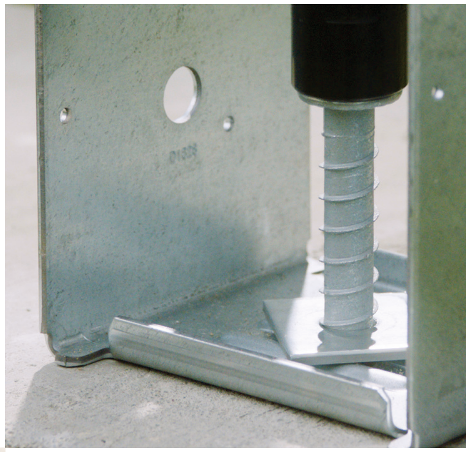
2023



Growth by Design

Simpson Manufacturing Co., Inc.
Annual Report

Growth by Design

Simpson Strong-Tie is a company with a unique, time-tested and resilient business model. This model is grounded in our strong company values and has served us well for better than 67 years. It consists of continual product innovation, industry-leading technology, a diverse portfolio of solutions, and an unrivaled dedication to quality, service and relationship-building on behalf of our customers and communities.

The model starts with an essential passion for service, and that's the source of its integrity and strength. It has rewarded us with sustained business growth, staunch customer loyalty, and steady leadership within our industry.

Ultimately, our success depends on our people. Our business model wouldn't work without all the talented and conscientious individuals who, together, create our unique culture.


SIMPSON
Strong-Tie
Brandon
SIMPSON
Strong-Tie

To our stockholders, customers, and employees

For more than 67 years, Simpson Strong-Tie has dedicated itself to our company mission of helping people design and build safer, stronger structures.

This mission aligns with our strong business model, which is anchored in values of innovation, quality, service and community. The model comprises several enduring commitments: to a diverse and growing portfolio of product and software solutions; to strong, longstanding relationships with our customers and partners; to rigorous research, innovation and testing; to best-in-class field support, expertise and customer training; to industry-leading product availability and delivery; and to supporting and developing the construction industry and our communities. This approach drives our business growth and continues to cement our market leadership position.

Commitments must inspire action to be effective, and none of our achievements would have been possible without the passion, creativity and initiative of our world-class employees. Our people are truly the “secret sauce” of our success.

Financial and Operational Execution

Despite a lower number of housing starts across the US, our industry position and growth strategies continued to deliver above-market growth and strong profitability in 2023, with $2.2 billion in annual net sales, a 21.5% operating income margin and $8.26 of earnings per diluted share.

These sales achievements were reflected in share gains across all our product lines and end markets. The ongoing integration of ETANCO — along with their consistently high performance — has strengthened our European operations and improved our competitive position there.

We continue to actively pursue the Company Ambitions we unveiled in 2021:

1. Strengthening our values-based culture
2. Being the partner of choice
3. Being an innovative leader in the markets where we operate
4. Above-market growth relative to US housing starts
5. Operating income margin within the top quartile of our proxy peers
6. Integrating ETANCO and returning our return on invested capital (ROIC)[1] to be within the top quartile of our proxy peers

In addition to advancing our financial ambitions as reflected in our strong performance, we launched more products in 2023 than ever before. This demonstrates our commitment to innovation and our dedication to meeting customer needs as they evolve across our five end-use markets. To achieve our ambition to be the partner of choice, for which we were rewarded with multiple supplier-of-the-year awards, we opened several new warehouse, training and distribution hubs in the US, greatly expanding the range of products available for next-day delivery. Most vitally, we’ve continued to strengthen our values-based company culture by expanding employee development and recognition efforts, further engaging the next level of leadership and finding more ways to have consistent, transparent communication with all employees.

Capital Investments, Stockholder Value

We generated cash flow from operations of $429.6 million in 2023, enabling significant investments to boost efficiencies, drive productivity, expand our salesforce and enhance our service levels in support of continued growth. Additionally, we are expanding our branch in Columbus, Ohio, and are in the early construction phases with a new fastener manufacturing facility in Gallatin, Tennessee. We’ve also utilized cash flow to continue repaying debt incurred for the ETANCO acquisition. Our robust cash flow further enables us to continue returning capital to

"Three of the core Company Values we inherited from our founder, Barclay Simpson, are Everybody Matters, Enable Growth and Give Back. We take these principles seriously."

stockholders via $45.5 million in quarterly cash dividends and the repurchase of $50 million of common stock in 2023. Over the past three years, we've paid $130.7 million in dividends and repurchased $152.7 million of our common stock, resulting in approximately 36.2% of free cash flow returned to our stockholders. Further, our solid operational execution and returns to stockholders helped us achieve a strong ROIC[(1)] of 17.2% for the 2023 fiscal year.

Board of Directors Transition

There will be a transition on our Board of Directors during 2024, as two members, Jennifer Chatman and Robin MacGillivray, will retire after 20 years of service. We thank them for their insight and commitment, and wish them the best in their ensuing chapters. In anticipation of their retirement, we welcomed Chau Banks and Felica Coney to our board in 2023.

Building a Healthy, Equitable and Sustainable Future

Three of the core Company Values we inherited from our founder, Barclay Simpson, are Everybody Matters, Enable Growth and Give Back. We take these principles seriously. We strive to ensure our business culture and practices promote health and safety; diversity, equity, and inclusion (DEI); and a rewarding work environment for our employees across the globe. The chief public measure of these commitments is our Environmental, Social, and Governance (ESG) Report, published annually since 2021 with new goals and metrics accompanied by a new microsite in 2023. Beyond the report, we've adopted an explicit and comprehensive company Environmental, Health, and Safety policy. We've also developed a competency program to provide resources for employees interested in advancing their careers with the company. Additionally, we work to strengthen the social and economic future by supporting efforts to train and develop new generations of workers in the construction trades, through our partnership with Building Talent Foundation, Habitat for Humanity and other organizations.

On behalf of everyone at Simpson Manufacturing, we thank all our loyal customers, employees, suppliers and stockholders for your enduring support.

Sincerely,

Michael L. Olosky
President and Chief Executive Officer

James Andrasick
Non-Executive Chairman of the Board of Directors

1. When referred to above, the Company's return on invested capital (ROIC) for a fiscal year is calculated based on (i) the net income of that year, as presented in the Company's consolidated statements of operations prepared pursuant to generally accepted accounting principles (GAAP) in the US, as divided by (ii) the average of the sum of total stockholders' equity and total long-term debt at the beginning of and at the end of such year, as presented in the Company's consolidated balance sheets prepared pursuant to GAAP for that applicable year. As such, the Company's ROIC, a ratio or statistical measure, is calculated using exclusively GAAP financial measures.

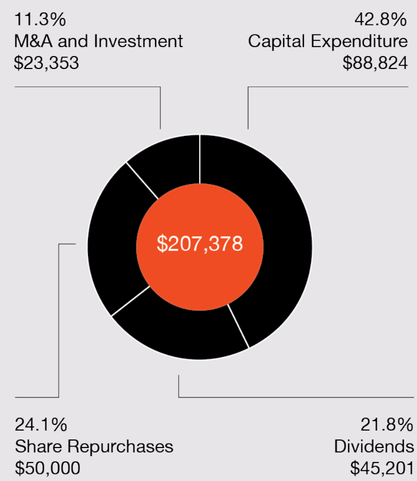
Financial Highlights

	2023	2022	% Change
Net Sales	$2,213,803	$2,116,087	4.6%
Income from Operations	$475,149	$459,067	3.5%
Net Income	$353,987	$333,995	6.0%
Diluted Earnings per Share	$8.26	$7.76	6.4%
Total Assets	$2,704,724	$2,503,971	8.0%
Stockholders' Equity	$1,679,746	$1,413,379	18.8%
Common Shares Outstanding	42,323	42,560	(0.6)%
Number of Employees	5,497	5,153	6.6%

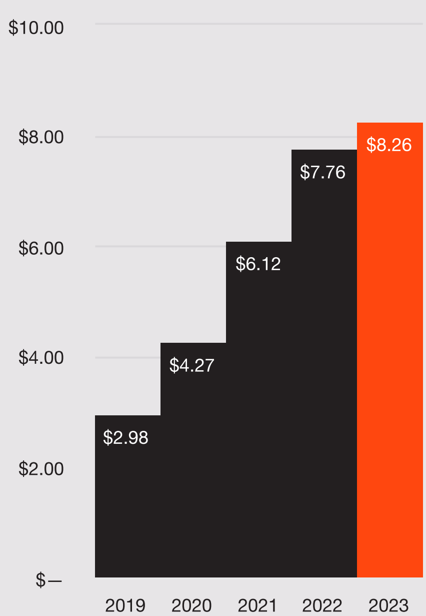
Dollars in thousands except per-share amounts.

2023 Capital Allocation

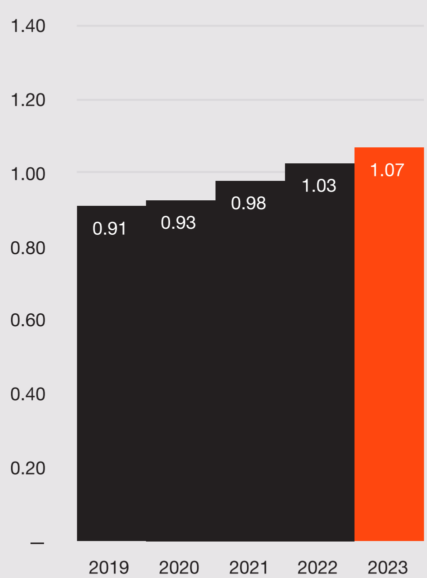
Dollars in thousands



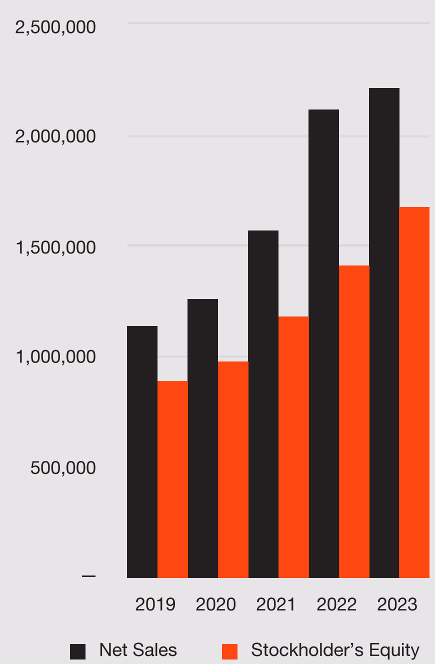
Earnings per share



Dividends per share



Net Sales and Stockholder's Equity



Expansive Solutions

Simpson Strong-Tie is committed to providing complete solutions for the customers we serve in the construction industry. We offer an increasingly diverse portfolio of products, software and service in five key markets — residential, commercial, original equipment manufacturing (OEM), national retail and component manufacturers. Many of these products are fully integrated with design and specification tools we've developed for a wide range of applications. Strategic business acquisitions and industry alliances also allow us to broaden our product offering and support more customers across North America, Europe and other regions of the world. All of these growth initiatives work toward fulfilling our company mission: We provide solutions that help people design and build safer, stronger structures.

The first full year after acquiring **ETANCO** has shown continued growth. The acquisition included **Friulsider**, an Italy-based company that provides anchors, screws, bolts and other fastener solutions, which has helped to expand our presence across Europe.

We continue to broaden our range of solutions for all customers, including providing them with technology and equipment. Our new **EasyFrame** automated marking and cutting system helps lumberyards and component manufacturers with their operations and productivity while also helping to solve challenges posed by the industry labor shortage.

Mass timber construction also saw upward momentum in 2023. Cross-laminated timber and structural solutions developed by Simpson Strong-Tie were used to build the 85,500-square-foot Founders Hall at the University of Washington.

As part of our ongoing commitment to research and testing, we collaborated with eight universities in the **NHERI TallWood Project**. Touted as the tallest wood structure ever tested on an earthquake shake table, a full-scale, 10-story mass timber building was subjected to more than 100 seismic tests. Simpson Strong-Tie connectors and fasteners were used throughout the project along with a new, lateral rocking wall system that was designed to minimize damage and be quickly repairable after earthquakes.

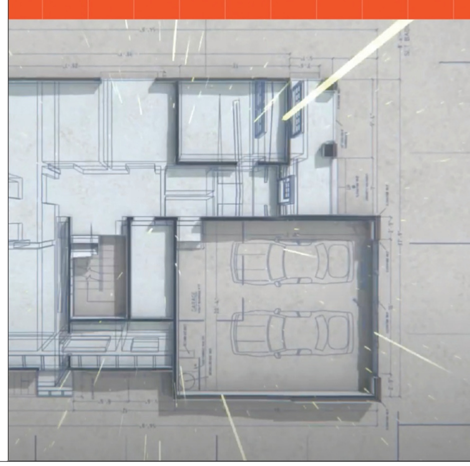
Perpetual Innovation

In our ongoing drive to progress and address customer needs, Simpson Strong-Tie remains dedicated to research and innovation. Our solutions are shaped by a product development team with hundreds of engineers who conduct rigorous, real-world testing at nine laboratories. We also collaborate with academic institutions and other industry partners to advance the entire construction business. These efforts result in proven solutions, new productivity tools, smart design software and strategic service enhancements that enable us to continue supporting customers holistically while propelling our overall growth.

We launched **over 50 new products** in 2023, representing an increase of approximately 25 percent over the previous year.

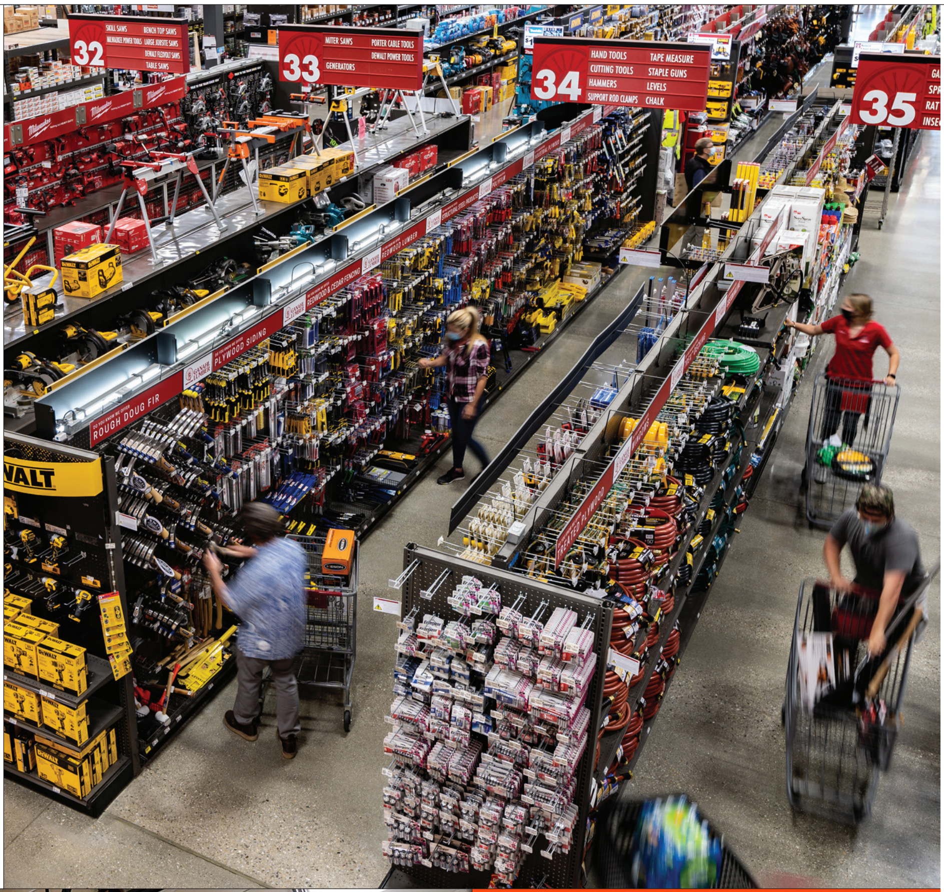
Our new **Quik Drive® Timber Drive™** structural fastening system received the 2023 Pro Tool Innovation Award in the Drills/Drivers Attachments category. This revolutionary tool is ideal for heavy-duty jobs that require repetitive fastening, such as decks, docks, boardwalks, piers and flooring.

In July, we expanded our line of concrete products with our **AT-3G™** all-weather hybrid-acrylic anchoring adhesive. It's engineered to deliver a faster-curing, high-strength bond for cracked and uncracked concrete.



Continuing our push into collaborative software, the latest from **Pipeline™** delivers a cloud-based material management and dynamic estimating software solution that helps builders automate and manage their preconstruction workflows. By capturing elevation/option combinations, the tool allows users to create both master and site-specific bills of materials with integration to back-office systems.

Signifying our focus on dealer service and support, **two regional leaders** joined the Simpson Strong-Tie family in 2023. Combined, these dealers operate more than 22 lumberyards across six states.



This fall, we opened **three warehouse facilities** in Seattle, Denver and Salt Lake City, adding 230,000 square feet of inventory space and strengthening our US supply chain by significantly expanding the range of products available for next-day delivery in these regions.

230K

Square footage added to inventory space

Immersive Service

The service we provide to engineers, builders, distributors, retailers, contractors and DIYers is a key component of the success they achieve using our products. As reliable as the solutions they develop, the people of Simpson Strong-Tie are known throughout the industry for delivering product and technical expertise whenever and wherever it is needed. Field support, advanced digital tools and certified training make it easy for customers to specify, buy and install our products. In addition to our field and inside sales representatives, we support customers with numerous training workshops each year. Our service ethic also extends to ensuring dependable product availability. Multiple, shorter distribution channels across the country allow us to supply products directly to customers with greater speed and efficiency.

As part of **Lowe's 2023 Vendor Partner of the Year awards**, Simpson Strong-Tie was honored to be named a divisional winner in the building products category. This was one of several awards the company received from our customers for exceptional service.

Enduring Relationships

Through almost seven decades in the industry, we've committed ourselves to building strong, lasting relationships based on the quality of our products, our tireless customer service, and our innovative problem-solving. We work closely with architects, structural engineers, builders, contractors, building officials, lumberyards, suppliers and academic researchers to help the industry design and build stronger, safer structures and improve construction practices. These connections nourish and strengthen us — by sharing our expertise with industry partners, we also continue to learn and benefit from them.

We remain the leading provider of **code-listed structural products** to the construction industry. Our customers include almost all the top builders in the US, ensuring that our solutions are a part of virtually every new housing start.

Frequent communication and engagement are a vital part of building and maintaining relationships. In 2023, we met and trained more than 15,000 engineers, contractors and other construction professionals, adding value to their business while forging stronger ties to ours.

15K

Industry professionals trained

Our relationships with our largest **retail customers** — including many of the most-recognized names in the industry — have flourished and grown for more than 30 years, extending our brand presence and strengthening our market position.

Uplifting Outreach

One of our nine company values that was particularly dear to our founder and that remains so to our employees is number 8, “Give Back.” Barc Simpson was a dedicated philanthropist, and he inspired us to see ourselves as part of a larger community.

Housing and the industry that provides it are a major focus of our giving. We have a deep commitment to education in the building trades, and we partner closely with organizations and customers that provide training and career opportunities to attract more people to the industry and alleviate labor shortages. We donate more than a million dollars in money and products each year as well as hundreds of volunteer hours.

In 2023, we renewed our strategic alliance with **Building Talent Foundation** to help educate, train and develop young people looking at careers in the construction trades, pledging another $900,000 to the foundation over the next three years.

$900K

Pledged to Building Talent Foundation

In the wake of the catastrophic wildfires in Maui, we donated $100,000 to the **Red Cross** and dedicated our annual employee **Do What You Can Day** to assembling disaster relief packages for those affected by the fires.

