S. Census Bureau and Dodge Data Analytics.

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Telephonics, founded in 1933 and based in Farmingdale, New York, is a globally recognized provider of sophisticated intelligence, surveillance and communications solutions for defense, aerospace, and commercial customers

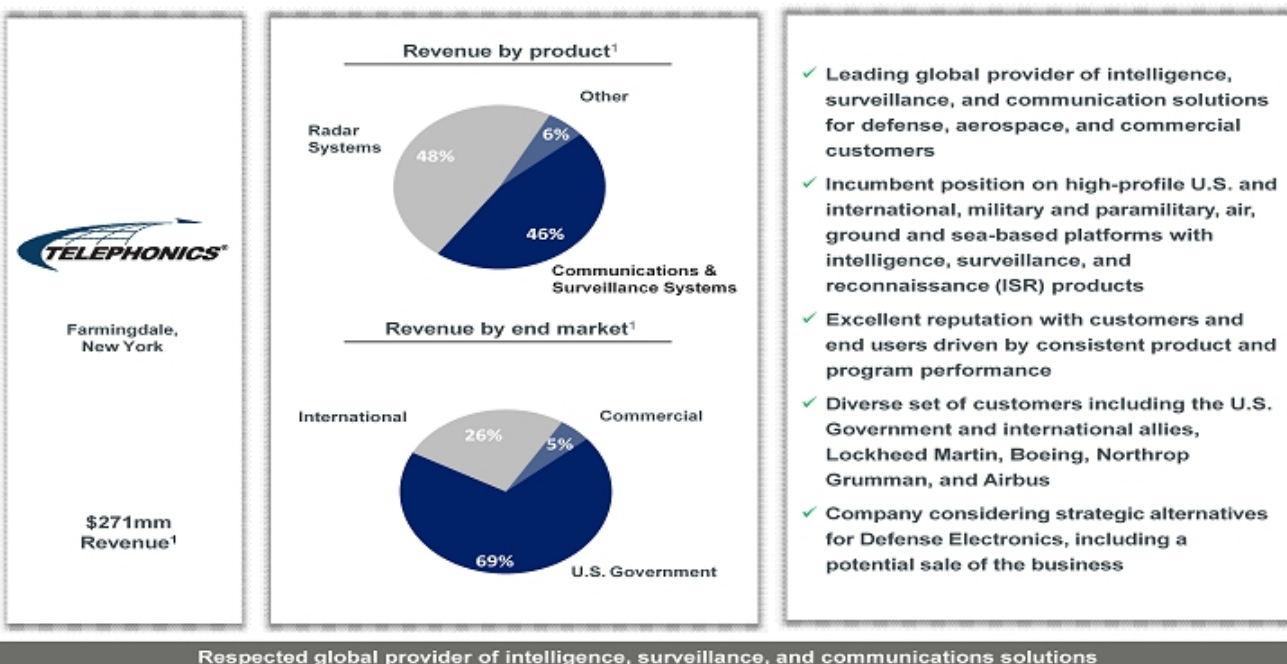
Defense Electronics

\$271mm / 11%

Revenue¹ / % overall

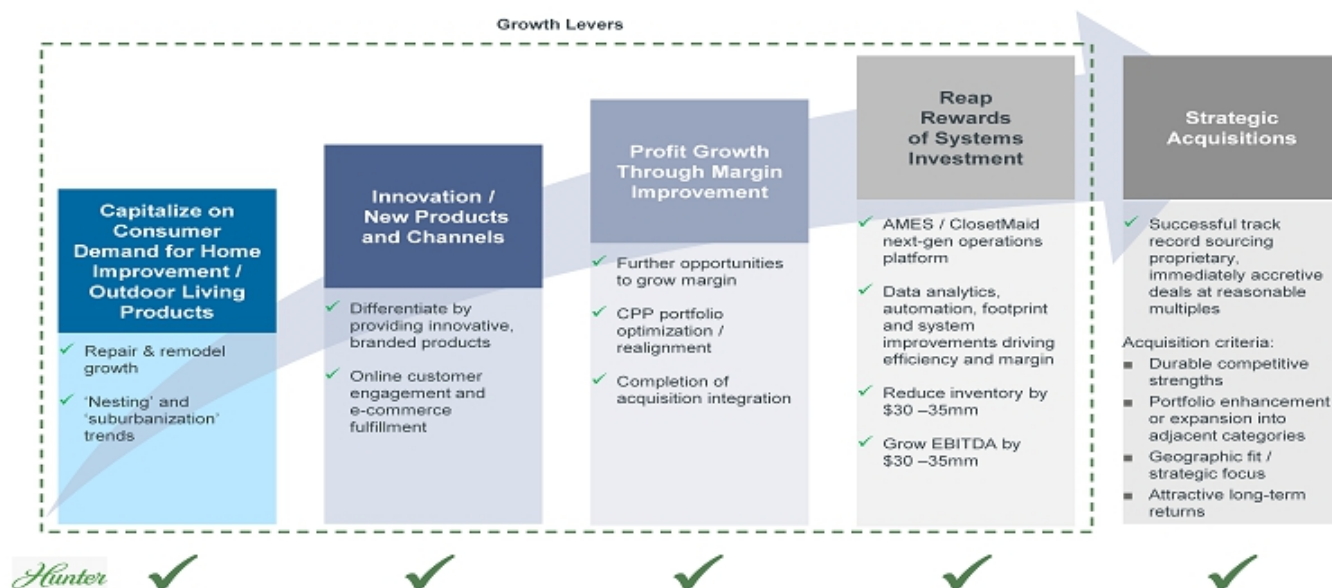


¹ Fiscal year ended 9/30/2021; Telephonics classified as a discontinued operation with sale expected in FY22.
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¹ Fiscal year ended 9/30/2021; Telephonics classified as a discontinued operation with sale expected in FY22.
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Multi-Pronged Growth Strategy Enables Us to Drive Above-Market Growth Across Cycles



Highly Experienced and Seasoned Management Team

Corporate

Ronald J. Kramer

*Chairman of the Board
and CEO*
Joined Griffon in 2008



Robert F. Mehmel

*President and
Chief Operating Officer*
Joined Griffon in 2012



Brian G. Harris

SVP, CFO
Joined Griffon in 2009



- ✓ Tenured senior management team: average of >30 years of professional experience and average of 12+ years with Griffon
- ✓ Successful portfolio shaping and operational initiatives undertaken to improve margins and increase free cash flow
- ✓ Proactive, systematic approach for M&A pipeline development and transaction execution
- ✓ Proven ability to organically grow the business while successfully integrating 12 acquisitions since 2013
- ✓ Management alignment with shareholders through substantial insider equity ownership