In June, we joined forces with **KB Home**, the sixth-largest US builder, and **Sleep in Heavenly Peace**, a nonprofit dedicated to building beds for children in need.
In one day, 65 volunteers from the three organizations built 100 beds for underserved families in Phoenix, Arizona.

For six weeks this summer, we created a social media campaign, **Building It Forward**, to support Habitat for Humanity. For every project photo submitted on Instagram showcasing Simpson Strong-Tie products, the company donated $250 to Habitat for Humanity International, up to $25,000.

Current Officers

Michael Olosky
President and Chief Executive Officer

Brian Magstadt
Chief Financial Officer and Treasurer

Michael Andersen
Executive Vice President, Europe Simpson Strong-Tie Switzerland GmbH

Phil Burton
Executive Vice President, North America Simpson Strong-Tie Company, Inc.

Roger Dankel
Executive Vice President, North American Sales Simpson Strong-Tie Company Inc.

Jeremy Gilstrap
Executive Vice President, Innovation Simpson Strong-Tie Company, Inc.

Jennifer Lutz
Executive Vice President, Human Resources Simpson Strong-Tie Company, Inc.

Cassandra Payton
Executive Vice President, General Counsel

Current Board of Directors

James S. Andrasick[1,2,3,4]
Chairman (retired)
Matson Navigation

Chau Banks[1,2]
Chief Information and Data Officer
The Clorox Company

Jennifer Chatman[2,4]
Paul J. Cortese
Distinguished Professor of Management
Haas School of Business,
University of California, Berkeley

Felica Coney[1,3]
Vice President, Global Serve Operations
Google, Inc.

Gary M. Cusumano[2,3]
Chairman (retired)
The Newhall Land and Farming Company

Philip E. Donaldson[1,3]
Executive Vice President and Chief Financial Officer
Andersen Corporation

Celeste Volz Ford[1,3]
Board Chair
Stellar Solutions, Inc.

Kenneth Knight[1,4]
Chief Executive Officer
Invitae Corporation

Robin Greenway MacGillivray[2,4]
Senior Vice President (retired)
One AT&T Integration — AT&T

Michael Olosky[3]
President and Chief Executive Officer
Simpson Manufacturing Co., Inc.

1. Member of Audit and Finance Committee
2. Member of Compensation and Leadership Development Committee
3. Member of Corporate Strategy and Acquisitions Committee
4. Member of Nominating and ESG Committee

Annual Meeting
The annual meeting of stockholders will take place at 10:00 a.m., Pacific Daylight Time, on Wednesday, May 1, 2024, virtually via live webcast at virtualshareholdermeeting.com/SSD2024.

Stock Listing
Simpson Manufacturing Co., Inc.'s (the "Company's") common stock is traded on the New York Stock Exchange under the ticker "SSD."

Quarterly Stock Data
The table below shows the per-share closing price range of the Company's common stock for the last two years as quoted on the New York Stock Exchange.

	2023			2022		
	High	Low	Close	High	Low	Close
Q1	$114.34	$91.42	$109.64	$135.76	$108.97	$109.04
Q2	$139.63	$103.59	$138.50	$112.44	$88.72	$100.61
Q3	$163.42	$133.27	$149.81	$109.02	$77.01	$78.40
Q4	$200.91	$125.92	$197.98	$95.75	$76.43	$88.66

Form 10-K
The Company's annual report on Form 10-K (which is available in a separate report) and its quarterly and current reports on Forms 10-Q and 8-K are filed with the Securities and Exchange Commission and are available upon request. These reports can also be accessed on the Company's website at ir.simpsonmfg.com.

Investor Relations
ADDO Investor Relations
Investor.relations@strongtie.com
(310) 829-5400
For an investor information package, please call (925) 560-9097.

Transfer Agent & Registrar
Computershare Trust Company N.A.
P.O. Box 30170, College Station, Texas 77842
For stockholder inquiries, please call (877) 282-1168.
computershare.com

Independent Registered Public Accountants
Grant Thornton LLP
101 California Street, Suite 2700, San Francisco, CA 94111

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2023

OR

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

for the transition period from to .

Commission file number: 1-13429

Simpson Manufacturing Co., Inc.

(Exact name of registrant as specified in its charter)

Delaware	**94-3196943**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
5956 W. Las Positas Blvd., Pleasanton, CA	**94588**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(925) 560-9000**

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

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Stock, par value $0.01	**SSD**	**New York Stock Exchange**

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

None

(Title of class)

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 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 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 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. ☒

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 the 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 has elected not to use the extended transition period for complying with the new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act ☐

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 Exchange Act). Yes ☐ No ☒

The aggregate market value of the shares of common stock, par value $0.01 per share, which is the only outstanding class of voting and non-voting equity, held by non-affiliates of the registrant (based on the closing price for the common stock on the New York Stock Exchange on June 30, 2023) was approximately $5,910,175,321.

As of February 22, 2024, 42,467,634 shares of the registrant’s common stock were outstanding.

Documents Incorporated by Reference

Portions of the registrant's definitive Proxy Statement for its 2024 annual meeting of stockholders (the "2024 Annual Meeting") are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such Proxy Statement will be filed with the Securities and Exchange Commission (the "SEC") within 120 days of the registrant's fiscal year ended December 31, 2023.

SIMPSON MANUFACTURING CO., INC.

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NOTE ABOUT FORWARD-LOOKING STATEMENTS

In this filing we make statements concerning our expectations, beliefs, plans, objectives, goals, strategies, and future events or performance. Such statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended "the "Exchange Act"). Forward-looking statements generally can be identified by words such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “target,” “continue,” “predict,” “project,” “change,” “result,” “future,” “will,” “could,” “can,” “may,” “likely,” “potentially,” or similar expressions. Forward-looking statements are all statements other than those of historical fact and include, but are not limited to, statements about future financial and operating results, our plans, objectives, business outlook, priorities, expectations and intentions, expectations for sales and market growth, comparable sales, earnings and performance, stockholder value, capital expenditures, cash flows, the housing market, the home improvement industry, demand for services, share repurchases, our ongoing integration of FIXCO Invest S.A.S ("ETANCO"), our strategic initiatives, including the impact of these initiatives, on our strategic and operational plans and financial results, and any statement of an assumption underlying any of the foregoing.

Forward-looking statements are subject to inherent uncertainties, risks and other factors that are difficult to predict and could cause our actual results to vary in material respects from what we have expressed or implied by these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those expressed in or implied by our forward-looking statements include, the effects of inflation and labor and supply shortages on our operations, the operations of our customers, suppliers and business partners, and our ongoing integration of ETANCO and those discussed under Item 1A. Risk Factors and Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. Additional risks include: the cyclicality and impact of general economic conditions; changing conditions in global markets including the impact of sanctions and tariffs, quotas and other trade actions and import restrictions; the impact of pandemics, epidemics or other public health emergencies; volatile supply and demand conditions affecting prices and volumes in the markets for both our products and raw materials we purchase; the impact of foreign currency fluctuations; potential limitations on our ability to access capital resources and borrowings under our existing credit agreement; restrictions on our business and financial covenants under our credit agreement; reliance on employees subject to collective bargaining agreements; and or ability to repurchase shares of our common stock and the amounts and timing of repurchases, if any.

We caution that you should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law. Readers are urged to carefully review and consider the various disclosures made by us in this report and in our other reports filed with the Securities and Exchange Commission (the "SEC") that advise of the risks and factors that may affect our business.

PART I

Item 1. Business.

Company Background

Simpson Manufacturing Co., Inc. ("Simpson," the "Company," "we," "us," or "our,") through its subsidiaries, including, Simpson Strong-Tie Company Inc. ("SST"), designs, engineers and is a leading manufacturer of structural solutions for wood, concrete, and steel connections. These solutions help customers design and build safer and stronger structures. The Company is relentlessly focused on providing customers the best in-class field support, technical expertise, digital tools, and training. Our research, rigorous testing, and focus on innovation enable us to design cost-effective, high-performing, and easy-to-install solutions for a multitude of applications in wood, steel, and concrete structures. Our products for wood construction are used in light-frame building applications and include connectors, truss plates, screw fastening systems, fasteners and pre-fabricated lateral-force resisting systems. Our products for concrete construction products are used in concrete, masonry and steel building applications and include adhesives, chemicals, mechanical anchors, carbide drill bits, powder actuated tools, fiber reinforced materials, and other repair products used for protecting and strengthening structures. We market our products to the residential construction, commercial construction, original equipment manufacturer ("OEM"), component manufacturers and national retail markets domestically in North America, primarily in the United States, and internationally, primarily in Europe. We also provide engineering services to support and enhance products and specifications of products while growing our offering of digital tools and design, planning and estimating software to facilitate the specification, selection and use of our products. The Company has continuously manufactured structural connectors since 1956 and believes that the Simpson Strong-Tie® brand benefits from strong brand name recognition in residential, light industrial and commercial applications.

Acquisition of ETANCO

As previously disclosed, on April 1, 2022, the Company successfully completed the acquisition of 100% of the outstanding equity interest of FIXCO Invest S.A.S. (together with its subsidiaries, "ETANCO"). ETANCO is a leading designer, manufacturer and distributor of fixing and fastening solutions for the European building and construction market. ETANCO's primary product applications directly align with the addressable markets in which the Company operates, expands our portfolio of solutions, including mechanical anchors, fasteners and commercial building envelope solutions, and significantly increase our market presence across Europe. We continue to believe that the acquisition of ETANCO will support continued growth in our European business, including expansion into new geographies, sales channels and commercial building offerings. For more information, see “Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Sales

The Company attracts and retains customers by designing, manufacturing and selling high quality, high-performing products that are cost-effective and easy for our customers to install. The Company manufactures and warehouses its products in geographic proximity to its markets to help ensure availability and facilitate timely delivery to customers, which enables us to promptly respond to customer requests for specially designed products and services. The Company maintains levels of inventory intended to operate with minimum backlog and fill most customer orders within 24-48 hours. High levels of manufacturing automation and flexibility allow the Company to maintain its high-quality standards while continuing to provide prompt delivery to meet our customers' needs.

The Company intends to continue efforts to increase market share in its geographic markets of North America, Europe, and Asia/Pacific as well as across its broad product range through:

- An increasingly diverse portfolio of products and software, and a commitment to developing complete solutions for the markets we serve;
- Our long-standing reputation, relationships and engagement with engineers, building officials, and contractors to design safer, stronger structures and improve construction standards and practices;
- A dedication to innovation and extensive product engineering along with rigorous research and testing in our nine state-of-the-art labs;
- Striving for best-in-class field support, technical expertise, digital tools, and training to make it easy to select, specify, install and purchase our products;
- Industry-leading product availability and delivery standards on our vast product offering across multiple distribution channels, with typical delivery within 24-48 hours and high fill rates;
- A deep commitment to trades education and partnering with organizations that provide training and career opportunities to attract more people to the construction industry and alleviate labor shortages; and
- Building out or introducing additional solutions and offerings to our end-market customers in the residential, OEM, commercial, national retail, and component manufacturer areas.

Products and Services

Historically, the Company's product lines have encompassed connectors, anchors, fasteners, lateral-force resisting systems, and truss plates, as well as repair and strengthening product lines for the industrial and transportation markets. See "Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Note 19 — Segment Information" to the Company's consolidated financial statements for financial information regarding revenues by product category. The Company has established a presence in Europe through acquisition of companies with existing customer bases, such as the acquisition of ETANCO, and through servicing U.S.-based customers operating in Europe. The Company also distributes connector, anchor, and epoxy products in Canada, Mexico, Chile, Australia, and New Zealand. Additionally, with the acquisition of ETANCO, the Company expanded its product portfolio to include commercial building envelope solutions and significantly increased its market presence across Europe.

Many of the Company's products are code-listed and approved by building code evaluation agencies. To achieve these approvals, the Company conducts extensive product testing, which is witnessed and certified by independent testing laboratories. These tests also provide the basis of load ratings for the Company's structural products. This test and load information is used by architects, engineers, contractors, building officials, and homeowners in selecting our products and comparing them to those of competitors, and is useful across all applications of the Company's products, ranging from the deck constructed by a homeowner to a multi-story structure designed by an architect or engineer.

Structural Products for Wood Construction. The Company produces and markets over 15,000 standard and custom products for wood construction applications. These products are used primarily to strengthen, support and connect wood applications in residential and commercial construction and do-it-yourself ("DIY") projects. The Company's wood construction products contribute to structural integrity and resistance to seismic, wind and gravitational forces. As described below, the Company's wood construction products include:

- *Connectors* - Connectors are prefabricated metal products that attach wood, concrete, masonry or steel together and are essential for tying wood construction elements together and create safer and stronger buildings. Included in this category are connectors, holddowns, and truss connector plates.
- *Fasteners* - The fastening line includes various nails, screws and staples, which are complemented by the Company's multiple screw fastening systems, which are used in numerous applications such as building envelope applications, decking, subfloors, drywall and roofing; and
- *Lateral-Force Resisting Systems* - Lateral-force resisting systems are assemblies used to resist earthquake or wind forces and include pre-fabricated steel and wood shearwalls, Anchor Tiedown Systems (ATS), and yield-link connections for steel moment and braced frames.

Structural Products for Concrete Construction. The Company produces and markets over 3,000 standard and custom products for concrete construction applications. These products are composed of various materials including steel, chemicals and carbon fiber. They are used primarily to anchor, protect and strengthen concrete, brick and masonry applications in industrial, infrastructure, residential, commercial and DIY projects. The Company's product solutions for concrete construction applications contribute to structural integrity and resistance to seismic, wind and gravitational forces. These products are sold in all segments of the Company. As described below, the Company's concrete construction products include:

- *Anchor Products* - Anchor products include adhesives, mechanical anchors, carbide drill bits and powder-actuated pins and tools used for numerous applications of anchoring or attaching elements onto concrete, brick, masonry and steel; and
- *Repair, Protection and Strengthening Products* - Concrete construction repair, protection and strengthening products include grouts, coatings, sealers, mortars, fiberglass and fiber-reinforced polymer systems and asphalt products.

Engineering and Design Services. The Company's engineers not only design and test products, but also provide engineering support for customers in connection with a number of products that the Company manufactures and sells. This support might range from the discussion of a load value in a catalog to testing the suitability of an existing product in a unique application. For the truss product line, the Company's engineers review the output of the Company's software to assist customers in ensuring that trusses are properly designed and specified, and in some instances seal design diagrams. Generally, in connection with any engineering services the Company provides, the Company's engineers serve as a point of reference and support for the customer's engineers and other service professionals, who ultimately determine and are responsible for the engineering approach and design loads for any project.

The growth of the Company’s business, as well as many of its current growth initiatives, have been and are currently facilitated by its current technology and software solutions, as well as its ongoing software development initiatives. The Company has an ever-growing suite of advanced technology tools, including software, to improve operational efficiencies in the building industry. The Company’s early software solutions started by supporting engineers and designers with product selection and specification applications as well as estimating solutions for builders and retailers. The Company strategically expanded its software offerings to enhance collaboration with building industry partners in an effort to streamline workflows, reduce labor time and costs, improve accuracy, support scalability, and increase its profitability. The Company has grown its software solutions to support the growth of many customer groups, such as component manufacturers, builders and lumber yards. The Company has also introduced software applications for the DIY and repair and remodel markets. Whether focusing on residential, commercial, or outdoor structures, the Company’s technology solutions are designed to solve challenges, simplify tasks and provide cost-effective product and design recommendations that ultimately enhance customer efficiency and business success. The Company’s customer-facing software and other technology solutions are anticipated to expand over time to address the growing needs of its end-markets to become a larger portion of the Company’s overall value-added offerings.

Distribution Channels and Markets

The Company seeks to expand existing and identify new distributions channels in the markets it serves and expand into new markets. Presently, the Company primarily serves in three geographic markets, which are also its operating segments, consisting of the North America, Europe and Asia/Pacific segments. The North America segment includes operations primarily in the U.S. and Canada. The Europe segment includes operations primarily in France, the United Kingdom, Germany, Denmark, Switzerland, Portugal, Poland, The Netherlands, Belgium, Spain, Sweden, Norway, Italy and Romania. The Asia/Pacific segment includes operations primarily in Australia, New Zealand, China, Taiwan, and Vietnam. These segments are similar in several ways, including similarities in the products manufactured and distributed, the types of materials used, the production processes, the distribution channels and the product applications.

The Company sells its products through multiple channels, including the following:

- *Dealers.* The Company intends to increase penetration of the residential market by expanding its markets in which it sells products directly to lumber dealers and cooperatives. The Company's sales force maintains ongoing contact with these customers and supports the inventory levels, resets, and displays.
- *Home Centers.* The Company intends to increase penetration of the DIY and contractor customer markets by continuing to expand its product offerings through home centers. The Company’s sales force maintains ongoing contact with home centers to work with them in a broad range of areas, including inventory levels, retail display maintenance and product knowledge training. The Company’s strategy is to ensure that the home center retail stores are fully stocked with adequate supplies of the Company’s products carried by those stores. The Company has further developed extensive bar coding and merchandising aids and has devoted a portion of its research and development efforts to DIY products. The Company’s sales to home centers increased year-over-year in 2023, 2022 and 2021.
- *Wood Component Manufacturers.* The company works directly with wood component manufacturer customers. We continue to develop our software solutions, equipment offerings, and provide better technology solutions increasing our truss connector plate sales as well as other Simpson Strong-Tie core products sales within the component industry.
- *OEM Relationships.* The Company works closely with manufacturers of engineered wood, composite laminated timber and original equipment manufacturers ("OEMs") for off-site construction to develop and expand the application and sales of its engineered wood connector, fastener, anchor, and truss products. The Company has relationships with many of the leaders in these industries. The Company also intends to expand opportunities with the other OEMs where its products complement their offerings.
- *Distributors.* The Company regularly evaluates its distribution coverage and the service level provided by its distributors, and from time to time implement changes. The Company evaluates distributor product mix and conducts promotion to encourage distributors to add the Company's products that complement the mix of their product offerings in their markets.
- *Contractors.* In some markets, the Company sells to a wide range of end customers mainly through direct sales.

New Products

In order to innovate, advance and diversify our product offerings, the Company commits substantial resources to new product development. The majority of SST’s products have been developed through its internal research and development program. The Company believes it is the only U.S. manufacturer with the capability to internally test multi-story wall systems, thus enabling full scale testing rather than analysis alone to prove system performance. The Company’s engineering, sales, product management, and marketing teams work together with architects, engineers, building inspectors, code officials, builders and customers in the new product development process.

The Company’s product research and development is based largely on products or solutions that are identified within the Company, feedback or requests from customers for new or specialty products and in connection with the Company’s strategic initiatives to expand into new markets and/or develop new product lines. The Company’s strategy is to develop new products on a proprietary basis, to seek patents when appropriate and to rely on trade secret protection for others or depending on availability and circumstances, the Company will acquire products or solutions meeting our strategic initiatives.

Since at least 2006, the Company generally develops 15 to 35 new products each year. In 2023, through our research and development efforts, the Company developed over 50 new products expanding its product offerings by adding:

- new connectors and lateral products for wood framing applications;
- new connectors and fasteners for mass timber and offsite constructions;
- connections for structural steel construction;
- new connectors for cold formed steel applications;
- new fastener products and tools for wood construction;
- new mechanical and adhesive anchors for concrete and masonry construction; and
- new repair and strengthening systems for concrete and masonry applications.

By executing on its research and development strategy, the Company intends to continue to expand its product offerings.

The Company provides expertise and resources to offer software solutions and services to builders and lumber building material dealers, and supports efforts to further develop integrated software component solutions for the building industry. The Company also has ongoing development of truss software for the design, modeling and truss plate selection for its integrated component manufacturing customers.

Competition

Simpson is a category creator in the building products space. Our mission is to provide solutions that help people design and build safer, stronger structures. Our products improve the performance and integrity of the structures they are installed in, helping to make those structures more sustainable, and often helping to save lives in times of natural disasters and catastrophe.

Currently, 26 of the top 30 U.S. builders (based on number of housing starts per year) are engaged in our builder program.

We encounter a variety of competitors that vary by product line, end market and geographic area. The Company's competitors include many regional or specialized companies, as well as large U.S. and non-U.S. companies or divisions of large companies. While we do not believe that any single company competes with us across all of our product lines and distribution channels, certain companies compete in one or more product categories and/or distribution channels.

For over 67 years, through Simpson Strong-Tie® brand, we have led the industry in the wood connectors products space and a growing presence in both the concrete and fastener markets in the U.S. and Europe. We’ve successfully increased our market share over the years through:

- designing and marketing end-to-end construction product systems;
- product availability with delivery in typically 24 hours to 48 hours;
- strong customer support and education for engineers, builders, contractors and building officials;
- extensive product testing capabilities at our state-of-the-art test lab;
- strong relationships with engineers that get our products specified on the blueprint and pulled through to the job site; and
- active involvement with code officials to improve building codes and construction practices.

We believe these value-added services are competitive differentiators for us and provide us with a competitive advantage, helping us to achieve industry-leading margins, strong brand recognition and a trusted reputation. We also provide engineering services in support of some of our products and increasingly offer design and other software that facilitates the specification, selection and use of our products. We are also investing in software technology, such as 3D visualization software tools, truss design and specification software and BIM software, in order to drive increased specification and use of our building material products with homeowners, truss component manufacturers, builders and distributors as well as to support our customers with additional solutions and services.

In an effort to help mitigate our exposure to the cyclicality of the U.S. housing market, as well as to respond to the needs of our customers, we’ve made investments over the years in adjacent products such as anchors, fasteners and software solutions and expanded operations into Europe through acquisitions. As a result, the Company is less dependent on U.S. housing starts, though they are still a leading indicator for a portion of our business.

Resources

Raw Materials

The principal raw material used by the Company is steel, including stainless steel. The Company also uses materials such as carbon fiber, fiberglass, mortars, grouts, epoxies and acrylics in the manufacture of its chemical anchoring and reinforcing products. The Company purchases raw materials from a variety of commercial sources. The Company's practice is to seek cost savings and enhanced quality by developing business relationships with and purchasing from a limited number of suppliers.

We purchase steel at market prices, which fluctuate as a result of supply and demand driven by prevailing economic conditions in the marketplace. The steel industry is highly cyclical and prices for the Company's raw materials are influenced by numerous factors beyond the Company's control including geopolitical and macroeconomic factors, supply constraints and supply chain disruptions, foreign currency fluctuations, import tariffs and duties, and unsettled international trade disputes. The steel market continues to be dynamic, with a high degree of uncertainty about future pricing trends. Numerous factors may cause steel prices to increase in the future. In addition to increases in steel prices, steel mills may add surcharges for zinc, energy and freight in response to increases in their costs. See "Item 1A — Risk Factors" and "Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations." The Company historically has not attempted to hedge against changes in prices of steel or other raw materials. However, the Company may purchase and carry more steel or other raw materials in inventory to meet projected sales demand in a tight raw materials market.

Patents, Trademarks and Intellectual Property

Generally, the Company seeks statutory protection for strategic or financially important intellectual property developed in connection with its business. Certain intellectual property, where appropriate, is protected by contracts, licenses, confidentiality or other agreements. From time to time, the Company takes action to protect its businesses by asserting its intellectual property rights against third-party infringers.

The Company's trademarks are registered or otherwise legally protected in the U.S. and many non-U.S. countries where products and services of the Company are sold. The Company may, from time to time, become involved in trademark licensing transactions. Most works of authorship produced for the Company, such as computer programs, catalogs and sales literature, carry appropriate notices indicating the Company's claim to copyright protection under U.S. law and appropriate international treaties.

The Company has U.S. and foreign patents, the majority of which cover products that the Company currently manufactures and markets. These patents, and applications for new and continuation patents, cover various design aspects of the Company's products, as well as processes used in their manufacture. The Company continues to develop new potentially patentable products, product enhancements and product designs as well as acquire patented product. The Company also seeks continuation patents for all pending patents and it is dedicated to securing patents for any new developments. Although the Company does not have plans to apply for additional foreign patents covering existing products, the Company is committed to pursuing intellectual property protection for patentable enhancements as appropriate. The Company has developed an international patent program to protect any innovative new products that it may develop, ensuring its competitive advantage is safeguarded. In addition to seeking patent protection, the Company relies on unpatented proprietary technology to maintain its competitive position. See "Item 1A — Risk Factors."

While the Company believes its intellectual property portfolio is important to its business operations and in the aggregate constitutes a valuable asset, no single patent, trademark, license or other intellectual property, or group of such intellectual property, is critical to the success of the business or any segment.

Seasonality and Cyclicality

Although the Company's sales have been seasonal and cyclical, with operating results varying from quarter to quarter, as a result of the acquisition of ETANCO overall sales are becoming less seasonal. Our sales and income have historically been lower in the first and fourth quarters than in the second and third quarters of a fiscal year, as the Company's customers tend to purchase construction materials in the late spring and summer months for the construction season. Additionally, weather conditions, such as extended cold or wet weather, which affected and sometimes delayed installation of some of our products, would negatively affect our results of operations. Operating results vary from quarter to quarter and with economic cycles.

Although the Company’s sales are also dependent, to a degree, on the North American residential home construction industry, our North America Segment accounted for approximately 78% of our net sales for the fiscal year ended December 31, 2023. As noted above, the same efforts to mitigate the Company's reliance on housing starts have also softened the effects of seasons and adverse weather on the Company's quarterly results. See “Item 1A — Risk Factors” and “Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

Human Capital Resources

Successful execution of our strategy is largely dependent on attracting, developing and retaining key employees and leaders. The skills, experience, industry knowledge, and contributions of our employees significantly benefit our operations and performance. We continuously evaluate, modify, and enhance our internal programs, processes and technologies to increase employee engagement, productivity, and efficiency and provide the opportunities, skills, and resources they need to be successful.

As of December 31, 2023, our employees, including those employed by consolidated subsidiaries, by region were approximately:

Asia Pacific	668
Europe	1,555
North America	3,274
	5,497

Inclusion and Diversity

Our commitment to diversity and inclusion starts at the top with a highly skilled and diverse board. We strive to have a diverse culture of employees representing different genders, ages, ethnicities and abilities by implementing thoughtful, customized solutions and programs.

As of December 31, 2023, we had the following global gender demographics:

	Women	Men	Not Disclosed
All employees	22%	69%	9%
Individual Contributors	22%	68%	10%
Middle Management	19%	74%	7%
Senior Leadership	19%	81%	—%

As of December 31, 2023, our U.S. employees had the following race and ethnicity demographics:

	All U.S. Employees	Individual Contributors	Middle Management	Senior Leadership
American Indian or Alaska Native	1%	1%	—%	—%
Asian	11%	11%	8%	14%
Black or African American	9%	11%	3%	3%
Hispanic or Latino	19%	20%	9%	—%
Native Hawaiian or Other Pacific Islander	1%	1%	—%	—%
Two or More Races	2%	2%	2%	—%
White	52%	49%	75%	83%
Not disclosed	5%	6%	3%	—%

Talent Development

Our focus on talent development is fundamental to executing our strategy and advancing the development, manufacture, and marketing of innovative products and services. The opportunity to grow and develop skills and abilities, regardless of job role, division, or geographical location is critical to the success of the Company as a global organization. We continually invest in our employees' career growth and provide employees access to a wide variety of learning and development resources, including a suite of online courses for developing both soft and technical skills. Our extraordinary leadership development programs provide employees with training, tools and experiences that are targeted to develop their full leadership potential.

Pay Equity

The Company's compensation philosophy is to attract, retain, motivate, and differentiate employees through its rewards programs. We believe people should be paid for what they do and how they do it, regardless of their gender, race, or other personal characteristics, and we are committed to internal pay equity. Our Board of Directors, through its Compensation and Leadership Development Committee, monitors the relationship between the pay received by our executive officers, and Human Resources monitors the relationship of pay received by all other employees. We believe our compensation philosophy and strategy are strongly aligned with our corporate strategic priorities and our vision for stockholder value creation.

In addition to financial compensation, we offer a health and wellness package to our employees which is designed to provide a range of options that can be personalized to suit their individual and/or family needs. As part of our ongoing commitment to attract, retain, and inspire our workforce in the United States, we provide remote and flexible work options for positions that support remote work. We regularly engage our partners and benefits consultants to ensure our health and wellness package evolves to meet the needs of our diverse workforce both now and in the future.

Workplace Safety and Health

A vital part of our business is providing our workforce with a safe, healthy and sustainable working environment. Our Environmental, Health and Safety program focuses on implementing change through employee observation feedback channels to recognize risk and continuously improve our processes, as well as conducting regular risk reviews and self-audits at our manufacturing facilities around the world to explore new opportunities to reduce potential employee exposure to occupational injuries. Our continuous focus on workplace safety has enabled us to preserve business continuity without sacrificing our commitment to keeping our colleagues and workplace visitors safe.

Labor Relations

As of December 31, 2023, approximately 9% of the Company's employees are represented by labor unions and are covered by collective bargaining agreements. We have two facility locations with collective bargaining agreements covering tool and die craftsmen, maintenance workers, and sheet-metal workers. In Stockton, California, two union contracts will expire in June 2027 and September 2028, respectively. Also, we have two union contracts in San Bernardino County, California that will expire in February 2025 and in June 2026. Based on current information and subject to future events and circumstances, we believe that, even if new agreements are not reached before the existing labor union contracts expire, it is not expected to have a material adverse effect on the Company's ability to provide products to customers or on the Company's profitability. See "Item 1A — Risk Factors."

Available Information

The Company's website address is www.simpsonmfg.com. We file or furnish annual, quarterly and current reports, proxy statements and other information with the SEC. You may obtain a copy of any of these reports, free of charge, on the "Financials - SEC Filling" page of our website, as soon as reasonably practicable after we file such material with, or furnish it to the SEC. Printed copies of any of these materials will also be provided free of charge on request.

Through the "Governance" page of our website, it is also possible to access copies of the charters for our Audit and Finance Committee, Compensation and Leadership Development Committee, Corporate Strategy and Acquisitions Committee and Nominating and ESG Committee, Sustainability Reports, as well as our Corporate Governance Guidelines and Code of Business Conduct and Ethics. Each of these documents is made available free of charge. We intend to disclose on our website any amendment to, or waiver of, any provisions of our Code of Business Conduct and Ethics that apply to any of our directors, executive officers or senior financial officers that would otherwise be required to be disclosed under the rules of the SEC or the New York Stock Exchange (the "NYSE"). The foregoing information regarding our website and its content is for your convenience only. The information contained in or connected to our website is not deemed to be incorporated by reference in this Annual Report or filed with the SEC.

In addition, the SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, where you may obtain a copy of all information we file publicly with the SEC. The SEC website address is www.sec.gov.

Item 1A. Risk Factors.

Investing in our common stock involves a high degree of risk. You should carefully review the following discussion of the risks that may affect our business, results of operations and financial condition, as well as our consolidated financial statements and notes thereto and the other information appearing in this report, for important information regarding risks that affect us. Current global economic events and conditions may amplify many of these risks. These risks are not the only risks that may affect us. Additional risks that we are not aware of or do not believe are material at the time of this filing, may also become important factors that adversely affect our business.

Global and Economic Risks

Global economic conditions, including inflation and supply chain disruptions, could continue to adversely affect our operations.

General global economic downturns and macroeconomic trends, including heightened inflation, capital market volatility, interest rate and currency rate fluctuations, and economic slowdown or recession, may result in unfavorable conditions that could negatively affect demand for our products due to customers decreasing their inventories in the near-term or long-term, reduction in sales due to raw material shortages, reduction in research and development efforts, our inability to sufficiently hedge our currency and raw material costs, insolvency of suppliers and customers and exacerbate some of the other risks that affect our business, financial condition and results of operations. Both domestic and international markets experienced significant inflationary pressures in fiscal year 2023 and inflation rates in the U.S., as well as in other countries in which we operate, are currently expected to continue at elevated levels for the near-term. We may be adversely affected during periods of high inflation, mainly from raw material and labor costs. Inflation could increase our cost of financing, raw materials and labor and could cause our financial results and profitability to decline. In addition, the Federal Reserve in the U.S. and other central banks in various countries have raised, and may again raise, interest rates in response to concerns about inflation, which, coupled with reduced government spending and volatility in financial markets, may have the effect of further increasing economic uncertainty and heightening these risks. Interest rate increases or other government actions taken to reduce inflation could also result in recessionary pressures in many parts of the world.

The impact of public health crises, could have a significant effect on supply and/or demand for our products and services and have a negative impact on our business, financial condition and results of operations.

Global pandemics, such as COVID-19, or other public health crises may adversely affect, among other things, our supply chain and associated costs; demand for our products and services; our operations and sales, marketing and distribution efforts; our research and development capabilities; our engineering, design, and manufacturing processes; and other important business activities. These events could result in significant losses, adversely affect our competitive position, increase our costs, require substantial expenditures and recovery time, make it difficult or impossible to provide services or deliver products to our customers or to receive components from our suppliers, create delays and inefficiencies in our supply chain and result in the need to impose employee travel restrictions. Our operations and those of our suppliers and distributors could be adversely affected if manufacturing, logistics, or other operations in key locations, are disrupted for any reason, such as those described above or other economic, business, labor, environmental, public health, regulatory or political reasons. In addition, even if our operations are unaffected or recover quickly, if our customers cannot timely resume their own operations, they may reduce or cancel their orders, or these events could otherwise result in a decrease in demand for our products.

Changes in government and industry regulatory standards pertaining to health and safety could have a material adverse effect on our business, financial condition or results of operations.

Public health crises, such as the COVID-19 pandemic, and the measures taken in response to such events have in the past negatively impacted, and may again in the future negatively impact, our operations and workforce, as well as those of our partners, customers and suppliers. Additionally, concerns over the economic impact of such events have, from time to time, caused increased volatility in financial and other capital markets. The negative impacts of any such events on business operations and demand for our offerings will depend on future developments and actions taken in response to such events, which may be outside our control, highly uncertain, and cannot be predicted at this time.

Risks Related to Our Business and Our Industry

Business cycles and uncertainty regarding the housing market, economic conditions, political climate and other factors beyond our control could adversely affect demand for our products and services, and our costs of doing business, any of which may harm our business, financial condition and results of operations.

The primary drivers of our North America segment are residential remodeling, replacement activities and housing starts. Accordingly, our business, financial condition and results of operations depend significantly on the stability of the housing and residential construction and home improvement markets, which are affected by conditions and other factors that are beyond our control. These conditions include, but are not limited to:

- uncertainty about the housing and residential construction and home improvement markets;
- consumer confidence and spending;
- unemployment levels;
- foreclosure rates;
- interest rates;
- raw material, logistics and energy costs;
- labor and healthcare costs;
- capital availability, or lack thereof, to builders, developers and consumers;
- unfavorable weather conditions and natural disasters; and
- political or social instability, such as war, or acts of terrorism or other international incidents.

These factors could adversely affect demand for our products and services, and our costs of doing business, and our business, financial condition and results of operations may be harmed. Further, many of our customers in the construction industry are small and medium-sized businesses that are more likely to be adversely affected by economic downturns than larger, more established businesses. Uncertainty about current global economic conditions may cause these consumers to postpone or refrain from spending or may cause them to switch to lower-cost alternative products, which could reduce demand for our products and materially and adversely affect our financial condition and results of operations.

We have a few large customers, the loss of any one of which could negatively affect our sales and profits.

Our largest customers accounted for a significant portion of net sales for the years ended December 31, 2023, 2022, and 2021. A reduction in, or elimination of, our sales to any of these customers would at least temporarily, and possibly on a longer term basis, cause a material reduction in our net sales, income from operations and net income. Such a reduction in or elimination of our sales to any of our largest customers would also increase our relative dependence on our remaining large customers.

In addition, our distributor customers and builders have increasingly consolidated over time, which has increased the material adverse effect risk of losing any one of them and may increase their bargaining power in negotiations with us. These trends could negatively affect our sales and profitability.

Our growth may depend on our ability to develop new products and services and penetrate new markets, which could reduce our profitability.

Our continued growth depends upon our ability to develop additional products, services and technologies that meet our customers' expectations of our brand and quality and that allow us to enter into new markets. Expansion into new markets and the development of new products and services may involve considerable costs and may not generate sufficient revenue to be profitable or cover the costs of development. We might not be able to penetrate these product markets and any market penetration that occurs might not be timely or profitable. We may be unable to recoup part or all of the investments we make in attempting to develop new products and technologies and penetrate new markets. Any of these events could reduce our profitability.

We face significant competition in the markets we serve and we may not be able to compete successfully.

In order to compete effectively we must continue to develop enhancements to our existing products, new products and services on a timely basis that meet changing consumer preferences and successfully develop, manufacture and market these new products, product enhancements and services. There can be no assurance that we will be successful in developing and marketing new products, product enhancements, additional technologies and services. Many of our competitors are dedicating increasing resources to competing with us, especially as our products and services become more affected by technological advances and software innovations. Our inability to effectively compete could reduce the sales of our products and services, which could have a material adverse impact on our business, financial condition and results of operations.

Additionally, our ability to compete effectively in North America depends, to a significant extent, on the specification or approval of our products by architects, engineers, building inspectors, building code officials and customers and their acceptance of our premium brand. If a significant portion of those communities were to decide that the design, materials, manufacturing, testing or quality control of our products is inferior to that of any of our competitors or the cost differences between our products and any competitors are not justifiable, our sales and profits could be materially reduced.

Increases in prices of raw materials and energy could negatively affect our sales and profits.

Steel is the principal raw material used in the manufacture of many of our products. The price of steel has historically fluctuated on a cyclical basis and has often depended on a variety of factors over which we have no control including geopolitical and macroeconomic conditions and currency exchange rates. Import tariffs and/or other mandates also could significantly increase the prices on raw materials that are critical to our business, such as steel. The cost of producing our products is also sensitive to the price of energy.

The selling prices of our products have not always increased in response to raw material, energy or other cost increases, and we are unable to determine to what extent, if any, we will be able to pass future cost increases through to our customers. Increases in prices of raw materials and energy, our inability or unwillingness to pass increased costs through to our customers could materially and adversely affect our financial condition or results of operations.

We depend on third parties for transportation services and the lack of availability of transportation and/or increases in cost could materially and adversely affect our business and operations.

Our business depends on the transportation of both our products to our customers and distributors and the transportation of raw materials to us. We rely on third parties for transportation services of these items, which services are occasionally in high demand (especially at the end of calendar quarters) and/or subject to price fluctuations. Damage or disruption to our supply chain, including transportation and distribution capabilities, could impair our ability to manufacture or sell our products. Failure to take adequate steps to mitigate the likelihood or potential impact of disruptions, or to effectively manage such events if they occur could adversely affect our business or financial results.

If the required supply of transportation services is unavailable when needed, our manufacturing processes may be interrupted if we are not able to receive raw materials or we may be unable to sell our products at full value, or at all. This could harm our reputation, negatively impact our customer relationships and have a material adverse effect on our financial condition and results of operations. In addition, a material increase in transportation rates or fuel surcharges could have a material adverse effect on our profitability.

Expectations relating to environmental, social and governance considerations expose the Company to potential liabilities, increased costs, reputational harm and other adverse effects on the Company's business.

Many governments, regulators, investors, employees, customers and other stakeholders are increasingly focused on environmental, social and governance considerations relating to businesses, including climate change and greenhouse gas emissions, human capital and diversity, equity and inclusion. We make statements about our environmental, social and governance goals and initiatives through information provided on our website, press statements and other communications, including through our Environmental, Social and Governance Report. Responding to these environmental, social and governance considerations and implementation of these goals and initiatives involves risks and uncertainties, including those described under "Forward-Looking Statements," requires investments and are impacted by factors that may be outside our control. In addition, some stakeholders may disagree with our goals and initiatives and the focus of stakeholders may change and evolve over time. Stakeholders also may have very different views on where environmental, social and governance focus should be placed, including differing views of regulators in various jurisdictions in which we operate. Any failure, or perceived failure, by us to achieve our goals, further our initiatives, adhere to our public statements, comply with federal, state or international environmental, social and governance laws and regulations, or meet evolving and varied stakeholder expectations and standards could result in legal and regulatory proceedings against us and materially adversely affect our business, reputation, results of operations, financial condition and stock price.