Segment Heads

Michael A. Sarrica

*President, Consumer and
Professional Products Segment*
Joined Griffon in 2014



Victor L. Weldon

*President, Home and Building
Products Segment*
Joined Griffon in 2001



Key Credit Highlights

- 1 **Diversified business with leading market positions across each segment**
- 2 **Longstanding relationships with blue-chip customers**
- 3 **Platform poised for continued growth**
- 4 **Strong free cash flow generation and disciplined capital allocation**
- 5 **Favorable industry trends in the building, home and outdoor living markets that support a strong foundation for continued growth**
- 6 **Highly experienced and seasoned management team with demonstrated ability to source and successfully integrate high-quality acquisition targets**



Hunter Fan Overview

A highly strategic addition to the Griffon portfolio



Acquisition Highlights

- ✓ Excellent fit with existing Griffon portfolio, significant customer and channel overlap
- ✓ Established, recognized brands and leading positions in attractive markets
- ✓ Robust margin profile and modest capex – strong free cash flow generation
- ✓ Attractive business acquired at an attractive multiple
- ✓ Opportunity to leverage Hunter's e-Commerce and direct-to-consumer expertise in existing Griffon businesses
- ✓ Hunter to leverage Ames' strategic initiatives, distribution footprint, and business intelligence systems

Hunter Fan at a Glance

Business overview

- ✓ Hunter, founded in 1886, is an iconic brand with a superior reputation
- ✓ A leading North American manufacturer of ceiling fans for residential, commercial, and industrial applications
- ✓ Primarily serves residential R&R and consumer end markets as well as commercial and industrial with limited exposure to new residential construction
- ✓ Products are sold through traditional retail (Home Depot, Lowe's, Costco) and online (e-Commerce retailers including Amazon and Wayfair as well as traditional retailers e-Commerce platforms, e.g. homedepot.com and lowes.com)
- ✓ Asset-light, high return business model leveraging proprietary, Hunter owned / developed product designs

Key data¹

\$365 million revenue

\$86 million adjusted EBITDA²

40% of sales in e-Commerce channel

~24% Adjusted EBITDA margin

Capex is ~2% of sales

92% FCF Conversion³

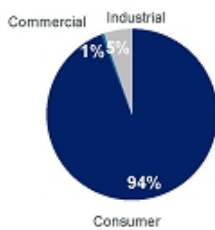
~200 employees

Leading Brands

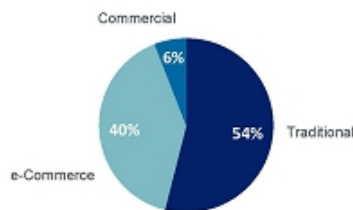
Hunter

CASABLANCA[®]
FAN COMPANY

Revenue by product¹



Revenue by channel¹



Representative Products

Consumer Ceiling Fans



Industrial Fans



Commercial Ceiling Fans



Residential Lighting



¹ For the fiscal year ended (FYE) 10/29/2021.

² For reconciliation of Adj. EBITDA to Income before Taxes from Continuing Operations, or Net Income, as appropriate, see pages 52-53.

³ FCF Conversion defined as Adj. EBITDA less Capex divided by Adj. EBITDA.

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Consumer Ceiling Fans



- #1 market share
- Entered category in 1886
- **Percentage of Revenue:** 94%
- **End Markets:** Residential R&R, residential new construction
- **Channels:** big-box retail, online, showroom

Industrial Fans



- #2 market share
- Entered high-volume low-speed (HVLS) and caged fans categories in 2016 and 2019, respectively
- **Percentage of Revenue:** 5%
- **End markets:** warehouse, manufacturing facilities, agriculture

Commercial Ceiling Fans



- Recently entered category
- **Percentage of Revenue:** 1%
- **End markets:** hospitality, restaurant, fitness facilities, office



Residential Lighting

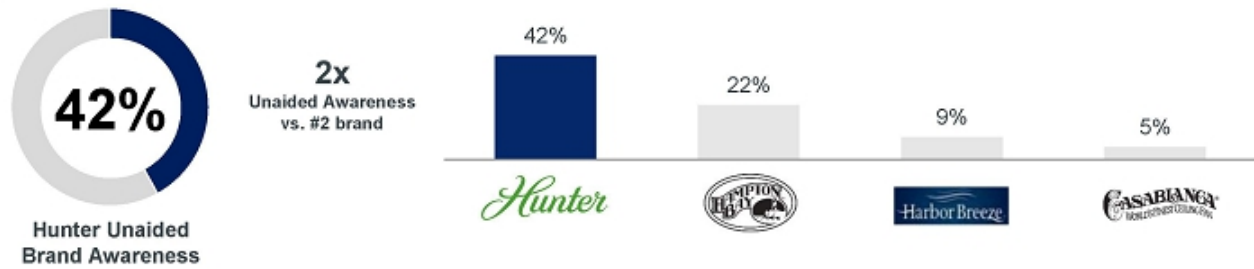


- Recently entered category
- **End markets:** Residential R&R, residential new construction
- **Channels:** big-box retail, online, showroom (~700 SKUs)

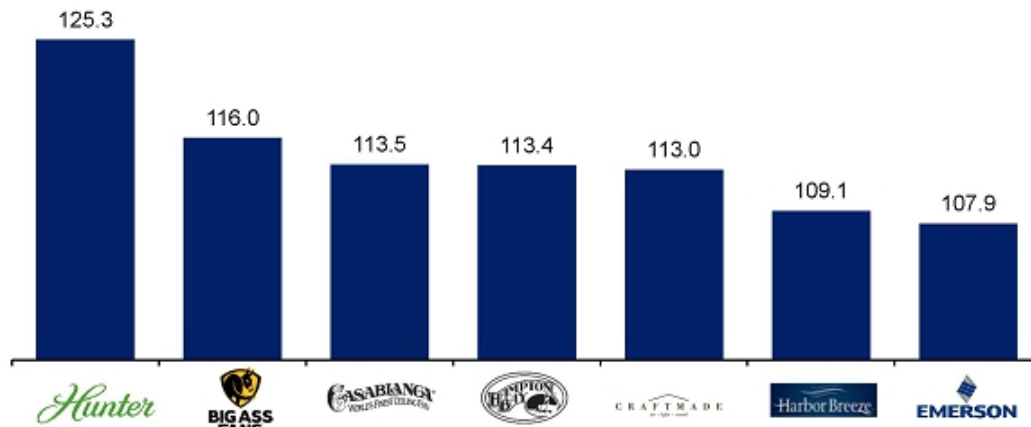


Hunter Is The Most Recognized And Trusted Brand In Ceiling Fans

Leading Brand Awareness



Hunter ranks as the most trusted brand in ceiling fans



Source: TraQline self-report consumer survey data (June 2020), Stackline (August 2020), Deep Blue Insights (June 2020), n=600; Lifestory Research 2021. America's Most Trusted Study. <https://www.lifestoryresearch.com/2021-americas-most-trusted-ceiling-fan-brand>. Copyright © 2021 Griffon Corporation. All rights reserved.