Risks Related to Our Intellectual Property and Information Technology

We have experienced and may in the future experience delays, outages, cyber-based attacks or security breaches in relation to our information systems and computer networks, which have disrupted and may in the future disrupt our operations and may result in data corruption. As a result, our profitability, financial condition and reputation could be negatively affected. In addition, data privacy statements and laws could subject us to liability.

We depend on information technology networks and systems, including the Internet, to process, transmit and store electronic information. We depend on our information technology infrastructure for electronic communications among our locations around the world and between our personnel and our subsidiaries, customers and suppliers. We collect and retain large volumes of internal and customer, vendor and supplier data, including some personally identifiable information, for business purposes. We also maintain personally identifiable information about our employees. The integrity and protection of our customer, vendor, supplier, employee and other Company data is critical to our business. The regulatory environment governing information, security and privacy laws is increasingly demanding and continues to evolve. Maintaining compliance with applicable security and privacy regulations may increase our operating costs or adversely affect our business operations.

Despite the security and maintenance measures we have in place, our facilities and systems, and those of the retailers, dealers, licensees and other third-parties with which we do business, we remain vulnerable to security breaches, cyber-attacks, acts of vandalism, computer viruses, malware, data corruption, delays, disruptions, programming and/or human errors or other similar events, such as those accomplished through fraud, trickery or other forms of deceiving our employees, contractors or other agents or representatives and those due to system updates, natural disasters, malicious attacks, accidents, power disruptions, telecommunications failures, acts of terrorism or war, computer viruses, physical or electronic break-ins or similar events. Such incidents have occurred, continue to occur, and may occur in the future.

Security breaches of our infrastructure could create system disruptions, shutdowns or unauthorized disclosures of confidential information. Despite the security measures we have in place, our facilities and systems, and those of the retailers, dealers, licensees and other third parties with which we do business, we may be vulnerable to security breaches, cyber-attacks, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human errors or other similar events. Such incidents may involve misappropriation, loss or other unauthorized disclosure of confidential data, materials or information, including those concerning our customers, employees or suppliers, whether by us or by the retailers, dealers, licensees and other third-party distributors with which we do business, disrupt our operations, result in losses, damage our reputation, and expose us to the risks of litigation and liability (including regulatory liability); and may have a material adverse effect on our business, results of operations and financial condition.

Our recent efforts to increase our technology offerings and integrate new software and application offerings may prove unsuccessful and may affect our future prospects.

In North America the residential construction industry has experienced increased complexity in some home design and builders are more aggressively trying to reduce their costs. One of our responses has been to develop and market sophisticated software and applications to facilitate the specification, selection and use of our product systems. We have continued to commit substantial resources to our software development endeavors in recent years and expect that trend to continue.

We may not be able to create and further develop commercially successful software and applications. Even if we are able to create and develop initially successful ideas, the technology industry is subject to rapid changes. We may not be able to adapt quickly enough to keep up with changing demands, and our software may become obsolete.

While we see having a software interface with the construction industry as a potential growth area, we also face competition from other companies that are focused solely or primarily on the development of software and applications. These companies may have significantly greater expertise and resources to devote to software development, and we may be unable to compete with them in that space.

If we cannot protect our intellectual property, we will not be able to compete effectively.

We monitor and protect against activities that might infringe, dilute, or otherwise harm our patents, trademarks and other intellectual property and rely on the patent, trademark and other laws of the U.S. and other countries. However, we may be unable to prevent third parties from using our intellectual property without our authorization. To the extent we cannot protect our intellectual property, unauthorized use and misuse of our intellectual property could harm our competitive position and have a material adverse impact on our business, financial condition and results of operations. In addition, the laws of some non-U.S. jurisdictions provide less protection for our proprietary rights than the laws of the U.S. and we therefore may not be able to effectively enforce our intellectual property rights in these jurisdictions. If we are unable to maintain certain exclusive licenses, our brand recognition and sales could be adversely impacted. Current employees, contractors and suppliers have, and former employees, contractors and suppliers may have, access to trade secrets and confidential information regarding our operations which could be disclosed improperly and in breach of contract to our competitors or otherwise used to harm us.

Third parties may also claim that we are infringing upon their intellectual property rights. If we are unable to successfully defend or license such alleged infringing intellectual property or if we are required to substitute similar technology from another source, our operations could be adversely affected. Even if we believe that such intellectual property claims are without merit, defending such claims can be costly, time consuming and require significant resources. Claims of intellectual property infringement also might require us to redesign affected products, pay costly damage awards, or face injunctions prohibiting us from manufacturing, importing, marketing or selling certain of our products. Even if we have agreements to indemnify us, indemnifying parties may be unable or unwilling to do so.

We are subject to cyber security risks and may incur increasing costs in efforts to minimize those risks and to comply with regulatory standards.

We employ information technology systems and operate websites which allow for the secure storage and transmission of proprietary or confidential information regarding our customers, employees and others. We make significant efforts to secure our computer network to mitigate the risk of possible cyber-attacks, including, but not limited to, data breaches, and are continuously working to upgrade our existing information technology systems to ensure that we are protected, to the greatest extent possible, against cyber risks and security breaches. Despite these efforts security of our computer networks could be compromised which could impact operations and confidential information could be misappropriated, which could lead to negative publicity, loss of sales and profits or cause us to incur significant costs to reimburse third- parties for damages, which could adversely impact profits.

We strive to comply with all applicable laws, policies, legal obligations and industry codes of conduct relating to privacy and data protection, to the extent possible. However, we continue to see increasingly complex, rigorous and more stringent state and national regulatory standards enacted to protect businesses and personal data, including the General Data Protection Regulation ("GDPR") and the California Consumer Privacy Act of 2018 ("CCPA"). GDPR is a comprehensive European Union privacy and data protection reform, effective in 2018, which applies to companies that are organized in the European Union or otherwise provide services to consumers who reside in the European Union, and imposes strict standards regarding the sharing, storage, use, disclosure and protection of end user data and significant penalties (monetary and otherwise) for non-compliance. The CCPA, which became effective in 2023 established a new privacy framework for covered businesses by, among other things, creating an expanded definition of personal information, establishing new data privacy rights for consumers in the State of California and creating a new and potentially severe statutory damages framework for violations of the CCPA and for businesses that fail to implement reasonable security procedures and practices to prevent data breaches. More recently, on November 3, 2020, California enacted the California Privacy Rights Act (the "CPRA"). The CPRA, which went into effect on January 1, 2023, expands upon the protections provided by the CCPA, including new limitations on the sale or sharing of consumers' personal information, and the creation of a new state agency to enforce the CPRA's protections. Any failure to comply with GDPR, the CCPA, the CPRA, or other state or regulatory standards, could subject the Company to legal and reputational risks. Misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against us by governmental entities or others, damage to our reputation and credibility, and could have a material adverse effect on our business and results of operations.

We publicly post our privacy policies and practices concerning our processing, use, and disclosure of personally identifiable information on our websites. If we fail to adhere to our privacy policy and other published statements or applicable laws concerning our processing, use, transmission and disclosure of protected information, or if our statements or practices are found to be deceptive or misrepresentative, we could face regulatory actions, fines and other liability.

We rely on complex software systems and hosted applications to operate our business, and our business may be disrupted if we are unable to successfully and efficiently update these systems or convert to new systems.

We are increasingly dependent on technology systems to operate our business, reduce costs, and enhance customer service. These systems include complex software systems and hosted applications that are provided by third parties such as financial management and human capital management platforms from SAP America, Inc. and Workday, Inc. Software systems need to be updated on a regular basis with patches, bug fixes and other modifications. Hosted applications are subject to service availability and reliability of hosting environments. We also migrate from legacy systems to new systems from time to time. Maintaining existing software systems, implementing upgrades and converting to new systems are costly and require a significant allocation of personnel and other resources. The implementation of these systems upgrades and conversions is a complex and time-consuming project involving substantial expenditures for implementation activities, consultants, system hardware and software, often requires transforming our current business and financial processes to conform to new systems, and therefore, may take longer, be more disruptive, and cost more than forecast and may not be successful. If the implementation is delayed or otherwise is not successful, it may hinder our business operations and negatively affect our financial condition and results of operations. There are many factors that may materially and adversely affect the schedule, cost, and execution of the implementation process, including, without limitation, problems during the design and testing phases of new systems; system delays and malfunctions; the deviation by suppliers and contractors from the required performance under their contracts with us; the diversion of management attention from our daily operations to the implementation project; reworks due to unanticipated changes in business processes; difficulty in training employees in the operation of new systems and maintaining internal control while converting from legacy systems to new systems; and integration with our existing systems. Some of such factors may not be reasonably anticipated or may be beyond our control.

Some of our agreements for software and software-as-services products have limited terms, and we may be unable to renew such agreements and may lose access to such products.

We have various agreements with a number of third parties that provide software and software-as-a-service products to us. These agreements often require reoccurring payments for online access to the products and have limited terms. In the future, we will be required to renegotiate the terms of these agreements, and may be unable to renew such agreements on favorable terms. If any such agreement cannot be renewed or can only be renewed on terms that are materially worse for us, we may be unable to access the applicable software, and our business and operating results may be adversely affected.

Risks Related to Our International Operations

International operations and our financial results in those markets may be affected by legal, regulatory, political, currency exchange and other economic risks.

During 2023, revenue from sales outside of the U.S. was $583.4 million, representing approximately 26.4% of consolidated sales. In addition, a significant amount of our manufacturing and production operations are located outside the U.S. As a result, our business is subject to risks and uncertainties associated with international operations, including:

- difficulties and costs associated with complying with a wide variety of complex and changing laws, including securities laws, tax laws, employment and pension-related laws, competition laws, U.S. and foreign export and trading laws, and laws governing improper business practices, treaties and regulations;
- limitations on our ability to enforce legal rights and remedies;
- adverse domestic or international economic and political conditions, business interruption, war and civil disturbance;
- changes to tax, currency, or other laws or policies that may adversely impact our ability to repatriate cash from non-U.S. subsidiaries, make cross-border investments, or engage in other intercompany transactions;
- future regulatory guidance and interpretations of the tax legislation commonly known as the U.S. Tax Cuts and Jobs Act of 2017 (the "Tax Act"), as well as assumptions that the Company makes related to the Tax Act;
- changes to tariffs or other import or export restrictions, penalties or sanctions, including modification or elimination of international agreements covering trade or investment;
- costs and availability of shipping and transportation;
- nationalization or forced relocation of properties by foreign governments;
- currency exchange rate fluctuations between the U.S. dollar and foreign currencies; and
- uncertainty with respect to any potential changes to laws, regulations and policies that could exacerbate the risks described above.

All of these factors could result in increased costs or decreased revenues and could materially and adversely affect our sales, financial condition and results of operations. Additionally, international construction standards, techniques and methods differ from those in the U.S. and as a result, we may need to redesign our products, or design new products, to compete effectively and profitably in international markets.

In addition, we operate in many parts of the world that have experienced governmental corruption and we could be adversely affected by violations of the Foreign Corrupt Practices Act ("FCPA") and similar worldwide anti-corruption laws. The FCPA and similar anti-corruption laws in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to officials for the purpose of obtaining or retaining business. Although we mandate compliance with these anti-corruption laws, we cannot provide assurance that these measures will necessarily prevent violations of these laws by our employees or agents. If we were found to be liable for violations of anti-corruption laws, we could be liable for criminal or civil penalties or other sanctions, which could have a material adverse impact on our business, financial condition and results of operations.

Failure to comply with export, import, and sanctions laws and regulations could materially and adversely affect us.

We are subject to a number of export, import and economic sanction regulations, including the International Traffic in Arms Regulations (“ITAR”), the Export Administration Regulations (“EAR”) and U.S. sanction regulations administered by the U.S. Department of Treasury, Office of Foreign Assets (“OFAC”). Foreign governments where we have operations also implement export, import and sanction laws and regulations, some of which may be inconsistent or conflict with ITAR and EAR. Where we face such inconsistencies, it may be impossible for us to comply with all applicable regulations.

If we do not obtain all necessary import and export licenses required by applicable export and import regulations, including ITAR and EAR, or do business with sanctioned countries or individuals, we may be subject to fines, penalties and other regulatory action by governmental authorities, including, among other things, having our export or import privileges suspended. Even if our policies and procedures for exports, imports and sanction regulations comply, but our employees fail or neglect to follow them in all respects, we might incur similar liability.

Any changes in applicable export, import or sanction laws or regulations or any legal or regulatory violations could materially and adversely affect our business and financial condition.

Our manufacturing facilities in China complicate our supply and inventory management.

We maintain manufacturing capability in various parts of the world, including Jiangsu, China, in part to allow us to serve our customers with prompt delivery of needed products. In recent years, we have significantly expanded our manufacturing capabilities in China. Substantially all of our manufacturing output in China was and is currently intended for export to other parts of the world. Any halting or disruption to our operations at or near our Jiangsu, China manufacturing facility could substantially interfere with our general commercial activity related to our supply chain and customer base, which could have a material adverse effect on our financial condition, results of operations, business or prospects. In such event, we may need to seek alternative sources of supply for products for our customers, which may increase the costs to manufacture and deliver our products.

If significant tariffs or other restrictions are placed on our imports or any related counter-measures are taken by other countries, our costs of doing business, revenue and results of operations may be negatively impacted.

If significant tariffs or other restrictions are placed on Chinese or other imports or any related countermeasures are taken by China or other countries, our costs of doing business, revenue and results of operations may be materially harmed. If duties are imposed on our imports, we may be required to raise our prices, which may result in the loss of customers and harm our operating performance. Alternatively, we may seek to shift production outside of China, resulting in diversion of management's attention, significant costs and disruption to our operations as we would need to pursue the time-consuming processes of establishing a new supply chain, identifying substitute components and establishing new manufacturing locations.

We are subject to U.S. and international tax laws that could affect our financial results.

We generally conduct international operations through our wholly-owned subsidiaries. Our income tax liabilities in the different countries where we operate depend in part on internal settlement prices and administrative charges among us and our subsidiaries. These arrangements require us to make judgments with which tax authorities may disagree. Tax authorities may impose additional tariffs, duties, taxes, penalties and interest on us. Transactions that we have arranged in light of current tax rules could have material and adverse consequences if tax rules change, and changes in tax rules or imposition of any new or increased tariffs, duties and taxes could materially and adversely affect our sales, profits and financial condition.

Tax laws are dynamic and subject to change as new laws are passed and new interpretations are issued or applied. If the U.S. or other foreign tax authorities change applicable tax laws, our overall taxes could increase, and our business, financial condition or results of operations may be adversely impacted.

Significant judgment and certain estimates are required in determining our worldwide provision for income taxes. Future tax law changes may materially increase the Company’s prospective income tax expense.

We are subject to income taxation in the U.S. as well as numerous foreign jurisdictions. Significant judgment is required in determining our worldwide income tax provision and, there are many transactions and calculations where the ultimate tax determination is uncertain. Although we believe our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially affect our financial results in the period or periods for which such determination is made.

Increases in income tax rates, changes in income tax laws or disagreements with tax authorities could adversely affect our financial performance.

Increases in income tax rates or other changes in tax laws, including changes in how existing tax laws are interpreted or enforced, could adversely affect our financial performance. For example, economic and political conditions in countries where we are subject to taxes, including the United States, have in the past and could continue to result in significant changes in tax legislation or regulation. For example, numerous countries have agreed to a statement in support of the Organization for Economic Co-operation and Development model (OECD) rules that propose a partial global profit reallocation and a global minimum tax rate of 15%. Certain countries, including European Union member states, have enacted or are expected to enact legislation incorporating the global minimum tax with effect as early as 2024 and widespread implementation of a global minimum tax is expected by 2025. As the legislation becomes effective in countries in which we do business, our taxes could increase and negatively impact our provision for income taxes. This increasingly complex global tax environment could increase tax uncertainty, which could in turn result in higher compliance costs and adverse effects on our financial performance. We are also subject to regular reviews, examinations and audits by numerous taxing authorities with respect to income and non-income based taxes. Economic and political pressures to increase tax revenues in jurisdictions in which we operate, or the adoption of new or reformed tax legislation or regulation, also could make resolving any tax disputes more difficult and the final resolution of any tax audits could have an adverse effect on our financial performance.

We are a global company with significant revenues and earnings generated internationally, which exposes us to the impact of foreign currency fluctuations, as well as political and economic risks.

A significant portion of our net sales and earnings are generated internationally. Sales outside of the U.S. accounted for 26.4% of our consolidated net sales in 2023 and we anticipate that sales from international operations will continue to represent a significant portion of our net sales in the future. In addition, many of our manufacturing facilities and suppliers are located outside of the U.S. Our foreign operations subject us to certain commercial, political and financial risks. Our business in these foreign markets is subject to general political conditions, including any political instability (such as those resulting from war, terrorism and insurrections) and general economic conditions in these markets, such as inflation, deflation, interest rate volatility and credit availability. Additionally, a number of factors, including U.S. relations with the governments of the foreign countries in which we operate, changes to international trade agreements and treaties, increases in trade protectionism, or the weakening or loss of certain intellectual property protection rights in some countries, may affect our business, financial condition and results of operations. Foreign regulatory requirements, including those related to the testing, authorization, and labeling of products and import or export licensing requirements, could affect the availability of our products in these markets.

In addition to risks associated with general political conditions, our international operations are subject to fluctuations in foreign currency exchange rates The functional currency for most of our foreign operations is the applicable local currency. As a result, fluctuations in foreign currency exchange rates affect the results of our operations and the value of our foreign assets and liabilities, which in turn may adversely affect results of operations and cash flows and the comparability of period-to-period results of operations. Foreign governmental policies and actions regarding currency valuation could result in actions by the United States and other countries to offset the effects of such fluctuations. Given the unpredictability and volatility of foreign currency exchange rates, ongoing or unusual volatility may adversely impact our business and financial conditions.

<u>Risks Related to Product, Services and Sales Risks</u>

Product liability claims and litigation could affect our business, reputation, financial condition, results of operations and cash flows.

In the ordinary course of business, the products that we design and/or manufacture, and/or the services we provide, have led to product liability claims or other legal claims being filed against us. To the extent that plaintiffs are successful in showing that a defect in a product's design, manufacture or warnings led to personal injury or property damage, or that our provision of services resulted in similar injury or damage, we may be subject to claims for damages. Although we are insured for damages above a certain amount, we bear the costs and expenses associated with defending claims, including frivolous lawsuits, and are responsible for damages up to the insurance retention amount. The insurance that we carry is limited in the amount of coverage and may not be adequate to cover all of our resulting costs, business interruption and lost profits if we are subject to product liability claims. We might also face increases in premiums and reductions in the availability of insurance covering product liability, which could have a significant impact on our business. In addition to claims concerning individual products, as a manufacturer, we can be subject to costs, potential negative publicity and lawsuits related to product recalls, which could adversely impact our results of operations and damage our reputation.

Design defects, labeling defects, product formula defects, inaccurate chemical mixes, product recalls and/or product liability claims could harm our business, reputation, financial condition and results of operations.

Many of our products are integral to the structural soundness or safety of the structures in which they are used and we have on occasion found flaws and deficiencies in the design, manufacturing, assembling, labeling, product formulations, chemical mixes or testing of our products. We also have on occasion found flaws and deficiencies in raw materials and finished goods produced by others and used with or incorporated into our products. Some flaws and deficiencies have not been apparent until after the products were installed or used by customers.

If any flaws or deficiencies exist in our products and if such flaws or deficiencies are not discovered and corrected before our products are incorporated into structures, the structures could be unsafe or could suffer severe damage, such as collapse or fire, and personal injury or death could result. To the extent that such damage or injury is not covered by our product liability insurance and we are held to be liable, we could be required to correct such damage and to compensate persons who might have suffered injury or death, and our business, reputation, financial condition, results of operations and cash flows could be materially and adversely affected.

As a result of the nature of many of our products and their use in construction projects, claims (including product warranty claims and claims resulting from a natural disaster) may be made against us with regard to damage or destruction of structures incorporating our products whether or not our products failed. Any such claims, if asserted, could require us to expend material time and efforts defending the claim and may materially and adversely affect our business, reputation, financial condition and results of operations. Costs associated with resolving such claims (such as repair or replacement of the affected parts) could be material and may exceed any amounts reserved in our consolidated financial statements.

While we generally attempt to limit our contractual liability and our exposure to price or expense increases, we may have uncapped liabilities or significant exposure under some contracts, and could suffer material losses under such contracts.

We enter into many types of contracts with our customers, suppliers and other third parties, including in connection with our expansion into new markets and new product lines. Under some of these contracts, our overall liability may not be limited to a specified maximum amount or we may have significant potential exposure to price or expense increases. If we receive claims under these contracts or experience significant price increases or comparable expense increases, we may incur liabilities significantly in excess of the revenues associated with such contracts, which could have a material adverse effect on our results of operations.

Some of our technology offerings provide planning and design functions to customers, and we are involved both in product sales and engineering services. Any software errors or deficiencies or failures in our engineering services could have material adverse effects on our business, reputation, financial condition, results of operations and cash flows.

Our planning/design software applications facilitate the creation by customers of complex construction and building designs and is extremely complex. If our software applications contain defects or errors, our engineers prepare, approve or seal drawings that contain defects or we are otherwise involved in any design or construction that contains flaws, regardless of whether we caused such flaws, we may be required to correct deficiencies and may become involved in litigation. Further, if any damage or injury is not covered by our insurance and we are held to be liable, we could be required to correct such damage and to compensate persons who might have suffered injury, and our business, reputation, financial condition, results of operations and cash flows could be materially and adversely affected.

<u>Risks Related to Human Capital</u>

We depend on executives and other key employees, the loss of whom could harm our business.

We depend, in part, on the efforts and skills of our executives and other key employees, including members of our sales force. Our executives and key employees are experienced and highly qualified. The loss of any of our executive officers or other key employees could harm the business and the Company's ability to timely achieve its strategic initiatives. Our success also depends on our ability to identify, attract, hire and retain our key personnel. We face strong competition for such personnel and may not be able to attract or retain such personnel. In addition, when we experience periods with little or no profits, a decrease in compensation based on our profits may make it difficult to attract and retain highly qualified personnel. We may not be able to attract and retain key personnel or may incur significant costs to do so.

Our work force could become increasingly unionized in the future and our unionized or union-free work force could strike, which could adversely affect the stability of our production and reduce our profitability.

A significant number of our employees are represented by labor unions and covered by collective bargaining agreements that will expire between 2025 and 2028. Generally, collective bargaining agreements that expire may be terminated after notice by the union. After termination, the union may authorize a strike similar to the strike which was initiated at our Stockton facility in the third quarter of 2019. Although we believe that our relations with our employees are generally good, no assurance can be given that we will be able to successfully extend or renegotiate our collective bargaining agreements as they expire. If we fail to extend or renegotiate our collective bargaining agreements, if disputes with our unions arise, or if the workers covered by one or more of the collective bargaining agreements engage in a strike, lockout, or other work stoppage, we could have a material adverse effect on production at one or more of our facilities, incur higher labor costs, and, depending upon the length of such dispute or work stoppage, on our business, results of operations, financial position and liquidity.

Risks Related to Seasonality and Weather Conditions

Seasonality and weather-related conditions may have a significant impact on our financial condition from period to period.

The demand for our products and services is heavily correlated to both seasonal changes, with operating results varying from quarter to quarter, and unpredictable weather patterns. Our sales and income have historically been lower in the first and fourth quarters than in the second and third quarters, as customers tend to purchase construction materials in the late spring and summer months for the construction season. In addition, weather conditions, such as unseasonably warm, cold or wet weather, which affect, and sometimes delay or accelerate installation of some of our products, may significantly affect our results of operations. Sales that we anticipate in one quarter may occur in another quarter, affecting both quarters' results and potentially our stock price.

In addition, we typically ship orders as we receive them and maintain inventory levels to allow us to operate with minimum backlog. The efficiency of our inventory system, and our ability to avoid backlogs and potential loss of customers, is closely tied to our ability to accurately predict seasonal and quarterly variances. Further, our planned expenditures are also based primarily on sales forecasts. When sales do not meet our expectations, our operating results will be reduced for the relevant quarters, as we will have already incurred expenses based on those expectations. This could result in a material decline in our stock price.

Climate change, drought, weather conditions and storm activity could have a material adverse impact on our results of operations.

In North America, weather conditions and the level of severe storms can have a significant impact on the markets for residential construction and home improvement. As a result, climate change that results in altered weather conditions or storm activity could have a significant impact on our business by:

- depressing or reversing economic development;
- reducing the demand for construction;
- increasing the cost and reducing the availability of wood products used in construction;
- increasing the cost and reducing the availability of raw materials and energy;
- increasing the cost and reducing the availability of insurance covering damage from natural disasters; and
- lead to new laws and regulations that increase our expenses and reduce our sales.

Generally, any weather conditions that slow or limit residential or construction activity can adversely impact demand for our products and services.

Lower demand for our products or services as a result of this scenario could adversely impact our business, financial condition and results of operations. Additionally, severely low temperatures may lead to significant and immediate spikes in costs of natural gas, electricity and other commodities that could negatively affect our results of operation.

Natural disasters or other catastrophes could decrease our manufacturing capacity or harm our business and financial condition.

Some of our manufacturing facilities are located in geographic regions that have experienced, or may experience in the future, major natural disasters and other catastrophes, such as fires, earthquakes, floods and hurricanes. Our disaster recovery plan may not be adequate or effective to respond in such events. Further, although we maintain various form and levels of insurance to protect us against potential loss exposures, the scope of our available insurance coverage may not be adequate to protect us against all potential risks. For example, we do not carry earthquake insurance and other insurance that we carry is limited in the risks covered and the amount of coverage. Our insurance may not be adequate to cover all of our resulting costs, business interruption and lost profits when a major natural disaster or catastrophe occurs. A natural disaster rendering one or more of our manufacturing facilities totally or partially inoperable, whether or not covered by insurance, would materially and adversely affect our business and financial condition.

__Capital Expenditures, Expansions, Acquisitions and Divestitures Risks__

Acquisitions, divestitures, and other strategic transactions could fail to achieve financial or strategic objectives, disrupt our ongoing business, and adversely impact our results of operations.

In furtherance of our business strategy, we routinely evaluate opportunities and may enter into agreements for possible acquisitions, divestitures, or other strategic transactions. A significant portion of our growth has been generated by acquisitions, such as the acquisition of ETANCO and we may continue to acquire businesses in the future as part of our growth strategy. Furthermore, there is no assurance that any such transaction will result in synergistic benefits. A potential acquisition, divestiture, or other strategic transaction may involve a number of risks including, but not limited to:

- the transaction may not effectively advance our business strategy, and its anticipated benefits may never materialize;
- integration of an acquired business' accounting, information technology, human resources, and other administrative systems may fail to permit effective management and expense reduction;
- diversion of management's attention from business operations to integration matters;
- departure of key personnel from the acquired business;
- effectively managing entrepreneurial spirit and decision-making;
- unanticipated costs and exposure to unforeseen liabilities; and
- impairment of assets.

As a result, if we fail to evaluate and execute these transactions properly, we might not achieve the anticipated benefits of such transactions and we may incur costs in excess of what we anticipate. These risks would likely be greater in the case of larger transactions.

In addition, future acquisitions may involve issuance of additional equity securities that dilute the value of our existing equity securities, increase our debt, cause impairment related to goodwill and cause impairment of, and amortization expenses related to, other intangible assets, which could materially and adversely affect our profitability.

Our capital expenditures may not be adequate to maintain our competitive position and may not be implemented in a timely or cost-effective manner.

Our capital expenditures are limited by our liquidity and capital resources and the amount we have available for capital spending is limited by the need to pay our other expenses and to maintain adequate cash reserves and borrowing capacity to meet unexpected demands that may arise. Productivity improvements through process re-engineering, design efficiency and manufacturing cost improvements may be required to offset potential increases in labor and raw material costs and competitive price pressures. If we are unable to make sufficient capital expenditures, or to maximize the efficiency of the capital expenditures we do make, our competitive position may be harmed and we may be unable to manufacture the products necessary to compete successfully in our targeted market segments.

Additional financing, if needed, to fund our working capital, growth or other business requirements may not be available on reasonable terms, or at all.

If the cash needed for working capital or to fund our growth or other business requirements increases to a level that exceeds the amount of cash that we generate from operations and have available through our current credit arrangements, we will need to seek additional financing. Additional or new borrowings may not be available on reasonable terms, or at all. Our ability to raise money by issuing and selling shares of our common or preferred stock depends on general market conditions and the demand for our stock. If we sell stock, our existing stockholders could experience substantial dilution. Our inability to secure additional financing could prevent the expansion of our business, internally and through acquisitions.

__Regulatory Risks__

Failure to comply with industry regulations could result in reduced sales and increased costs.

We are subject to environmental laws and regulations governing emissions into the air, discharges into water, and generation, handling, storage, transportation, treatment and disposal of waste materials. We are also subject to other federal and state laws and regulations regarding health and safety matters.

Our manufacturing operations involve the use of solvents, chemicals, oils and other materials that are regarded as hazardous or toxic. We also use complex and heavy machinery and equipment that can pose severe safety hazards, especially if not properly and carefully used. Some of our products also incorporate materials that are hazardous or toxic in some forms, such as:

- zinc and lead used in some steel galvanizing processes;
- chemicals used in our acrylic and epoxy anchoring products, our concrete repair, strengthening and protecting products; and
- gun powder used in our powder-actuated tools, which is explosive.

We have in the past, and may in the future, need to take steps to remedy our failure to properly label, store, transport, use and manufacture such toxic and hazardous materials.

If we do not obtain all material licenses and permits required by environmental, health and safety laws and regulations, or otherwise fail to comply with applicable laws and regulations, we may be subject to regulatory action by governmental authorities. If our policies and procedures are flawed, or our employees fail or neglect to follow our policies and procedures in all respects, we might incur liability. Relevant laws and regulations could change or new ones could be adopted that require us to incur substantial expense to comply.

Complying or failing to comply with conflict minerals regulations could materially and adversely affect our supply chain, our relationships with customers and suppliers and our financial results.

We are currently subject to conflict mineral disclosure regulations in the U.S. and may be affected by new regulations concerning conflict and similar minerals adopted by other jurisdictions where we operate. While we have been successful to date in adapting to such regulations, we have and will continue to incur added costs to comply with the disclosure requirements, including costs related to determining the source of such minerals used in our products. We may not be able to ascertain the origins of such minerals that we use and may not be able to satisfy requests from customers to certify that our products are free of conflict minerals. These requirements also could constrain the pool of suppliers from which we source such minerals. We may be unable to obtain conflict-free minerals at competitive prices. Such consequences will increase costs and may materially and adversely affect our manufacturing operations and profitability.

When we provide engineering services we are subject to various local, state and federal rules and regulations which can increase our potential liability.

As part of our product offerings, we may provide engineering and design-related services to our clients. Some of these services require us to stamp drawings or otherwise be involved in the engineering process. While we generally attempt to limit our liability through our internal processes and through our legal agreements with third parties to which we provide such services, under various local, state and federal rules and regulations these limitations may not be effective and we may be held liable for engineering failures. Any such liability could materially and adversely affect our profitability.

General Risk Factors

Any issuance of preferred stock may dilute your investment and reduce funds available for dividends.

Our Board of Directors is authorized by our certificate of incorporation to determine the terms of one or more series of preferred stock and to authorize the issuance of shares of any such series on such terms as our Board of Directors may approve. Any such issuance could be used to impede an acquisition of our business that our Board of Directors does not approve, further dilute the equity investments of holders of our common stock and reduce funds available for the payment of dividends to holders of our common stock.

Provisions in our amended and restated certificate of incorporation and bylaws or Delaware law might discourage, delay or prevent a change in control of our company or changes in our management.

Our amended and restated certificate of incorporation and bylaws contain provisions that may discourage, delay or prevent a change in control of our Company or changes in our management that our stockholders may deem advantageous. For example, under our charter documents, our stockholders cannot call special meetings and cannot take action by written consent.

Additionally, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any “interested” stockholder for a period of three years following the date on which the stockholder became an “interested” stockholder and which may discourage, delay or prevent a change in control of our company. Delaware law and our corporate governance documents could deter takeover attempts that might otherwise be beneficial to our stockholders.

If we were required to write down all or part of our goodwill or other indefinite-lived intangible assets, our results of operations or financial condition could be materially adversely affected in a particular period.

Declines in the Company's business may result in an impairment of the Company's tangible and intangible assets which could result in a material non-cash charge. At least annually, or at other times when events occur that could affect the value of such assets, we perform impairment tests on our goodwill, indefinite-lived intangible assets and definite-lived intangible assets. To determine whether an impairment has occurred, we compare fair value of each of our reporting units with its carrying value. In the past, these tests have led us to incur significant impairment charges. Significant and unanticipated changes in circumstances, such as significant adverse changes in business climate, adverse actions by regulatory authorities, unanticipated competition, loss of key customers or changes in technology or markets, can require a charge for impairment that can negatively impact our results of operations.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

Risk Management and Strategy

Our cybersecurity risk management efforts are an integral part of our overall risk management processes, and we are deeply committed to safeguarding our digital and information technology environment for our employees, customers and vendors. We employ a robust, global and multi-layered security strategy, known as "defense-in-depth," to assess, identify and manage cybersecurity risks and protect our cyber work environment from potential threats and vulnerabilities. These risks, threats and vulnerabilities include those that could result in significant operational disruption to the Company, such as production disruption, business downtime or loss of containment, as well as risks that could have significant reputational or compliance/ regulatory impact.

The Simpson Information Security Team monitors information security risks that target both technology and manufacturing environments and identifies potential risks to Simpson's information security posture. Any identified risks are prioritized in terms of impact to Simpson's information security posture and, if critical, addressed immediately or added to Simpson's information security roadmap. To supplement our internal cybersecurity resources, we also engage external third parties to perform information security assessments, penetration tests and related services to enhance our information security program.

Risks Associated with Third-Party Service Providers

In addition, we implement robust processes to oversee and manage risks associated with our business arrangements with third-party service providers. All new Simpson third-party business agreements are reviewed and assessed by our Information Security Team. We also perform information security program investigations on the security posture of, and assess any publicly known information security events related to, these third-party service providers. If a third party service provider with a business agreement with Simpson experiences an information security breach or incident, our Information Security Team reviews and assesses such event to understand Simpson's overall exposure to the security incident.

Insurance

We maintain cybersecurity insurance coverage at industry standard levels as a part of our comprehensive insurance portfolio to help mitigate risk in the event an information security event occurs.

Risks from Cybersecurity Threats

Despite our security measures, our information technology and infrastructure may remain vulnerable to disruptions, including as a result of attacks by increasingly sophisticated intruders or others who attempt to cause harm to, or otherwise interfere with the normal use of our systems. We have experienced targeted and non-targeted cybersecurity attacks and incidents in the past that have resulted in unauthorized persons gaining access to our information systems and computer networks, and we could in the future experience similar attacks. On October 11, 2023, we announced that we had experienced disruptions in our Information Technology (IT) infrastructure and applications resulting from a cybersecurity incident. We identified unauthorized activity in our IT systems and took immediate steps to stop, remediate and investigate such activity. We also notified relevant law enforcement. The incident, which caused disruption of our business operations for approximately three days, has been resolved due to steps we took to address the incident. As a result of our ability to restore our operations within three days, we were able to fulfill our backlog of orders caused by the operational disruption within one week, and therefore, we experienced no material financial impact to our business.

We do not believe any risks from cybersecurity threats, including as a result of any previous cybersecurity incident, have materially affected or are reasonably likely to materially affect the Company or our business strategy, results of operations, or financial condition. For additional information regarding the risks from cybersecurity threats we face, see the section captioned "*Risks Relating to Our Intellectual Property and Information Technology*" under Part I, Item 1A "Risk Factors" above.

Governance

Board and Committee Oversight

Although our full Board of Directors is ultimately responsible for risk oversight, our Board is assisted in discharging its risk oversight responsibility by its committees. The Audit and Finance Committee of the Board is responsible for providing oversight of our information security program and cybersecurity risks. In connection with this oversight role, the Audit and Finance Committee receives information technology updates from management at least quarterly. Cybersecurity risks facing the Company and updates on the Company's practices and progress to mitigate such risks are also the subject of management reports to the Audit and Finance Committee on a more frequent basis, as necessary or appropriate.

Management's Role in Assessing and Managing Risk

The Company's information security efforts are led by our Senior Vice President, Information Technology ("SVP, IT") and our Director of Information Security ("IT Director"), supported by our executive management team. These efforts are designed to address information security governance and risk, product security, identification and protection of critical assets, third-party risk, security awareness, cyber defense operations and related risk management matters. Our SVP, IT and IT Director have an average of over 35 years of prior work experience in various roles involving information technology, including security, auditing compliance, systems and programming. These individuals have relevant educational and industry experience, including holding similar positions at other large companies.

Our SVP, IT provides relevant cybersecurity and information technology reports to the Audit and Finance Committee, and to the executive leadership team. These reports are provided at quarterly Audit and Finance Committee meetings and at our quarterly Information Technology Steering Committee ("IT Steering Committee") meetings. These reports typically include analyses of recent significant cybersecurity threats and incidents at the Company and across the industry, as well as a review of our security controls, assessments and program maturity, risk mitigation status, and a review of our third-party service providers as appropriate. Simpson's information security roadmap and posture are also reviewed quarterly with members of the executive leadership team and the Audit and Finance Committee. In accordance with our information security program, any information security event is assessed and reviewed by our IT Steering Committee.

The IT Steering Committee is responsible for assessing and reviewing our information security program and the Company's material risks from cybersecurity threats. Additional supervision and management is provided by our IT Leadership team, comprised of our SVP, IT; VP, IT Infrastructure and Operations; VP, IT Enterprise Applications; and International IT Director.

Item 2. Properties.

Our headquarters and principal executive offices in Pleasanton, California, and our principal U.S. manufacturing facilities in Stockton and San Bernardino County, California, McKinney, Texas, West Chicago, Illinois, Columbus, Ohio, and Gallatin, Tennessee are located in owned premises. The principal manufacturing facilities located outside the U.S., the majority of which we own, are in France, Italy, Denmark, Germany, Poland, Switzerland, Sweden, Portugal and China. We also own and lease smaller manufacturing facilities, warehouses, research and development facilities and sales offices in the U.S., Canada, the United Kingdom, Europe, Asia, Australia, New Zealand, and Chile. As of February 27, 2024, the Company's owned and leased facilities were as follows:

	Number Of Properties	Approximate Square Footage		
		Owned	Leased	Total
		(in thousands of square feet)		
North America	32	2,235	1,271	3,506
Europe	38	1,886	668	2,554
Asia/Pacific	9	175	41	216
Administrative and all other	1	89	—	89
Total	80	4,385	1,980	6,365

We believe that our properties are maintained in good operating condition. Our manufacturing facilities are equipped with specialized equipment and use extensive automation. Our leased facilities typically have renewal options and have expiration dates through 2036. We believe we will be able to extend leases on our various facilities as necessary, or as they expire. Currently, our manufacturing facilities are being operated with at least one full-time shift. Based on current information and subject to future events and circumstances, we anticipate that we may require additional facilities to accommodate possible future growth.