Long-Standing Blue-Chip Customer Relationships

Why Customers Choose Hunter

Hunter has an entrenched relationship and high retention with Big-Box retailers driven by:

- 1 **Distinct ability to provide quality design and engineering with a range of SKUs for distribution across all channels**
 - No other player can match Hunter's scale, sourcing, and diversity of distribution
- 2 **Structural advantage and unmatched brand awareness online**
 - Destination brand for consumer ceiling fans online with 2.7x the online searches of the two largest competitors, the private brands of Home Depot and Lowe's
 - 36% and 37% online market share for Home Depot and Lowe's, respectively
- 3 **Innovation**
 - Unique capacity to quickly develop derivatives for home center retailers from a core line of fans to provide ~60+ exclusive SKUs
- 4 **Limited returns**
 - Historical return rate of approximately 3% of Net Sales
- 5 **Continuity and experience**
 - Founded in 1886, Hunter is the world's original ceiling fan manufacturer



40+
year relationship

20%
of net sales
in-store

2,286
stores

13
hooks per store

27
in-store SKUs

1,053
online SKUs



50+
year relationship

14%
of net sales
in-store

1,977
stores

13
hooks per store

19
in-store SKUs

825
online SKUs



35+
year relationship

3%
of net sales
in-store

795
stores

1.5
hooks per store

2
in-store SKUs

11
online SKUs



40+
year relationship

10%
of net sales
in-store

350
stores

59
hooks per store

44
in-store SKUs

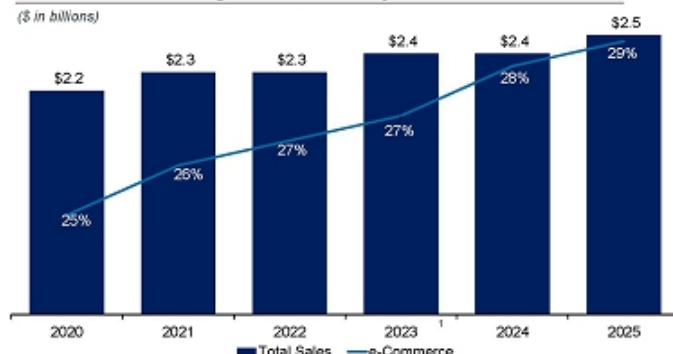
910
online SKUs

With Unmatched Scale, Service, and Offering, Hunter is the Only Industry Player Able to Effectively Serve the Needs of The Home Depot, Lowe's, Costco, and Menards, Making it an Irreplaceable Partner

Large and Growing Market

Residential Ceiling Fan Market by Channel

(\$ in billions)



Total Retail e-Commerce Penetration

(\$ in millions, U.S. e-Commerce Sales)

% of Total Retail Sales



Demand drivers and market tailwinds

- ✓ Ageing housing stock and rising millennial homeownership driving increased R&R spending
- ✓ Decade of under-building and de-urbanization supporting robust new housing market
- ✓ Increasing room penetration – 41% of fans purchased went into a new location without replacing an existing fan
- ✓ Outdoor living popularity driving expanded use of exterior fans
- ✓ COVID and stay-at-home / work-from-home posture have accelerated 20+ year trend of growing e-Commerce sales – **40% of Hunter sales are online / direct-to-consumer**

Source: Hunter Data; Census data; Stax Research and Analysis, July 2020; Stax Research and Analysis, 2019 Brand Tracking Study, Deep Blue Insight.

¹ e-Commerce includes all e-Commerce, including e-Commerce through online only e-Commerce, home improvement, big-box, lighting showroom, and specialty retailer.

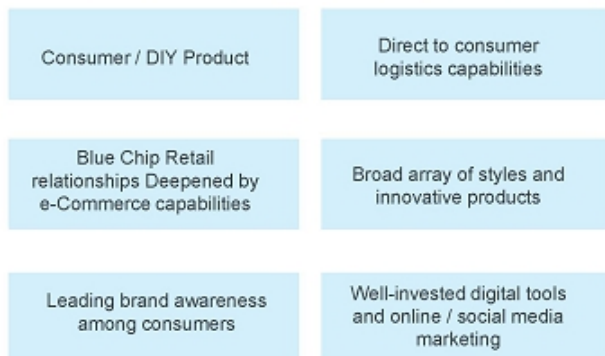
² Other includes installers / contractors, specialty retailers, big-box, and lighting showrooms.

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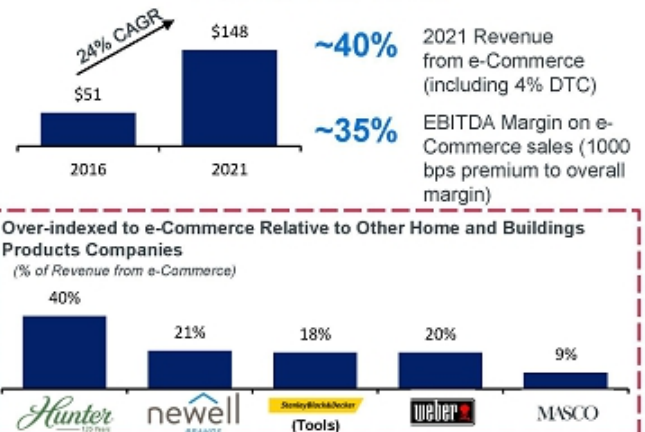
Deep e-Commerce Channel Penetration



Hunter's Advantages and Capabilities



e-Commerce Sales



Source: Public Filings: Newell Investor Presentation, September 2021; Stanley Black Decker Investor Presentation, May 2021; Weber S-1, July 2021; Masco Earnings Call, August 2021.
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International Supply Chain Strategy

Hunter's Asset Light Model

- Hunter utilizes an asset-light production model, sourcing most products from third-party suppliers
- Asset-light model provides significant benefits
 - Cost predictability
 - Limited working capital
 - Minimal capital expenditures
- New Century is primary supplier
 - All designs and IP are owned by Hunter
 - Does not manufacture competing products
- Hunter's 15+ year relationship with New Century yields tangible results
 - Stability and process control delivering high quality outcomes (unlike multiple suppliers)
 - Cost Predictability: Fixed costs formula, limiting exposure to commodity moves
 - Value Engineering: COGS reduction of 1-2% of COGS per year, engineering support

Risks and Mitigants

Risk	Managed Risk
1 Non-competitive pricing	Contractual pricing; prices are negotiated annually in June and take effect in November providing Hunter high-visibility
2 Trade war escalation with China	New Century worked diligently with Hunter to prepare for potential tariffs.
3 Ocean freight shipping delays	Hunter expanded inventory levels in 2020 in response to COVID and continues to maintain supply to serve retailer demand
4 Change of ownership and key man risk	Right of First Refusal (ROFR) and performance specifications in place. Maintain relationship with other Chinese fan manufacturers, own tooling and flexibility to move locations



New Century Manufacturing, Guangdong Province, China



Collaborative New Century Hunter Team

Hunter's Well-Respected Management Team

Hunter's management team has a proven track record in effecting positive organizational change and is heavily focused on increasing business efficiencies across all business operations