Item 3. Legal Proceedings.

From time to time, the Company is involved in various legal proceedings and other matters arising in the normal course of business. Corrosion, hydrogen embrittlement, cracking, material hardness, wood pressure-treating chemicals, misinstallations, misuse, design and assembly flaws, manufacturing defects, labeling defects, product formula defects, inaccurate chemical mixes, adulteration, environmental conditions, or other factors can contribute to failure of fasteners, connectors, anchors, adhesives, specialty chemicals, such as fiber reinforced polymers, and tool products. In addition, inaccuracies may occur in product information, descriptions and instructions found in catalogs, packaging, data sheets, and the Company's website.

The Company currently is not a party to any legal proceedings which the Company expects individually or in the aggregate to have a material adverse effect on the Company's financial condition, cash flows or results of operations. Nonetheless, the resolution of any claim or litigation is subject to inherent uncertainty and we could in the future incur judgments, enter into settlements of claims or revise our expectations regarding the outcome of the various legal proceedings and other matters we are currently involved in, which could materially impact our financial condition, cash flows or results of operations. Refer to Note 15, "Commitments and Contingencies," to the Company's consolidated financial statements included in this Annual Report on Form 10-K for a discussion of recent developments related to certain of the legal proceedings in which we are involved.

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.

Market Information for Common Stock

The Company's common stock is listed on the NYSE under the symbol "SSD."

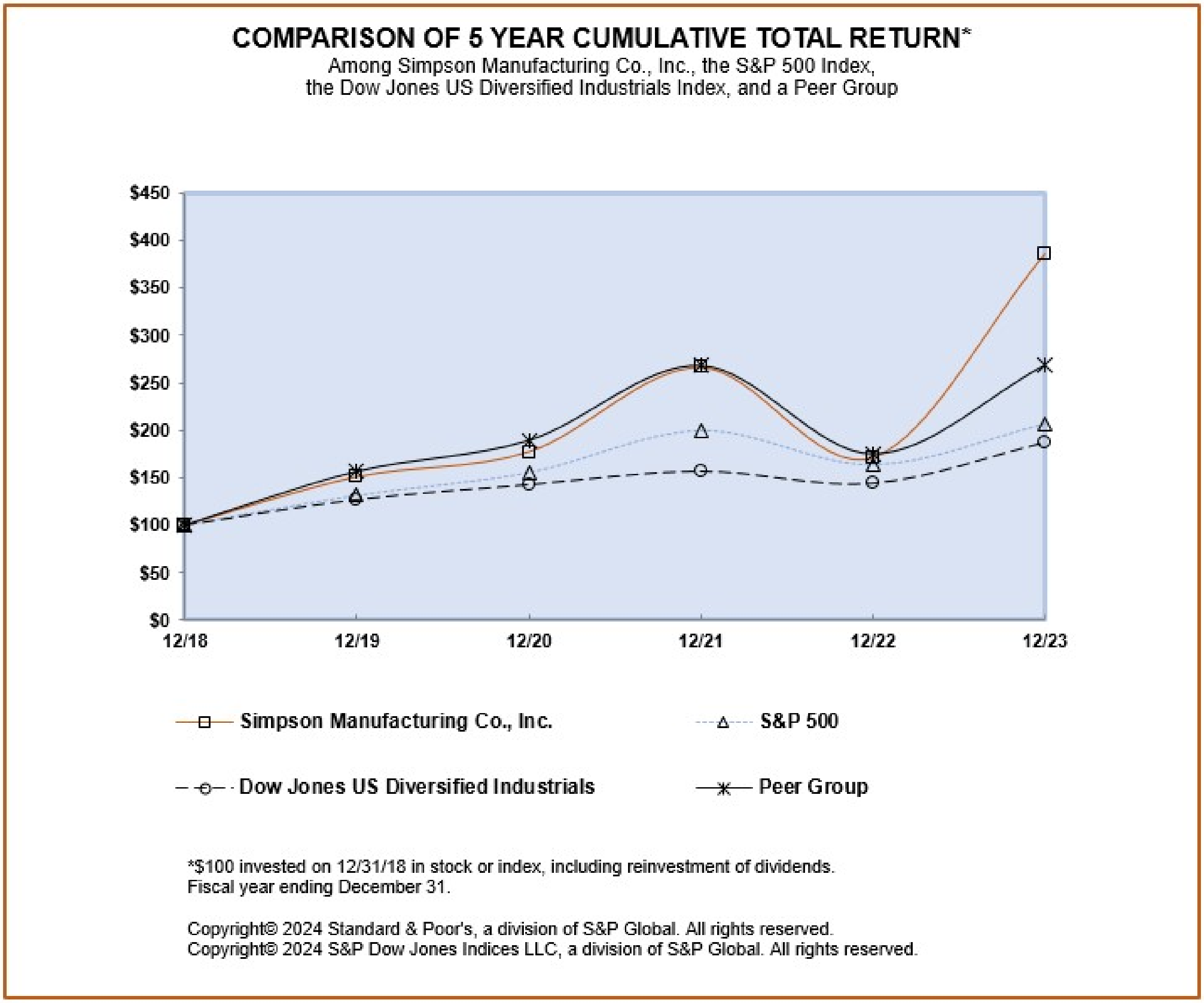
As of February 22, 2024 there were 61,712 holders of record of the Company's common stock, although we believe that there are a significantly larger number of beneficial owners of our common stock.

Dividends

During 2023, the Company paid a total of $45.2 million in cash dividends. On January 19, 2024, the Company declared a quarterly cash dividend of $0.27 per share of common stock to be paid on April 25, 2024 to stockholders of record as of April 4, 2024. See "Note 20 — Subsequent Events" to the Company's consolidated financial statements. Future dividends, if any, will be determined by the Company's Board of Directors, based on the Company's future earnings, cash flows, financial condition and other factors deemed relevant by the Board of Directors. See "Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations."

Stock Performance Graph

The following graph compares the cumulative total stockholder return on the Company's common stock from December 31, 2017, through December 31, 2023, with the cumulative total return on the S&P 500 Index (a broad equity market index), the Dow Jones U.S. Building Materials & Fixtures Index (a published industry or line-of-business index) and a Peer Group Index over the same period (assuming the investment of $100 in the Company's common stock and in each of the indices on December 31, 2017, and reinvestment of all dividends into additional shares of the same class of equity securities at the frequency with which dividends are paid on such securities during the applicable fiscal year). To provide an additional comparison to our performance, we included an index consisting of companies in the building products or construction materials industries that are most comparable to us in terms of size and nature of operations, which group has also been referenced by us in connection with setting our executive compensation. The Peer Group Index below consisted of AAON, Inc., Advance Drainage Systems, Inc.; Allegion Plc; American Woodmark Corp.; Apogee Enterprises, Inc.; Armstrong World Industries, Inc.; Atkore, Inc.; Axek Company, Inc.; Azek Company, Inc.; Eagle Materials, Inc.; Gibraltar Industries, Inc.; Masonite International Corp.; Patrick Industries, Inc.; PGT Innovations, Inc.; Quanex Building Products Corp.; Summit Materials, Inc.; and Trex Company, Inc.



Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The table below shows the monthly repurchases of shares of the Company's common stock in the fourth quarter of 2023.

	(a)	(b)	(c)	(d)
Period	Total Number of Shares Purchased	Average Price Paid per Share[1]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Value of Shares that May Yet Be Purchased Under the Plans or Programs *(in thousands)2*
October 1 - October 31, 2023	128,093	$ 133.12	128,000	$82,962
November 1 - November 30, 2023	232,746	$ 141.62	232,746	$50,000
December 1 - December 31, 2023	73	$ 166.97	—	$50,000
Total	360,912			

Approximately 66 thousand shares of the Company's common stock were repurchased in 2023, in connection with the withholding of shares to cover payroll taxes on vesting of stock-based compensation awards vested and for retirement eligible employees who retired during 2023.

Approximately 361 thousand shares of the Company's common stock were repurchased in 2023 for a total amount of $50.0 million pursuant to the Board’s $100.0 million repurchase authorization that was publicly announced on December 15, 2022, which authorization expired on December 31, 2023.

On October 19, 2023, the Board of Directors authorized the repurchase up to $100.0 million of the Company’s common stock from January 1, 2024 through December 31, 2024.

Item 6. [Reserved]

[1] Average price paid per share of common shares repurchased excludes excise tax. As of January 1, 2023, the Company's share repurchases are subjected to a 1% excise tax enacted by the Inflation Reduction Act of 2022. The amount of excise tax incurred is included in the Company's Consolidated Statement of Stockholders' Equity for the year ended December 31, 2023.

[2] Pursuant to the $100.0 million repurchase authorization from the Board of Directors on December 15, 2022, and which expired on December 31, 2023. See "Note 5 — Stockholder's Equity".

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

Each of the terms the "Company," "we," "our," "us" and similar terms used herein refer collectively to Simpson Manufacturing Co., Inc., a Delaware corporation, and its wholly-owned subsidiaries, including Simpson Strong-Tie Company Inc., unless otherwise stated. The Company regularly uses its website to post information regarding its business and governance. The Company encourages investors to use http://www.simpsonmfg.com as a source of information about the Company. The information on our website is not incorporated by reference into this report or other material we file with or furnish to the SEC, except as explicitly noted or as required by law.

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of the Company's consolidated financial condition and results of operations. This discussion should be read in conjunction with the accompanying Condensed Consolidated Financial Statements and notes thereto included in this report.

"Strong-Tie" and our other trademarks appearing in this report are our property. This report contains additional trade names and trademarks of other companies. We do not intend our use or display of other companies' trade names or trademarks to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

Overview

We design, manufacture and sell building construction products that are of high quality and performance, easy to use and cost-effective for customers. We operate in three business segments determined by geographic region: North America, Europe and Asia/Pacific.

In 2021, we shared our strategy for continuing to achieve above market revenue growth through a combination of organic and inorganic opportunities. Our organic opportunities focused on expanding our product line with our current customers while also identifying new opportunities within our core competencies of wood and concrete products. These new growth opportunities focused on gaining share with OEM customers, DIY and construction contractors, and providing more solutions for mass timber, concrete and structural steel construction.

In order to grow in these markets, we aspire to be among the leaders in engineered load-rated construction building products and systems and digital product offerings while leveraging our engineering expertise, deep-rooted relationships with top builders, engineers, contractors, code officials and distributors, along with our ongoing commitment to testing, research and innovation. Importantly, we currently have existing products, testing results, distribution and manufacturing capabilities to support our growth ambitions. This will ultimately be a function of expanding our sales and/or marketing functions to promote our products to different end users and distribution channels, expanding our customer base, and potentially introducing new products in the future.

Our commitment to continuous improvement has fostered our core Company ambitions, which we continue to pursue including:

- Strengthen our values-based culture;
- Be the partner of choice;
- Be an innovative leader in the markets we operate;
- Above market growth relative to the United States housing starts;
- An operating income margin within the top quartile of our proxy peers;
- Remain within the top quartile of our proxy peers for operating income margin; and
- Integrate ETANCO and restoring our return on invested capital to be within the top quartile of our proxy peers.

We have made progress towards our key growth initiatives since they were first announced in 2021. A few recent examples include:

- The acquisition and integration of ETANCO which has resulted in additional scale for our legacy European operations, as well as the opportunity to realize synergies in those operations;
- Converted component manufacturers to using our truss software and purchasing our truss plate and connectors solution sets, including a major component manufacturer;
- Our announced alliance with Structural Technologies drove record revenue of our concrete strengthening solutions, while our field support and strong industry relationships continued to drive specifications of our anchors, fasteners, cold-formed steel, and structural steel products on commercial projects;

- Expansion of our Outdoor Accents® decorative hardware, fasteners and anchors product lines, which contributed to our growth in the DIY or construction contractor segments of our national retail market;
- Designed, manufactured, and installed many critical connections in the construction of a 112-foot wood building that was used for the world's tallest shake table test;
- Completed strategic asset acquisitions to accelerate the expansion of our product line to meet our customer needs;
- Made strategic investments in software development critical to the component manufacturing market segment as well as other digital product offerings to support customers in our residential and national retail markets;
- Achieved an industry-leading product fulfillment rate and increased our same day delivery service in North America;
- Completed our path-to-market shift away from two-step distribution in North America, enabling us to sell our complete product line and drive additional market share gains;
- Continued growing United States sales volumes above United States housing starts growth;
- Rolled out over 50 new products during 2023 (a Company record);
- Re-aligned our North America sales team to be customer market focused with the five groups: residential, commercial, OEM, national retail and component manufacturers; and
- Invested in venture capital funds and other companies focused on the home building industry and related new technologies.

We believe this progress is the result of our high service levels, increasingly diverse portfolio of products and software as well as our commitment to innovation and developing complete solutions for the markets we serve. As we continue to make progress on our growth initiatives, we believe we can continue to achieve above market growth in the United States relative to United States housing starts for fiscal 2024 and beyond. These examples further emulate our Founder, Barclay Simpson's, nine principles of doing business, and more specifically the focus and obsession on customers and users.

Factors Affecting Our Results of Operations

The Company's business, financial condition and results of operations depends in large part on the level of United States housing starts and residential construction activity. Both single-family and multi-family housing starts decreased during 2023 compared to the prior two years, primarily due to interest rate increases and inflation. Lower housing starts could result in lower demand, which would affect the Company's sales and possibly operating profit,

Unlike lumber or other products that have a more direct correlation to United States housing starts, our products are used to a greater extent in areas that are subject to natural forces, such as seismic or wind events. Our products are generally used in a sequential progression that follows the construction process. Residential and commercial construction begins with the foundation, followed by the wall and the roof systems, and then the installation of our products, which flow into a project or a house according to these schedules.

In prior years, our sales were heavily seasonal with operating results varying from quarter to quarter depending on weather conditions that could delay construction starts. Our sales and income have historically been lower in the first and fourth quarters than in the second and third quarters of a fiscal year. Due to efforts in diversifying our global footprint with the acquisition of ETANCO and changing our path to market in the United States, sales from our product line, customer base and customer purchases are becoming less seasonal. Political and economic events such as rising energy costs, volatility in the steel market, stressed product transportation systems and increasing interest rates can also have an effect on our gross and operating profits as well. Changes in raw material cost could impact the amount of inventory on-hand, and negatively affect our gross profit and operating margins depending on the timing of raw material purchases or how much sales prices can be increased to offset any increases in raw material costs.

Our operations also expose us to risks associated with pandemics, epidemics or other public health crises.

Business Segment Information

Historically, our North America segment has generated more revenues from wood construction products compared to concrete construction products. North America sales increased 0.9% for the year ended December 31, 2023 compared to December 31, 2022. Our wood construction product sales decreased 0.9% for the year ended December 31, 2023 compared to December 31, 2022, primarily due to product price decreases implemented during the first quarter of 2023, partly offset by increased sales volumes. Our concrete construction product sales increased 9.9% over the same periods due to product price increases to offset rising raw material costs and higher sales volumes. Over the last several years, our historical average volume growth in North America has exceeded the housing starts market growth by approximately 250 basis points. We believe 2024 North America sales volumes will continue to outpace the housing starts market with 2024 housing starts projected to grow in the low single digits relative to fiscal year 2023 housing starts.

During 2023, work continued on the Columbus facility expansion and work commenced on replacing our Gallatin facility. We expect the expansion and replacement facility will improve our overall service, production efficiencies and safety in the workplace, as well as reduce our reliance on certain outsourced finished goods and component products and continue to ensure we have ample capacity to meet our customer needs. These investments reinforce our core business model differentiators to remain the partner of choice as we continue to produce products locally and ensure superior levels of customer service.

Europe's operating results for the fiscal year ending December 31, 2023 includes twelve months of ETANCO operating results, while fiscal year ending December 31, 2022 includes the results of ETANCO as of the April 1, 2022 acquisition date. Europe sales increased 20.1% for the year ended December 31, 2023 compared to December 31, 2022, primarily due to ETANCO as well as the positive effect of $12.7 million in foreign currency translation related mostly to Europe's currencies strengthening against the United States dollar. Gross profit increased $51.4 million primarily due to the acquisition of ETANCO as well as due to lower material costs. Cost of sales in the prior year period included a $13.6 million inventory fair-value adjustment as a result of purchase accounting with respect to the acquisition of ETANCO. Operating income increased $34.9 million, primarily due to ETANCO. Operating income in the prior period was negatively impacted by the $13.6 million in non-recurring fair-value adjustments noted above and $12.7 million in higher acquisition and integration costs. Fiscal 2024 operating margins will include anticipated integration costs estimated to range between $4.0 million to $5.0 million.

Our Asia/Pacific segment has generated revenues from both wood and concrete construction products. We believe that the Asia/Pacific segment is not significant to our overall performance.

Business Outlook

Based on business trends and conditions, the Company's outlook for the full fiscal year ending December 31, 2024 is as follows:

- Operating margin is estimated to be in the range of 20.0% to 21.5%, including $86.1 million in depreciation and amortization expense.

- The effective tax rate is estimated to be in the range of 25.0% to 26.0%, including both federal and state income tax rates as well as international income tax rates, and assuming no tax law changes are enacted.

- Capital expenditures are estimated to be approximately $200.0 million, which includes $120.0 million for the Columbus, Ohio facility expansion and the new Gallatin, Tennessee fastener facility construction, some of which may carry over to fiscal year 2025.

Results of Operations

Our discussion of our results focuses on 2023 and 2022 and year-to-year comparisons between those periods. Discussions of 2021 results and year-to-year comparison between 2022 and 2021 results are not included in this Annual Report on Form 10-K and can be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022. The following table sets forth, for the years indicated, the Company's operating results as a percentage of net sales for the years ended December 31, 2023, 2022 and 2021, respectively:

	Years Ended December 31,		
	2023	2022	2021
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales	52.9 %	55.5 %	52.0 %
Gross profit	47.1 %	44.5 %	48.0 %
Research and development and other engineering expenses	4.2 %	3.2 %	3.8 %
Selling expense	9.2 %	8.0 %	8.6 %
General and administrative expense	12.1 %	10.8 %	12.3 %
Total operating expense	25.5 %	22.0 %	24.7 %
Acquisition and integration related costs	0.2 %	0.8 %	— %
Net gain on disposal of assets	— %	(0.1)%	— %
Income from operations	21.4 %	21.8 %	23.3 %
Interest expense, net and other	0.2 %	(0.4)%	(0.2)%
Other and foreign exchange loss, net	(0.1)%	(0.2)%	(0.4)%
Income before taxes	21.5 %	21.2 %	22.8 %
Provision for income taxes	5.5 %	5.4 %	5.9 %
Net income	16.0 %	15.8 %	16.9 %

Comparison of the Years Ended December 31, 2023 and 2022

Unless otherwise stated, the results announced below results, when providing comparisons (which are generally indicated by words such as "increased," "decreased," "unchanged" or "compared to"), compare the results of operations for the year ended December 31, 2023, against the results of operations for the year ended December 31, 2022 and include the results of the acquisition of FIXCO Invest S.A.S ("ETANCO") on April 1, 2022. 2023 full year comparisons include twelve months of ETANCO operating results for the fiscal year ending December 31, 2023 compared to nine months for the fiscal year ending December 31, 2022. Unless otherwise stated, the results announced below, when referencing "both years," refer to the year ended December 31, 2022 and the year ended December 31, 2023.

Beginning in 2022, the Company changed its presentation for both the North America and the Administrative and all other segment's statement of operations to display allocated expenses and management fees as a separate item below income from operations. During 2021, allocated expenses and management fees between the two segments were previously included in gross profit, operating expenses and in income from operations and have been adjusted herein to conform to the 2022 presentation. Consolidated income from operations, income before tax and net income for all periods presented below are not affected by the change in presentation

The following table shows the change in the Company's operations from 2022 to 2023, and the increases or decreases from the prior year, for each category by segment:

		Increase (Decrease) in Operating Segment				
(in thousands)	**2022**	**North America**	**Europe**	**Asia/ Pacific**	**Admin & All Other**	**2023**
Net sales	$ 2,116,087	$ 15,381	$ 80,453	$ 1,882	$ —	$ 2,213,803
Cost of sales	1,174,794	(36,446)	29,021	1,113	1,566	1,170,048
Gross profit	941,293	51,827	51,432	769	(1,566)	1,043,755
Operating expenses:						
Research and development and other engineering expense	68,354	21,905	2,057	(149)	—	92,167
Selling expense	169,378	23,634	10,681	302	(15)	203,980
General and administrative expense	228,468	18,892	15,621	767	4,355	268,103
Operating expenses	466,200	64,431	28,359	920	4,340	564,250
Net gain (loss) on disposal of assets	(1,317)	66	908	39	28	(276)
Acquisition and integration related costs	17,343	—	(12,711)	—	—	4,632
Income from operations	459,067	(12,670)	34,876	(190)	(5,934)	475,149
Interest income (expense), net and other financing costs	(7,594)	(639)	(3,354)	239	14,739	3,391
Other & foreign exchange gain (loss), net	(3,408)	4,729	2,306	(98)	(5,522)	(1,993)
Income before taxes	448,065	(8,580)	33,828	(49)	3,283	476,547
Provision for income taxes	114,070	(2,815)	10,243	222	840	122,560
Net income	$ 333,995	$ (5,765)	$ 23,585	$ (271)	$ 2,443	$ 353,987

Net Sales increased 4.6% to $2,213.8 million from $2,116.1 million primarily due to the acquisition and integration of ETANCO as well as the positive effect of $12.7 million in foreign currency translation related mostly to Europe's currencies weakening against the United States dollar. Wood construction product net sales, including sales of connectors, truss plates, fastening systems, fasteners and shearwalls, represented 85% and 87% of the Company's total net sales for the years ended December 31, 2023 and 2022, respectively. Concrete construction product net sales, including sales of adhesives, chemicals, mechanical anchors, powder actuated tools and reinforcing fiber materials, represented 15% and 13% of the Company's total net sales for the years ended December 31, 2023 and 2022, respectively.

Gross profit increased to $1,043.8 million from $941.3 million, primarily due to the acquisition and integration of ETANCO. Gross margins increased to 47.1% from 44.5%, primarily due to lower material costs. Cost of sales in the prior year period included a $13.6 million inventory fair-value adjustment as a result of purchase accounting with respect to the acquisition of ETANCO. Gross margins, including some inter-segment expenses, which were eliminated upon consolidation, and excluding certain expenses that are allocated according to product group, increased from 44.4% to 47.2% for wood construction products and increased from 43.9% to 46.0% for concrete construction products.

Research and development and other engineering expense increased 34.8% to $92.2 million from $68.4 million, primarily due increased personnel costs of $11.7 million and professional fees of $5.7 million associated with our strategic growth initiatives and to further our Building Technologies offering, $3.2 million in variable compensation, and $1.2 million in depreciation and amortization.

Selling expense increased 20.4% to $204.0 million from $169.4 million, primarily due to increases of $14.0 million in personnel costs, $7.3 million in sales commission expense, $2.8 million in travel-related expenses, $2.8 million in professional fees, and $2.5 million in other variable compensation.

General and administrative expense increased 17.3% to $268.1 million from $228.5 million, primarily due to increases of $12.5 million in personnel costs, $7.6 million in depreciation and amortization, $6.0 million in variable compensation, and $1.6 million in travel costs.

Our *effective income tax rate* increased to 25.7% from 25.5%.

Net income was $354.0 million compared to $334.0 million. Diluted net income per share of common stock was $8.26 compared to $7.76.

Net Sales

The following table shows net sales by segment for the years ended December 31, 2022 and 2023, respectively:

(in thousands)	North America	Europe	Asia/ Pacific	Total
December 31, 2022	$1,701,041	$ 400,303	$ 14,743	$2,116,087
December 31, 2023	1,716,422	480,756	16,625	2,213,803
Increase	$ 15,381	$ 80,453	$ 1,882	$ 97,716
Percentage increase	0.9 %	20.1 %	12.8 %	4.6 %

The following table shows segment net sales as percentages of total net sales for the years ended December 31, 2022 and 2023, respectively:

	North America	Europe	Asia/ Pacific	Total
Percentage of total 2022 net sales	80 %	19 %	1 %	100 %
Percentage of total 2023 net sales	78 %	22 %	— %	100 %

Gross Profit

The following table shows gross profit by segment for the years ended December 31, 2022 and 2023, respectively:

(in thousands)	North America	Europe	Asia/ Pacific	Admin & All Other	Total
December 31, 2022	$ 810,730	$ 125,616	$ 4,910	$ 37	$ 941,293
December 31, 2023	862,557	177,048	5,679	(1,529)	1,043,755
Increase	$ 51,827	$ 51,432	$ 769	$ (1,566)	$ 102,462
Percentage increase	6.4 %	40.9 %	*	*	10.9 %

* The statistic is not meaningful or material.

The following table shows gross margins by segment for the years ended December 31, 2022 and 2023, respectively:

	North America	Europe	Asia/ Pacific	Admin & All Other	Total
2022 gross margin	47.7 %	31.4 %	33.3 %	*	44.5 %
2023 gross margin	50.3 %	36.8 %	34.2 %	*	47.1 %

* The statistic is not meaningful or material.

North America

- *Net sales* increased 0.9% primarily due to higher sales volumes, partly offset by price decreases implemented during the first quarter of 2023.
- *Gross margin* increased to 50.3% from 47.7%, primarily due to lower raw material and labor costs as a percentage of net sales.
- *Research and development and engineering expense* increased $21.9 million, primarily due increased personnel costs of $7.0 million and professional fees of $5.8 million associated with our strategic growth initiatives and to further our Building Technologies offering, $3.1 million in variable compensation, and $1.0 million in depreciation and amortization.

- *Selling expense* increased $23.6 million, primarily due to increases of $10.5 million in personnel costs, $5.0 million in sales commission expense, $2.2 million in professional fees, $2.1 million in travel-related expenses, and $1.6 million in other variable compensation.

- *General and administrative expense* increased $18.9 million, primarily due to increases of $6.9 million in personnel costs, $4.3 million in computer software and hardware costs, $2.7 million in variable compensation, and $1.4 million in depreciation and amortization.

- *Income from operations* decreased $12.7 million, primarily due to higher operating expenses including personnel costs, professional fees, variable compensation, sales commission expense, and computer software and hardware costs.

Europe

- *Net sales* increased 20.1%, primarily due to the acquisition and integration of ETANCO as well as the positive effect of $12.7 million in foreign currency translation related mostly to Europe's currencies strengthening against the United States dollar.

- *Gross margin* increased to 36.8% from 31.4% resulting in an increase in gross profit of $51.4 million, primarily due to lower raw material costs as a percentage of net sales. Cost of sales in the prior year included a $13.6 million non-recurring fair-value adjustment for inventory costs as a result of purchase accounting with respect to the acquisition of ETANCO.

- *Income from operations* increased $34.9 million, primarily due to higher gross profit and lower acquisition and integration costs. Prior year costs included a $13.6 million non-recurring fair-value adjustment for inventory costs as a result of purchase accounting with respect to the acquisition of ETANCO.

Asia/Pacific

- For information about the Company’s Asia/Pacific segment, please refer to the table above setting forth changes in our operating results for the years ended December 31, 2023 and 2022.

Administrative and All Other

- *General and administrative expense* increased $4.4 million, primarily due to increases of $1.2 million in variable compensation, $1.0 million in personnel costs, and $1.0 million professional and legal fees.

Critical Accounting Policies and Estimates

The critical accounting policies described below affect the Company’s more significant judgments and estimates used in the preparation of the Company’s consolidated financial statements. If the Company’s business conditions change or if it uses different assumptions or estimates in the application of these and other accounting policies, the Company’s future results of operations could be adversely affected.

Inventory Valuation

Inventories are stated at the lower of cost or net realizable value (market). Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials and purchased finished goods — principally valued at cost determined on a weighted average basis; and
- In-process products and finished goods — cost of direct materials and labor plus attributable overhead based on a normal level of activity.

The Company applies net realizable value and makes estimates for obsolescence to the gross value of inventory. The Company estimates net realizable value based on estimated selling price less further costs through completion and disposal. The Company impairs slow-moving products by comparing inventories on hand to projected demand. If on-hand supply of a product exceeds projected demand or if the Company believes the product is no longer marketable, the product is considered obsolete inventory. The Company revalues obsolete inventory to its net realizable value and has consistently applied this methodology. The Company believes that this approach is suitable for impairments of slow-moving and obsolete inventory. When impairments are established, a new cost basis of the inventory is created. Unexpected changes in market demand, building codes or buyer preferences could reduce the rate of inventory turnover and require the Company to recognize more obsolete inventory.

Business Combinations.

Accounting for business combinations requires us to make significant estimates and assumptions. We use our best estimates and assumptions to accurately assign fair value to the tangible and intangible assets acquired and liabilities assumed at the acquisition date as well as the useful lives of those acquired intangible assets.

Critical estimates in valuing certain of the intangible assets and goodwill we have acquired are:

- future expected cash flows from operations;
- historical and expected customer attrition rates and anticipated growth in revenue from acquired customers;
- assumptions about the period of time the acquired trade name will continue to be used in our offerings; and
- discount rates.

Unanticipated events and circumstances may occur that may affect the accuracy or validity of such assumptions, estimates or actual results.

Goodwill and Other Intangible Assets

Our goodwill balance is not amortized to expense, and we may assess quantitative or qualitative factors to determine whether it is more likely than not that the fair value of each reporting unit is less than its carrying amount as a basis for determining whether it is necessary to complete quantitative impairment assessments. The Company evaluates the recoverability of goodwill in accordance with Accounting Standard Codification ("ASC") Topic 350, *"Intangibles - Goodwill and Other,"* annually, or more frequently if an event occurs or circumstances change in the interim that would more likely than not reduce the fair value of the asset below its carrying amount.

Intangible assets acquired are recognized at their fair value at the date of acquisition. Finite-lived intangibles are amortized over their applicable useful lives. We monitor conditions related to these assets to determine whether events and circumstances warrant a revision to the remaining amortization or depreciation period. We test these assets for potential impairment annually and whenever management concludes events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Company tests goodwill for impairment at the reporting unit level on an annual basis (in the fourth quarter for the Company). The Company also reviews goodwill for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or disposition or relocation of a significant portion of a reporting unit.

During fiscal year 2023, we re-evaluated our European reporting units after a full year of operations from our acquisition of ETANCO as it has become further integrated into our other European operations resulting in changes to the management, product distribution, and operations structure of our European operations. As a result of this re-evaluation, all European reporting units were consolidated for reporting purposes into one overall Europe reporting unit. A qualitative assessment was performed immediately preceding the reporting unit change and determined that it was not more likely than not that any impairment existed prior to the reporting unit change.

We determined that the U.S. reporting unit includes four components: Northwest United States, Southwest United States, Northeast United States and Southeast United States. The Australia reporting unit includes two components: Australia and New Zealand. For each of these reporting units, the Company aggregated the components because management concluded that they are economically similar, and that the goodwill is recoverable from these components working in concert.

We applied the ("Step 1") approach where the Company compares the fair value of the reporting unit to its carrying value during the annual impairment assessment performed in the fourth quarter of 2023. For this qualitative assessment, we assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units as compared to their quantitative fair value measurement determined in the fourth quarter of 2023. The fair value calculation uses both the income approach (discounted cash flow method) and the market approach, equally weighted. If the Company determines that the carrying value of the net assets assigned to the reporting unit, including goodwill, exceeds the fair value of the reporting unit, no further action is taken. If the Company determines that the carrying value of a reporting unit's goodwill exceeds its implied fair value, the Company will record an impairment charge equal to the difference between the implied fair value of the goodwill and the carrying value.

We completed our annual impairment assessment by performing a qualitative assessment during the annual impairment assessment performed in the fourth quarter of 2022. For this qualitative assessment, we assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units. Based on the qualitative assessment performed, the Company concluded that there was no evidence of events or circumstances that would indicate a material change from the Company's prior year quantitative assessment by reporting unit and therefore, it was more likely than not that the estimated fair value of reporting units exceeded their respective carrying values

The 2023 and 2022 annual testing of goodwill for impairment did not result in impairment charges.

Revenue from Contracts with Customers

The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product to a customer at a point in time. The Company's general shipping terms are Incoterm C.P.T. (F.O.B. shipping point), where the title, and risk and rewards of ownership transfer at the point when the products are no longer on the Company's premises. Other Incoterms are allowed as exceptions depending on the product or service being sold and the nature of the sale. The Company recognizes revenue based on the consideration specified in the invoice with a customer, excluding any sales incentives, discounts, and amounts collected on behalf of third parties (i.e., governmental tax authorities).

Volume rebates, discounts and rights of return are accounted for as variable considerations because the transaction price is either uncertain until the customer completes or fails the specified volumes or returned product are not returned by the return period. The Company estimates allowances based on historical experience from prior periods and the customer's historical purchasing pattern. These estimates are deducted from revenues and are reevaluated periodically during the reporting period.

Effect of New Accounting Standards

See "Note 1 — Operations and Summary of Significant Accounting Policies" for effects of new accounting standards on the Company's consolidated financial statements.

Liquidity and Capital Resources

We have historically met our capital needs through a combination of cash flows from operating activities and, when necessary, borrowings under our credit facilities. Our principal uses of capital include the costs and expenses associated with our operations, including financing working capital requirements and continuing our capital allocation strategy, which includes supporting capital expenditures, paying cash dividends, repurchasing the Company's common stock, and financing other investment opportunities from time to time.

On March 30, 2022, the Company entered into an Amended and Restated Credit Agreement. The Amended and Restated Credit Agreement provides for a 5-year revolving credit facility of $450.0 million, which includes a letter of credit-sub-facility up to $50.0 million, and for a 5-year term loan facility of $450.0 million. As of December 31, 2023, the Company had borrowings of $75.0 million under the revolving credit facility and $410.6 million under the term loan facility, and has $375.0 million available to borrow under the revolving credit facility.

The Company has certain contractual obligations, primarily debt interest, operating leases and purchase obligations, which include annual facility fees. Refer to "Note 12 - Leases", "Note 14 - Debt" and "Note 15 - Commitment and Contingencies" in Part II, Item 8 for details related to the Company's obligations and debt annual facility fees. The Company did not have any significant off-balance sheet commitments as of December 31, 2023.

As of December 31, 2023, our cash and cash equivalents consisted of deposits and money market funds held with established national financial institutions, and includes $106.4 million held in the local currencies of our foreign operations and could be subject to additional taxation if repatriated to the U.S. The Company is maintaining a permanent reinvestment assertion on its foreign earnings relative to remaining cash held outside the United States.

The following table presents selected financial information as of December 31, 2023, 2022 and 2021, respectively:

	As of December 31,		
(in thousands)	2023	2022	2021
Cash and cash equivalents	$ 429,822	$ 300,742	$ 301,155
Property, plant and equipment, net	418,612	361,555	259,869
Equity investment, goodwill and intangible assets	883,079	872,699	170,309
Net working capital	521,362	529,945	453,078

The following table presents the significant categories of cash flows for the twelve months ended December 31, 2023, 2022 and 2021, respectively:

	Years Ended December 31,		
(in thousands)	2023	2022	2021
Net cash provided by (used in):			
Operating activities	$ 427,022	$ 399,821	$ 151,295
Investing activities	(103,251)	(870,244)	(58,805)
Financing activities	(199,034)	465,526	(71,616)

Cash flows from operating activities result primarily from our earnings, and are also affected by changes in operating assets and liabilities which consist primarily of working capital balances. Our revenues are derived from manufacturing and sales of building construction materials. Our operating cash flows are subject to seasonality and are cyclically associated with the volume and timing of construction project starts. For example, trade accounts receivable is generally at its lowest at the end of the fourth quarter and increases during the first, second and third quarters.

In 2023, operating activities provided $427.0 million in cash and cash equivalents as a result of $354.0 million from net income and adding back $101.8 million for non-cash adjustments from net income which includes depreciation and amortization, stock-based compensation and non-cash lease expense, partially offset by a decrease of $28.8 million for the net change in operating assets and liabilities.

Cash used in investing activities of $103.3 million during the year ended December 31, 2023, was mostly for capital spending of $88.8 million, which was primarily used for machinery and equipment purchases and facility expansion projects including a land purchase. Based on current information and subject to future events and circumstances, capital expenditures are estimated to be approximately $200.0 million for 2024 including the expected spend of $120.0 million on our previously announced Columbus, Ohio facility expansion and replacement of Gallatin, Tennessee facility, with some spend potentially may carrying over to 2025. The remaining $80.0 million in capital expenditures will be primarily focused on purchases of new equipment to support increased productivity and efficiencies, enhancements to our existing facilities to expand our manufacturing footprint in-line with increasing customer needs, as well as investments for adjacencies and key growth initiatives.

Cash used in financing activities of $199.0 million during the year ended December 31, 2023, consisted primarily of $98.7 million in loan principal payments, $50.0 million for the repurchase of the Company's common stock and $45.2 million used to pay cash dividends. During 2023, we purchased and received approximately 361 thousand shares of the Company's common stock on the open market at an average price of $138.60 per share, for a total of $50.0 million under a previously announced $100.0 million share repurchase authorization (which expired at the end of 2023).

On October 19, 2023, the Company's Board of Directors (the "Board") authorized the Company to repurchase up to $100.0 million of the Company's common stock, effective January 1, 2024 through December 31, 2024. Further, on January 19, 2024, the Board declared a quarterly cash dividend of $0.27 per share payable on April 25, 2024 to stockholders of record on April 4, 2024, and estimated to be $11.5 million in total.

For the fiscal year ended December 31, 2023, the Company returned $95.2 million to the Company's stockholders, which represents 28.1% of our free cash flow from operations during the same period. Since the beginning of 2021 to the fiscal year ended December 31, 2023, we have returned $283.5 million to stockholders, which represents 36.2% of our free cash flow and over the same period the Company has repurchased over $1.4 million shares of the Company's common stock, which represents approximately 3.2% of the outstanding shares of the Company's common stock.

Cash flows from operating activities years ended December 31, 2022 and 2021 are incorporated by reference to Form 10-K 2022 filing.

Contingencies

From time to time, we are subject to various claims, lawsuits, legal proceedings (including litigation, arbitration or regulatory actions) and other matters arising in the ordinary course of business. Periodically, we evaluate the status of each matter and assess our potential financial exposure.

The Company records a liability when we believe that it is both probable that a loss has been incurred, and the amount is reasonably estimable. Significant judgment is required to determine both probability of a loss and the estimated amount. The outcomes of claims, lawsuits, legal proceedings and other matters brought against the Company are subject to significant uncertainty, some of which are inherently unpredictable and/or beyond our control. Therefore, although management considers the likelihood of such an outcome to be remote, if one or more of these matters were resolved against the Company for amounts in excess of management's expectations, they could have a material adverse impact on our business, results of operations, financial position and liquidity.

See "Item 3 — Legal Proceedings" above and "Note 15 — Commitments and Contingencies" to the Company's consolidated financial statements.

Inflation and Raw Materials

Inflation rates increased during fiscal year 2023, which have negatively affected labor costs and other costs of doing business, and as such may adversely affect our operating profits if we cannot recover the higher costs through price increases. Our main raw material is steel, and as such, increases in steel prices may adversely affect our gross margin if we cannot recover the higher costs through price increases. See "Item 1 — Raw Materials" and "Item 1A — Risk Factors."