	Name and title	Years experience (Industry / Company)	Past experience
	John Alexander President & CEO	30+ / 7	 
	Paul Patek EVP & CFO	35+ / 1	 
	Tom Blackwell SVP Sales	25+ / 22	
	Mark D'Agostino SVP & GM Industrial Fan	35+ / 3	 
	Rick Wassman SVP Operations	30+ / 7	
	John Neilson CMO	25+ / 7	 
	Tom Breeden VP of Engineering	30+ / 7	
	Craig Yardley VP of e-Commerce	25+ / 7	 

✓ Experienced team of industry professionals with extensive market knowledge and deep functional expertise

✓ Relentless focus on innovation, brand development and operational excellence

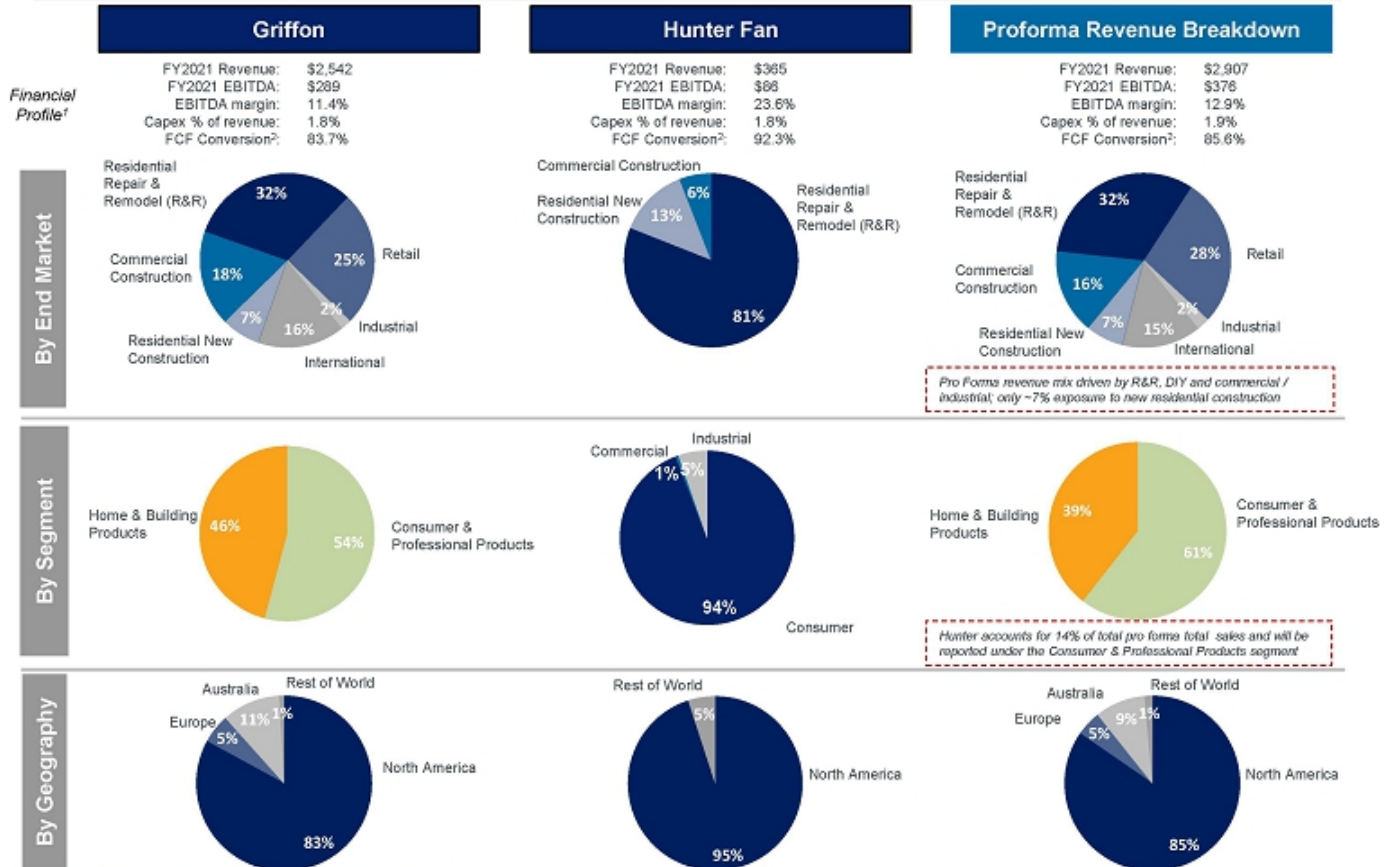
✓ Close knit, lean-operating teams straddling all functions

✓ Proven track record in completing successful mergers, acquisitions and integrations

✓ Combines Hunter veterans and outside hires with decades of highly relevant experience

Hunter has world-class management with decades of industry and company experience

Combination Analysis



Note: End market, segment and geography breakouts exclude Telephonics revenue.

¹ Financial profile figures based on FY2021 figures, including Telephonics. For reconciliation of Adj. EBITDA to Income before Taxes from Continuing Operations, or Net Income, as appropriate, see pages 52-53. Griffon Adj. EBITDA calculated per debt compliance certificate as defined in the Credit Facilities.

² FCF Conversion defined as Adj. EBITDA less Capex divided by Adj. EBITDA.

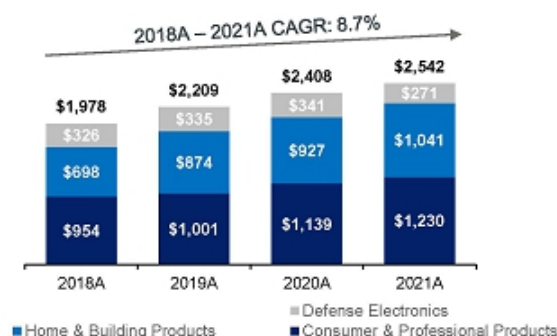
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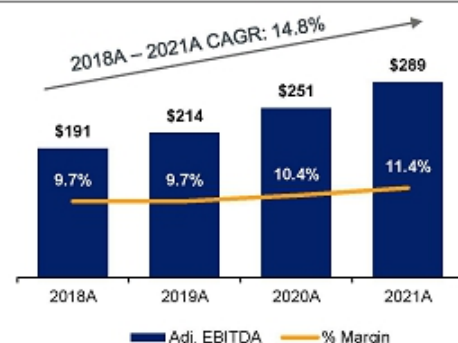
Historical Financials

Griffon Historical Operating Performance

Revenue



Adj. EBITDA and % Margin¹



Capital Expenditures and Capex as % of Revenue



Free Cash Flow and % Conversion²



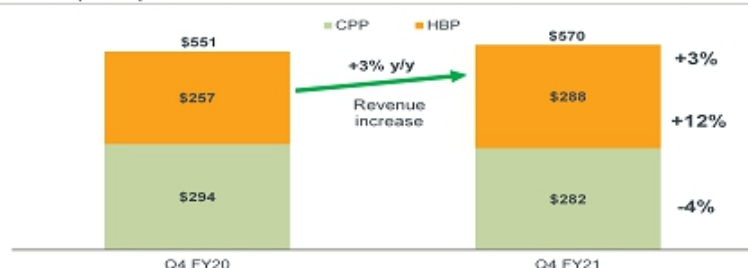
Note: Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures shown.

¹ For reconciliation of Adj. EBITDA to Income before Taxes from Continuing Operations, or Net Income, as appropriate, see pages 52-53. Griffon Adj. EBITDA calculated per debt compliance certificate as defined in the Credit Facilities.

² Free Cash Flow defined as Adj. EBITDA minus Capital Expenditures. Free Cash Flow Conversion defined as Free Cash Flow divided by Adj. EBITDA. For reconciliation of Adj. EBITDA to Income before taxes from continuing operations, or Net Income, as appropriate, see pages 52-53.

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Revenue (\$mm)¹



Adjusted EBITDA (excl. unallocated expenses) (\$mm) ^{1,2}



% sales

Q4 FY20
11.4%

Q4 FY21
11.8%

Commentary

- ✓ Revenue increased 3% and Adjusted EBITDA before unallocated expenses increased 6% in Q4 2021 vs. prior year²
- ✓ Consumer and Professional Products (CPP) revenue decreased 4% driven by U.S. labor, transportation and supply chain disruptions, as well as reduced volume in Australia, partially offset by increased volume in both the U.K. and Canada. Revenue also benefited from favorable price and mix (4%), and a favorable impact from foreign exchange (2%); Adjusted EBITDA decreased 19% driven by reduced revenue and increased U.S. material and transportation costs coupled with the lag in realization of price increases and COVID-19 related inefficiencies. The current quarter included a favorable currency impact (3%)
- ✓ Home and Building Products (HBP) revenue increased 12% due to increased pricing and favorable mix (18%) driven by both residential and commercial, partially offset by reduced volume (6%) primarily from residential products due to labor and supply chain disruptions; Adjusted EBITDA improved 17% due to increased revenue noted above, partially offset by increased material costs coupled with the lag in realization of price increases and COVID-19 related inefficiencies

Note: Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures shown.

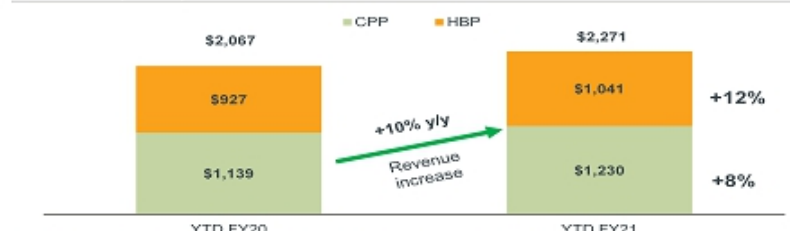
¹ Revenue and Adj. EBITDA growth from continuing operations for the quarterly periods ended 9/30/21 and 9/30/20.

² For reconciliation of Adj. EBITDA to Income before Taxes from Continuing Operations, or Net Income, as appropriate, see pages 52-53. Griffon Adj. EBITDA calculated per debt compliance certificate as defined in the Credit Facilities.

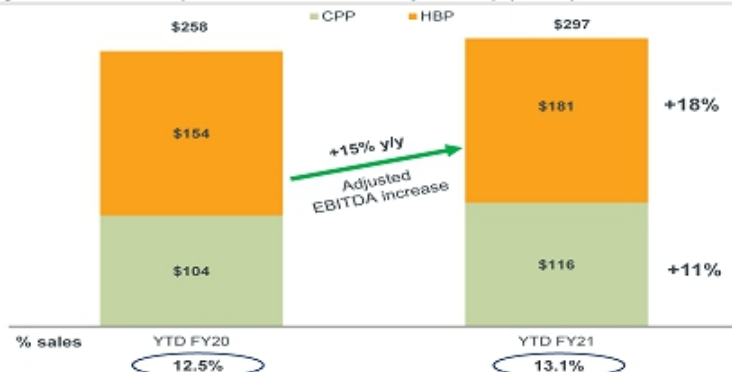
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Griffon FY 2021 Financial Update

Revenue (\$mm) ¹



Adjusted EBITDA (excl. unallocated expenses) (\$mm) ^{1,2}



Commentary

- ✓ Revenue increased 10% and adjusted EBITDA before unallocated expenses increased 15% in YTD 2021 vs. prior year²
- ✓ Consumer and Professional Products (CPP) revenue increased 8% primarily due to increased volume (3%) driven by increased consumer demand across all international geographies, partially offset by reduced volume in the U.S. due to labor, transportation and supply chain disruptions. Revenue also benefited from favorable price and mix (1%), and a favorable impact from foreign exchange (4%); Adjusted EBITDA increased 11% primarily from increased revenue noted above and a favorable foreign exchange impact (5%), partially offset by increased U.S. material and transportation costs coupled with the lag in realization of price increases and COVID-19 related inefficiencies
- ✓ Home and Building Products (HBP) revenue increased 12% due to favorable mix and pricing (8%) driven by both residential and commercial, and increased volume (4%) equally driven by both residential and commercial; Adjusted EBITDA improved 18% due to increased revenue, partially offset by increased material costs coupled with the lag in realization of price increases and COVID-19 related inefficiencies

Note: Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures shown.

¹ Revenue and Adj. EBITDA growth from continuing operations for the fiscal years ended 9/30/21 and 9/30/20.

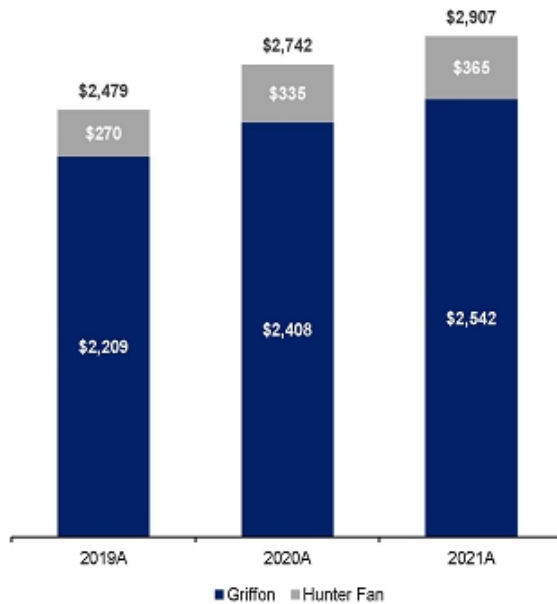
² For reconciliation of Adj. EBITDA to Income before Taxes from Continuing Operations, or Net Income, as appropriate, see pages 52-53. Griffon Adj. EBITDA calculated per debt compliance certificate as defined in the Credit Facilities.

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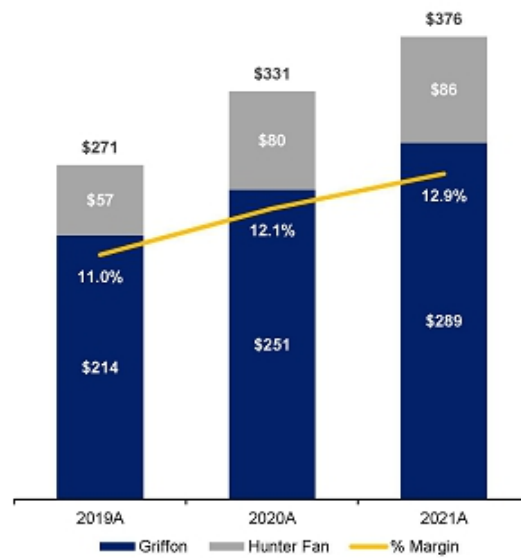
Pro Forma Combined Revenue and EBITDA

(\$ in millions)

Revenue



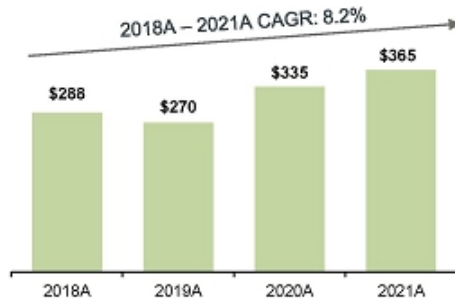
Pro Forma Adj. EBITDA and % Margin



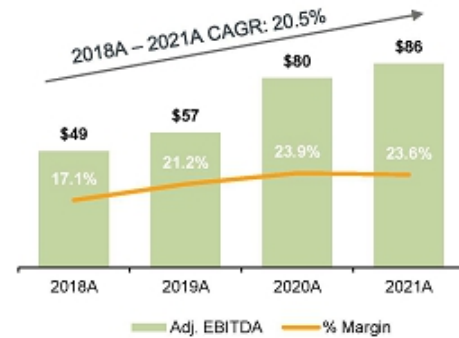
Note: Revenue and Pro Forma Adj. EBITDA includes Telephonics. Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures shown. For reconciliation of Adj. EBITDA to Income before Taxes from Continuing Operations, or Net Income, as appropriate, see pages 52-53. Griffon Adj. EBITDA calculated per debt compliance certificate as defined in the Credit Facilities.
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Hunter Fan Historical Operating Performance

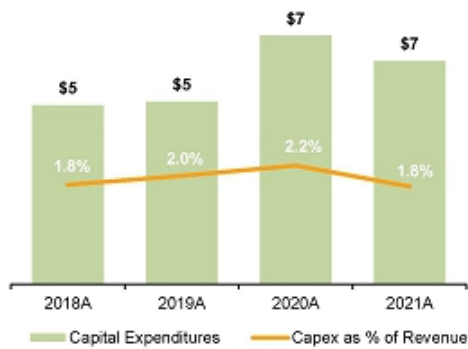
Revenue



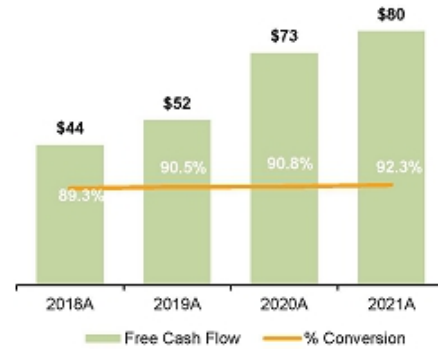
Adj. EBITDA¹ and % Margin



Capital Expenditures and Capex as % of Revenue



Free Cash Flow and % Conversion¹



Note: Due to rounding, numbers presented may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures shown.
¹ Free Cash Flow defined as Adj. EBITDA minus Capital Expenditures. Free Cash Flow Conversion defined as Free Cash Flow divided by Adj. EBITDA. For reconciliation of Adj. EBITDA to Income before Taxes from Continuing Operations, or Net Income, as appropriate, see pages 52-53.
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Appendix

Aggressive leverage reduction

- ✓ Griffon portfolio realignment completed in Q3 FY18 has resulted in significant improvement in free cash flow performance
- ✓ Leverage reduced by 2.8x over three years
- ✓ Improvement driven by organic sales growth and margin expansion, resulting in free cash flow greater than net income
- ✓ Year over year improvement consistent through seasonal cash generation (Q3 and Q4) and usage (Q1 and Q2) cycle
- ✓ August 2020 equity offering of 8.7 million shares realized \$178MM in proceeds

Balance sheet positioned for growth

- ✓ \$1.0 billion of senior notes with maturity of 2028
- ✓ Revolving credit facility of \$400MM with \$100MM accordion feature; revolver maturity in 2025
- ✓ Ample liquidity

Net Debt / Adjusted EBITDA



Griffon Revenue Reconciliation

(\$ in millions)	Year Ending September			
	2018	2019	2020	2021
Consumer and Professional Products	\$954	\$1,001	\$1,139	\$1,230
Home and Building Products	698	874	927	1,041
Revenue	\$1,652	\$1,874	\$2,067	\$2,271
Add: Defense Electronics	326	335	341	271
Revenue including Defense Electronics	\$1,978	\$2,209	\$2,408	\$2,542

Note: Due to rounding, numbers presented may not add up precisely to the totals provided.

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Griffon Adjusted EBITDA Reconciliation

(\$ in millions)	Year Ending September			
	2018	2019	2020	2021
Income before taxes from continuing operations	\$8	\$46	\$69	\$111
Acquisitions Costs	8	--	3	--
Cost of life insurance benefits	3	--	--	--
Secondary equity offering costs	1	--	--	--
Special dividend ESOP charges	3	--	--	--
Acquisition contingent consideration	--	(2)	(2)	--
Loss from debt extinguishment	--	--	8	--
Restructuring Charges	--	--	14	21
Depreciation & Amortization	45	52	52	52
Net Interest Expense	64	68	66	63
Reported Adj. EBITDA	\$132	\$164	\$209	\$248
Segment Adj. EBITDA:				
Consumer and Professional Products	77	91	104	116
Home and Building Products	100	120	154	181
Defense Electronics	36	35	25	20
Subtotal	\$213	\$246	\$283	\$317
Less: Defense Electronics	(36)	(35)	(25)	(20)
Segment Adj. EBITDA:	\$177	\$211	\$258	\$297
Defense Electronics	36	35	25	20
Stock and ESOP based Compensation	10	15	18	20
Less: Corporate Expenses (less Depreciation)	(45)	(46)	(47)	(48)
Pro Forma Adjustments	13	--	(2)	--
Compliance Adj. EBITDA	\$191	\$214	\$251	\$289
Less: Capital Expenditures	50	45	49	47
Free Cash Flow¹	\$141	\$169	\$202	\$242

Note: Due to rounding, numbers presented may not add up precisely to the totals provided.

¹Free Cash Flow defined as Compliance Adj. EBITDA minus Capital Expenditures.

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Hunter Adjusted EBITDA Reconciliation

(\$ in millions)	Year Ending October			
	2018	2019	2020	2021
Net Income	\$5	\$3	\$22	\$3
Interest, net	19	20	23	31
Income Taxes	6	7	9	5
Depreciation and Amortization	19	18	18	18
EBITDA, as reported	\$49	\$47	\$71	\$57
Adjustments:				
Audit to internal variances	--	1	1	1
Discontinued Ops and FY19 Pro-forma Items	--	5	2	0
Management Fees, Distributions, and Refinancing	--	1	5	29
Non-recurring Projects	--	1	1	3
CFO Transition and M&A	--	1	2	0
Run-rate Pension Costs	--	1	1	0
Bonus Normalization	--	1	1	(0)
Diligence and Other Adjustments	--	1	(3)	(5)
Total Adjustments	\$--	\$10	\$9	\$29
EBITDA, Diligence Adjusted	\$49	\$57	\$80	\$86
Less: Capital Expenditures	5	5	7	7
Free Cash Flow¹	\$44	\$52	\$73	\$80

Note: Due to rounding, numbers presented may not add up precisely to the totals provided.
¹Free Cash Flow defined as Diligence Adj. EBITDA minus Capital Expenditures.

Hunter Fan 2020-2021 Balance Sheet



MIDOCHEAN HUNTER HOLDINGS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS October 29, 2021 and October 30, 2020 (Dollars in thousands, except per share data)

	2021	2020
ASSETS		
Current assets:		
Cash	\$ 30,525	\$ 26,562
Accounts receivable (less allowance for doubtful accounts and sales returns of \$2,419 and \$3,950, respectively)	52,520	67,699
Inventories, net	83,292	52,880
Income taxes receivable	1,565	-
Prepaid expenses and other current assets	7,609	6,649
Total current assets	175,511	153,790
Property and equipment, net	15,990	14,896
Goodwill, net	22,613	32,903
Intangible assets, net	11,461	13,602
Long-term deferred tax asset, net	1,700	1,868
Long-term assets of discontinued operations	198	198
Other noncurrent assets	2,949	2,797
Total assets	\$ 230,322	\$ 220,054
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 25,462	\$ 26,540
Accrued expenses	25,073	31,883
Income taxes payable	-	1,315
Current portion of long-term debt	4,250	5,200
Current liabilities of discontinued operations	307	310
Total current liabilities	55,092	65,248
Long-term liabilities:		
Long-term debt, less current portion	411,469	231,642
Other long-term liabilities, less current portion	892	893
Pension and other postretirement benefit obligations	6,489	12,086
Long-term liabilities of discontinued operations	347	347
Total long-term liabilities	419,197	244,968
Stockholders' equity (deficit):		
Common stock, \$0.01 par value, 200,000 shares authorized, 99,131 and 99,131 shares issued and outstanding (net of 2,871 shares held in treasury) at October 29, 2021 and October 30, 2020	1	1
Series A preferred stock, \$0.01 par value, 10,000 shares authorized, and 0 shares issued and outstanding at October 29, 2021 and October 30, 2020	-	-
Additional paid-in capital	-	97,675
Reduction for carryover of predecessor cost basis	-	(22,711)
Accumulated deficit	(241,115)	(159,026)
Accumulated other comprehensive loss	(2,853)	(6,121)
Total stockholders' deficit	(243,967)	(90,162)
Total liabilities and stockholders' deficit	\$ 230,322	\$ 220,054

Hunter Fan 2020-2021 Income Statement



MIDOCAN HUNTER HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
October 29, 2021 and October 30, 2020
(Dollars in thousands, except per share data)

	2021	2020
Net sales	\$ 365,235	\$ 334,740
Cost of sales	<u>201,150</u>	<u>186,509</u>
Gross profit	164,085	148,231
Warehousing and logistics	23,758	19,247
Selling, general, and administrative expenses	47,947	47,866
Research and development	10,714	9,287
Amortization of intangibles and goodwill	12,431	12,761
Other (income)/expenses:		
Interest expense	31,240	22,656
Management fees and advisory services	1,094	1,137
Interest income	(11)	(11)
Other	<u>28,632</u>	<u>3,976</u>
Total other expenses	60,955	27,758
Income from continuing operations before income tax and discontinued operations	8,280	31,312
Income tax expense	<u>4,853</u>	<u>9,070</u>
Income from continuing operations	3,428	22,242
Net loss from discontinued operations – (net) of tax benefit of \$7 and \$191	<u>(18)</u>	<u>(519)</u>
Net income	3,410	21,723
Other comprehensive income (loss), net of tax:		
Foreign currency translation (net of tax of \$148 and \$231)	401	(625)
Foreign currency exchange contract (net of tax of \$264 and \$620)	<u>(712)</u>	<u>1,676</u>
Foreign currency	(311)	1,051
Pension liability adjustments:		
Net gain (loss) (net of tax benefits of \$1,170 and \$647)	3,141	(1,751)
Amortization of prior service cost (net of tax benefits of \$3 and \$3)	7	7
Amortization of net loss (net of tax benefits of \$143 and \$168)	<u>411</u>	<u>454</u>
Pension liability adjustments	<u>3,559</u>	<u>(1,290)</u>
Total other comprehensive income (loss)	3,248	(239)
Comprehensive income	<u>\$ 6,658</u>	<u>\$ 21,484</u>

Note: Hunter Fan, as allowed under private company accounting, elects to amortize its goodwill.

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Hunter Fan 2020-2021 Cash Flow Statement

MIDCOAST HUNTER HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
October 29, 2021 and October 30, 2020
(Dollars in thousands, except per share data)

	2021	2020
Cash flows from continuing activities:		
Net income	\$ 3,410	\$ 21,723
Net loss from discontinued operations	18	519
Net income from continuing operations	3,428	22,242
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	5,480	5,011
Amortization of goodwill and intangibles	12,431	12,761
Amortization of original issue discount	294	-
Amortization of deferred financing costs	2,006	2,441
Write-off of unamortized deferred financing costs	3,926	-
Loss on disposal of property and equipment	9	63
Deferred income taxes	(1,033)	(202)
Share-based compensation expense	-	5
Change in assets and liabilities (net of business acquired):		
Accounts receivable	15,179	(23,933)
Inventories	(30,412)	(15,788)
Accounts payable	(1,079)	9,398
Other assets and liabilities	(11,401)	13,373
Net cash from operating activities from continuing operations	(1,172)	25,371
Net cash from operating activities from discontinued operations	(18)	(519)
Net cash from operating activities	(1,190)	24,852
Cash flows from investing activities:		
Proceeds from sale of property and equipment	7	93
Expenditures for property and equipment net of proceeds	(6,591)	(7,339)
Net cash from investing activities	(6,584)	(7,246)
Cash flows from financing activities:		
Dividend payment	(160,463)	(61,241)
Common stock redemption	-	(1,007)
Repayments of term loan	(329,739)	(4,900)
Proceeds from borrowing term loan	510,750	-
Financing cost payment	(8,811)	(2,134)
Repayments of borrowings under revolving credit facility	(34,000)	(14,000)
Proceeds from borrowings under revolving credit facility	34,000	14,000
Net cash from financing activities	11,737	(9,282)
Net increase in cash	3,963	8,324
Cash and cash equivalents - beginning of year	26,562	18,238
Cash and cash equivalents - end of year	\$ 30,525	\$ 26,562
Supplemental disclosures of cash flow information:		
Interest paid	\$ 26,844	\$ 18,599
Income taxes paid	\$ 9,425	\$ 8,796

Hunter Fan 2018-2019 Balance Sheet



MIDOCHEAN HUNTER HOLDINGS, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS Years Ended November 1, 2019 and November 2, 2018 (Dollars in thousands, except per share data)

ASSETS	2019	2018
Current assets:		
Cash	\$ 18,238	\$ 5,890
Accounts receivable (less allowance for doubtful accounts and sales returns of \$858 and \$670, respectively)	43,768	49,772
Inventories, net	37,092	38,524
Prepaid expenses and other current assets	5,013	5,561
Total current assets	104,109	99,747
Property and equipment, net	12,723	11,977
Goodwill, net	43,453	49,572
Intangible assets, net	16,074	18,728
Long-term deferred tax asset, net	1,577	750
Long-term assets of discontinued operations	198	198
Other noncurrent assets	2,340	1,686
Total assets	\$ 180,474	\$ 182,658
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Accounts payable	\$ 17,143	\$ 18,160
Accrued expenses	17,749	18,459
Income taxes payable	1,131	1,401
Current portion of long-term debt	4,000	4,279
Current liabilities of discontinued operations	310	330
Total current liabilities	40,333	42,629
Long-term liabilities:		
Long-term debt	177,435	179,699
Other long-term liabilities, less current portion	893	893
Pension and other postretirement benefit obligations	10,869	9,414
Long-term liabilities of discontinued operations	347	347
Total long-term liabilities	189,544	190,353
Stockholders' equity (deficit):		
Common stock, \$0.01 par value, 200,000 shares authorized, 98,146 shares issued and outstanding (net of 1,854 shares held in treasury)	1	1
Series A preferred stock, \$0.01 par value, 10,000 shares authorized, and 0 shares issued and outstanding at November 1, 2019 and November 2, 2018	-	-
Additional paid-in capital	98,677	98,938
Reduction for carryover of predecessor cost basis	(22,711)	(22,711)
Accumulated deficit	(119,508)	(122,110)
Accumulated other comprehensive loss	(5,862)	(4,442)
Total stockholders' deficit	(49,403)	(50,324)
Total liabilities and stockholders' deficit	\$ 180,474	\$ 182,658

Hunter Fan 2018-2019 Income Statement



MIDOCEAN HUNTER HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
Years Ended November 1, 2019 and November 2, 2018
(Dollars in thousands, except per share data)

	2019	2018
Net sales	\$ 269,618	\$ 288,171
Cost of sales	<u>159,075</u>	<u>175,673</u>
Gross profit	110,543	112,498
Warehousing and logistics	17,183	16,943
Selling, general, and administrative expenses	40,111	42,036
Research and development	9,221	7,972
Amortization of intangibles and goodwill	12,880	13,342
Other (income)/expenses:		
Interest expense	19,613	19,223
Management fees and advisory services	1,121	1,194
Interest income	(28)	(27)
Other	<u>602</u>	<u>558</u>
Total other expenses	21,308	20,948
Income from continuing operations before income tax and discontinued operations	9,840	11,257
Income tax expense	<u>7,162</u>	<u>6,056</u>
Income from continuing operations	2,678	5,201
Loss from discontinued operations – net of tax of \$28 and \$20	<u>(76)</u>	<u>(48)</u>
Net income	2,602	5,153
Other comprehensive income (loss), net of tax:		
Foreign currency translation (net of tax of \$140 and \$215)	321	207
Foreign currency exchange contract (net of tax of \$15 and \$93)	<u>39</u>	<u>(226)</u>
Foreign currency	360	(19)
Pension liability adjustments:		
Net gain (loss) (net of tax benefits of \$610 and \$1,040)	(2,002)	116
Amortization of prior service cost (net of tax benefits of \$3 and \$3)	7	6
Amortization of net loss (net of tax benefits of \$80 and \$150)	<u>215</u>	<u>360</u>
Pension liability adjustments	<u>(1,780)</u>	<u>482</u>
Total other comprehensive income (loss)	<u>(1,420)</u>	<u>463</u>
Comprehensive income	<u>\$ 1,182</u>	<u>\$ 5,616</u>

Note: Hunter Fan, as allowed under private company accounting, elects to amortize its goodwill.

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Hunter Fan 2018-2019 Cash Flow Statement



MIDOCEAN HUNTER HOLDINGS, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENT OF CASH FLOWS November 1, 2019 and November 2, 2018 (Dollars in thousands, except per share data)

	2019	2018
Cash flows from continuing activities:		
Net income	\$ 2,602	\$ 5,153
Net loss from discontinued operations	76	48
Net income from continuing operations	2,678	5,201
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation	4,674	5,436
Amortization of goodwill and intangibles	12,880	13,342
Amortization of deferred financing costs	1,456	1,456
Loss on disposal of property, plant and equipment	-	25
Deferred income taxes	(827)	634
Share-based compensation expense	5	137
Change in assets and liabilities (net of business acquired):		
Accounts receivable	6,061	(13,007)
Inventories	1,780	(3,271)
Accounts payable	(1,017)	(179)
Other assets and liabilities	(1,431)	(1,714)
Net cash from operating activities from continuing operations	26,259	8,060
Net cash from operating activities from discontinued operations	(96)	(248)
Net cash from operating activities	26,163	7,812
Cash flows from investing activities:		
Expenditure for acquisition	(4,155)	-
Expenditures for property and equipment net of proceeds	(5,394)	(5,290)
Net cash from investing activities	(9,549)	(5,290)
Cash flows from financing activities:		
Dividend payment	-	(3)
Common stock redemption	(266)	(110)
Repayments of term loan	(4,000)	(11,424)
Repayments of borrowings under revolving credit facility	(22,000)	(26,500)
Proceeds from borrowings under revolving credit facility	22,000	26,500
Net cash from financing activities	(4,266)	(11,537)
Net increase (decrease) in cash	12,348	(9,015)
Cash and cash equivalents - beginning of year	5,890	14,905
Cash and cash equivalents - end of year	\$ 18,238	\$ 5,890
Supplemental disclosures of cash flow information:		
Interest paid	\$ 17,815	\$ 17,918
Income taxes paid	\$ 7,848	\$ 6,149