Indemnification

In the normal course of business, to facilitate transactions of services and products, we have agreed to indemnify certain parties with respect to certain matters. These agreements may limit the time within which an indemnification claim can be made and the amount of the claim. In addition, we have entered into indemnification agreements with our officers and directors, and the Company's bylaws as permitted by the Company's certificate of incorporation require the Company to indemnify corporate servants, including our officers and directors, to the fullest extent permitted by law. The Company maintains directors and officers liability insurance coverage to reduce its exposure to such obligations. The Company has not incurred significant obligations under indemnification provisions historically, and does not expect to incur significant obligations in the future. It is not possible to determine the maximum potential amount under these indemnities due to the limited history of prior indemnification claims and the unique facts and circumstances involved in each particular agreement. Accordingly, the Company has not recorded any liability for costs related to these indemnities through December 31, 2023.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We have operations both within the U.S. and internationally, and we are exposed to market risks in the ordinary course of our business, including changes to foreign currency exchange rates and interest rates and fluctuations in commodity prices.

Foreign Exchange Risk

We have foreign exchange rate risk in our international operations, and through purchases from foreign vendors. Changes in the values of currencies of foreign countries affect our financial position, income statement and cash flows when translated into U.S. Dollars. We estimate that if the exchange rate were to change by 10% in any one country where we have our operations, the change in net income would not be material to our operations taken as a whole.

We may manage our exposure to transactional exposures by entering into foreign currency forward contracts for forecasted transactions and projected cash flows for foreign currencies in future periods. In 2022 and 2023, we entered into financial contracts at various times to hedge the risk of fluctuations associated with the Euro and the Chinese Yuan. Refer to “Note 9 — Derivative Instruments” to the Company’s consolidated financial statements.

Foreign currency translation adjustments on our underlying assets and liabilities resulted in an accumulated other comprehensive gain of $19.7 million for the year ended December 31, 2023, due to the effects of the strengthening United States Dollar in relation to almost all other countries. The gain was partially offset by $25.7 million in accumulated other comprehensive losses from foreign currency forward contracts. Refer to “Note 5 — Stockholders Equity” to the Company’s consolidated financial statements.

Interest Rate Risk

Our primary exposure to interest rate risk results from outstanding borrowings under the Amended and Restated Credit Agreement, which bears interest at variable rates. As of December 31, 2023, the outstanding debt under the Amended and Restated Credit Agreement subject to interest rate fluctuations was $485.7 million. The variable interest rates on the Credit Agreement fluctuate and expose us to short-term changes in market interest rates as our interest obligation on this instrument is based on prevailing market interest rates. Interest rates fluctuate as a result of many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors that are beyond our control.

We have entered into an interest rate swap agreement to convert the variable interest rate on our revolver and term loan to fixed interest rates. The objective of the interest rate swap agreement is to eliminate the variability of the interest payment cash flows associated with the variable interest rate outstanding under the borrowings. We designated the interest rate swaps as cash flow hedges. Refer to Note 9, "Derivatives Instruments" to the Company’s consolidated financial statements, for further information on our interest rate swap contracts in effect as of December 31, 2023.

Commodity Price Risk

In the normal course of business, we are exposed to market risk related to our purchase of steel, a significant raw material upon which our manufacturing depends. Steel cost started decreasing at the end of 2022 with prices stabilizing by the end of 2023. While steel is typically available from numerous suppliers, the price of steel is a commodity subject to fluctuations that apply across broad spectrums of the steel market. We do not use any derivative or hedging instruments to manage steel price risk. If the price of steel increases, our variable costs would also increase. While historically we have successfully mitigated these increased costs through the implementation of price increases, in the future we may not be able to successfully mitigate these costs, which could cause our operating margins to decline.

Item 8. Consolidated Financial Statements and Supplementary Data.

SIMPSON MANUFACTURING CO., INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Consolidated financial statements

Financial Statement Schedule

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Simpson Manufacturing Co., Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Simpson Manufacturing Co., Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2023, and the related notes and financial statement schedule included under Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated February 27, 2024 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits 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. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Grant Thornton LLP

We have served as the Company's auditor since 2015.

San Francisco, California
February 27, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Simpson Manufacturing Co., Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Simpson Manufacturing Co., Inc. (a Delaware corporation) and subsidiaries (the "Company") as of December 31, 2023, 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 Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended December 31, 2023, and our report dated February 27, 2024 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible 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 ("Management's Report"). Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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.

/s/ Grant Thornton LLP

San Francisco, California
February 27, 2024

Simpson Manufacturing Co., Inc. and Subsidiaries
Consolidated Balance Sheets
(In thousands, except per share data)

	December 31,	
	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 429,822	$ 300,742
Trade accounts receivable, net	283,975	269,124
Inventories	551,575	556,801
Other current assets	47,069	52,583
Total current assets	1,312,441	1,179,250
Property, plant and equipment, net	418,612	361,555
Operating lease right-of-use assets	68,792	57,652
Goodwill	502,550	495,672
Intangible assets, net	365,339	362,917
Other noncurrent assets	36,990	46,925
Total assets	$2,704,724	$2,503,971
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	$ 107,524	$ 97,841
Accrued liabilities and other current liabilities	231,233	228,222
Long-term debt, current portion	22,500	22,500
Total current liabilities	361,257	348,563
Long-term debt, net of current portion and issuance costs	458,791	554,539
Operating lease liabilities, net of current portion	55,324	46,882
Deferred income tax	98,170	112,901
Other long-term liabilities	51,436	27,707
Total liabilities	1,024,978	1,090,592
Commitments and contingencies (see Note 15)		
Stockholders' equity		
Common stock, par value $0.01; authorized shares, 160,000; issued and outstanding shares, 42,323 and 42,560 at December 31, 2023 and 2022, respectively	426	425
Additional paid-in capital	313,119	298,983
Retained earnings	1,426,554	1,118,030
Treasury stock	(50,363)	—
Accumulated other comprehensive loss	(9,990)	(4,059)
Total stockholders' equity	1,679,746	1,413,379
Total liabilities and stockholders' equity	$2,704,724	$2,503,971

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

Simpson Manufacturing Co., Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands, except per share data)

	Years Ended December 31,		
	2023	2022	2021
Net sales	$ 2,213,803	$ 2,116,087	$ 1,573,217
Cost of sales	1,170,048	1,174,794	818,187
Gross profit	1,043,755	941,293	755,030
Operating expenses:			
Research and development and other engineering	92,167	68,354	59,381
Selling	203,980	169,378	135,004
General and administrative	268,103	228,468	193,176
Total operating expenses	564,250	466,200	387,561
Acquisition and integration related costs	4,632	17,343	—
Net gain on disposal of assets	(276)	(1,317)	(324)
Income from operations	$ 475,149	$ 459,067	$ 367,793
Interest income (expense), net and other financing costs	3,391	(7,594)	(1,386)
Other & foreign exchange loss, net	(1,993)	(3,408)	(7,858)
Income before taxes	476,547	448,065	358,549
Provision for income taxes	122,560	114,070	92,102
Net income	$ 353,987	$ 333,995	$ 266,447
Other comprehensive income			
Translation adjustment and other, net of tax	19,690	(20,733)	(7,313)
Unamortized pension adjustments, net of tax	73	2,065	404
Cash flow hedge adjustment, net of tax	(25,694)	32,214	(268)
Comprehensive income	$ 348,056	$ 347,541	$ 259,270
Net income per common share:			
Basic	$ 8.31	$ 7.78	$ 6.15
Diluted	$ 8.26	$ 7.76	$ 6.12
Weighted average number of shares of common stock outstanding			
Basic	42,598	42,925	43,325
Diluted	42,837	43,047	43,532

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

Simpson Manufacturing Co., Inc. and Subsidiaries
Consolidated Statements of Stockholders' Equity
For the years ended December 31, 2021, 2022 and 2023
(In thousands, except per share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive	Treasury Shares	Total
	Shares	Par Value					
Balance as of January 1, 2021	43,326	$ 433	$ 284,007	$ 720,441	$ (10,428)	$ (13,510)	$ 980,943
Net income	—	—	—	266,447	—	—	266,447
Translation adjustment and other, net of tax	—	—	—	—	(7,313)	—	(7,313)
Pension adjustment, net of tax	—	—	—	—	404	—	404
Cash flow hedges, net of tax	—	—	—	—	(268)	—	(268)
Stock-based compensation expense	—	—	15,029	—	—	—	15,029
Repurchase of common stock	(222)	—	—	—	—	(24,125)	(24,125)
Retirement of common stock	—	(3)	—	(37,632)	—	37,635	—
Cash dividends declared on common stock, $0.98 per share	—	—	—	(42,415)	—	—	(42,415)
Shares issued from release of restricted stock units	106	2	(5,397)	—	—	—	(5,395)
Common stock issued at $93.45 per share	7	—	691	—	—	—	691
Balance as of December 31, 2021	43,217	432	294,330	906,841	(17,605)	—	1,183,998
Net income	—	—	—	333,995	—		333,995
Translation adjustment and other, net of tax	—	—	—	—	(20,733)	—	(20,733)
Pension adjustment, net of tax	—	—	—	—	2,065	—	2,065
Cash flow hedges, net of tax	—	—	—	—	32,214	—	32,214
Stock-based compensation expense	—	—	12,422	—	—	—	12,422
Repurchase of common stock	(811)	—	—	—	—	(78,622)	(78,622)
Retirement of common stock	—	(8)	—	(78,614)	—	78,622	—
Cash dividends declared on common stock, $1.03 per share	—	—	—	(44,192)	—	—	(44,192)
Shares issued from release of restricted stock units	138	1	(9,553)	—	—	—	(9,552)
Common stock issued at $110.13 per share	16	—	1,784	—	—	—	1,784
Balance as of December 31, 2022	42,560	425	298,983	1,118,030	(4,059)	—	1,413,379
Net income	—	—	—	353,987	—		353,987
Translation adjustment and other, net of tax	—	—	—	—	19,690	—	19,690
Pension adjustment, net of tax	—	—	—	—	73	—	73
Cash flow hedges, net of tax	—	—	—	—	(25,694)	—	(25,694)
Stock-based compensation expense	—	—	19,627	—	—	—	19,627
Repurchase of common stock including excise tax	(361)	—	—	—	—	(50,363)	(50,363)
Cash dividends declared on common stock, $1.07 per share	—	—	—	(45,463)	—	—	(45,463)
Shares issued from release of restricted stock units	114	1	(7,431)	—	—	—	(7,430)
Common stock issued at $197.98 per share	10	—	1,940	—	—	—	1,940
Balance at December 31, 2023	42,323	$ 426	$ 313,119	$1,426,554	$ (9,990)	$ (50,363)	$1,679,746

Simpson Manufacturing Co., Inc. and Subsidiaries
Consolidated Statements of Cash Flows

(In thousands)

	Years Ended December 31,		
	2023	2022	2021
Cash flows from operating activities			
Net income	$ 353,987	$ 333,995	$ 266,447
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on sale of assets and other	(558)	(1,317)	(160)
Depreciation and amortization	74,707	60,890	42,477
Noncash lease expense	14,205	11,327	9,562
Inventory step-up expense	—	13,572	—
Loss (income) in equity method investment, before tax	281	(914)	2,276
Deferred income taxes	(7,541)	(13,156)	(915)
Noncash compensation related to stock plans	23,859	14,980	17,715
Provision for doubtful accounts	730	1,146	393
Deferred hedge gain	(3,860)	(2,690)	—
Changes in operating assets and liabilities, (net of amounts acquired from ETANCO see Note 3)			
Trade accounts receivable	(13,051)	19,763	(67,993)
Inventories	15,656	(28,421)	(164,202)
Other current assets	734	(6,107)	(1,951)
Trade accounts payable	(3,066)	(4,016)	10,235
Accrued liabilities and other current liabilities	(2,806)	20,394	50,548
Other noncurrent assets and liabilities	(26,255)	(19,625)	(13,137)
Net cash provided by operating activities	427,022	399,821	151,295
Cash flows from investing activities			
Capital expenditures	(88,824)	(62,362)	(43,738)
Acquisitions, net of cash acquired	(23,353)	(805,904)	(218)
Purchases of intangible assets	—	(4,861)	(5,856)
Purchases of equity investments	(1,361)	(3,178)	(9,829)
Termination forward contracts	—	3,535	—
Proceeds from sale of property and equipment	1,743	2,526	836
Proceeds from sale of a business	8,544	—	—
Net cash used in investing activities	(103,251)	(870,244)	(58,805)
Cash flows from financing activities			
Proceeds from lines of credit	2,276	717,268	16,752
Repayments of line of credit	(98,679)	(134,120)	(16,408)
Termination of cash flow hedge	—	21,252	—
Debt issuance costs	—	(6,804)	(819)
Repurchase of common stock	(50,000)	(78,622)	(24,125)
Dividends paid	(45,201)	(43,895)	(41,619)
Cash paid on behalf of employees for shares withheld	(7,430)	(9,553)	(5,397)
Net cash provided by (used in) financing activities	(199,034)	465,526	(71,616)
Effect of exchange rate changes on cash	4,343	4,484	5,642
Net increase (decrease) in cash and cash equivalents	129,080	(413)	26,516
Cash and cash equivalents at beginning of year	300,742	301,155	274,639
Cash and cash equivalents at end of year	$ 429,822	$ 300,742	$ 301,155

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for			
Interest	$ 16,439	$ 17,028	$ 1,597
Income taxes	123,400	113,208	83,662
Noncash activity during the year for			
Noncash capital expenditures	$ 11,139	$ 1,671	$ 99
Contingent consideration for acquisitions	1,189	6,500	—
Issuance of Company’s common stock for compensation	1,940	960	691
Dividends declared but not paid	11,518	11,223	10,806

Simpson Manufacturing Co., Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Operations and Summary of Significant Accounting Policies

Nature of Operations

Simpson Manufacturing Co., Inc., through Simpson Strong-Tie Company Inc. and its other subsidiaries (collectively, the "Company"), focuses on designing, manufacturing, and marketing systems and products to make buildings and structures safe and secure. The Company designs, engineers and is a leading manufacturer of wood construction products, including connectors, truss plates, fastening systems, fasteners and shearwalls, and concrete construction products, including adhesives, specialty chemicals, mechanical anchors, powder actuated tools and fiber reinforcing materials. The Company markets its products to the residential construction, industrial, commercial and infrastructure construction, remodeling and do-it-yourself markets.

The Company operates exclusively in the building products industry. The Company's products are sold primarily in the U.S., Canada, Europe and Pacific Rim. A significant portion of the Company's business is dependent on economic activity within the North America segment. The Company's business is also dependent on the availability of steel, its primary raw material.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Simpson Manufacturing Co., Inc. and its subsidiaries. Investments in 50% or less owned entities are accounted for using either cost or the equity method. All significant intercompany transactions have been eliminated. Certain amounts in the Consolidated Balance Sheets of prior year's have been reclassified to conform to the fiscal 2023 presentation. These reclassifications had no impact on the Company's Total Assets, Total Stockholders' Equity, Net sales or Net income in its Consolidated Financial Statements.

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Management believes that these consolidated financial statements include all normal and recurring adjustments necessary for a fair presentation under GAAP.

Cash Equivalents

The Company classifies investments that are highly liquid and have maturities of three months or less at the date of purchase as cash equivalents. As of December 31, 2023, and 2022, the value of these investments was $163.6 million and $125.1 million, respectively, consisting of money market funds. The value of the investments is based on cost, which approximates fair value based on Level 1 inputs.

Current Estimated Credit Loss - Allowance for doubtful accounts

The Company maintains an allowance for doubtful accounts receivable for estimated future expected credit losses resulting from customers' failure to make payments on its accounts receivable. The Company determines the estimate of the allowance for doubtful accounts receivable by considering several factors, including (1) specific information on the financial condition and the current creditworthiness of customers, (2) credit rating, (3) payment history and historical experience, (4) aging of the accounts receivable, and (5) reasonable and supportable forecasts about collectability. The Company also reserves 100% of the amounts deemed uncollectible due to a customer's deteriorating financial condition or bankruptcy.

Every quarter, the Company evaluates the customer group using the accounts receivable aging report and its best judgment when considering changes in customers' credit ratings, level of delinquency, customers' historical payments and loss experience, current market and economic conditions, and expectations of future market and economic conditions.

The changes in the allowance for doubtful accounts receivable for the year ended December 31, 2023 are outlined in the table below:

(in thousands)	Balance as of December 31, 2022	Expense (Deductions), net	Write-Offs[1]	Balance as of December 31, 2023
Allowance for Doubtful Accounts	$ 3,240	$ 730	$ 88	$ 3,882

[1]Amount is net of recoveries and the effect of foreign currency fluctuations for the year ended December 31, 2023

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash in banks, short-term investments in money market funds and trade accounts receivable. The Company maintains its cash on demand deposit and in money market accounts held in 35 banks, and at times these cash and investments may be in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). However, we have not experienced any losses on these accounts.

Inventory Valuation

Inventories are stated at the lower of cost or net realizable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

- Raw materials and purchased finished goods for resale — principally valued at a cost determined on a weighted average basis; and
- In-process products and finished goods — the cost of direct materials and labor plus attributable overhead based on a normal level of activity.

The Company applies net realizable value when making estimates for obsolescence to the gross value of inventory. Estimated net realizable value is based on estimated selling price less further costs expected to be incurred through completion and disposal. The Company impairs slow-moving products by comparing inventories on hand to projected demand. If the on-hand supply of a product exceeds projected demand or if the Company believes the product is no longer marketable, the product is considered obsolete inventory. The Company revalues obsolete inventory to its net realizable value and has consistently applied this methodology. When impairments are established, a new cost basis for the inventory is created. An unexpected change in market demand, building codes or buyer preferences could reduce the rate of inventory turnover and require the recognition of more obsolete inventory.

Other Current Assets

Other current assets, which are less than 5% of current assets, consist primarily of prepaid expenses, derivative assets-current, and other miscellaneous assets.

Warranties and Recalls

The Company provides product warranties for specific product lines and records estimated expenses in the period in which the recall occurs, none of which has been material to the consolidated financial statements. In a limited number of circumstances, the Company may also agree to indemnify customers against legal claims made against those customers by the end users of the Company's products. Historically, payments made by the Company, if any, under such agreements have not had a material effect on its consolidated statement of operations, cash flows or financial position.

Equity Investments

The Company accounts for investments and ownership interests under the equity method accounting when it has the ability to exercise significant influence but does not have a controlling financial interest. The Company records its interest in the net earnings of its equity method investees, along with adjustments for unrealized profits or losses within earnings or loss from equity interests in the consolidated statement of operations. The investment is reviewed for impairment whenever factors indicate the carrying amount might not be recoverable and the decrease in value, if any, is recognized in the period the impairment occurs in the consolidated statement of operations.

Fair Value of Financial Instruments

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. Assets and liabilities recorded at fair value are measured and classified under a three-tier fair valuation hierarchy based on the observability of the inputs available in the market: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument; and Level 3 inputs are unobservable inputs based on the Company's assumptions used to measure assets and liabilities at fair value. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The carrying amounts of trade accounts receivable, accounts payable, accrued liabilities and other current liabilities approximate fair value due to the short-term nature of these instruments. The fair values of the interest rate and foreign currency contracts are classified as Level 2 within the fair value hierarchy. The fair values of the Company's contingent consideration related to acquisitions is classified as Level 3 within the fair value hierarchy, as these amounts are based on unobserved inputs such as management estimates and entity-specific assumptions and are evaluated on an ongoing basis.

The following tables summarize the financial assets and financial liabilities measured at fair value for the Company as of December 31, 2023 and 2022:

	2023			2022		
(in thousands)	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Cash equivalents [1]	$ 163,558	$ —	$ —	$ 125,052	$ —	$ —
Term loan due 2027 [2]	—	410,625	—	—	433,125	
Revolver due 2027 [2]	—	75,038	—	—	150,038	
Derivative instruments - assets [3]	—	21,835	—	—	43,885	—
Derivative instruments - liabilities [3]	—	30,111	—	—	8,026	—
Contingent considerations	—	—	6,600	—	—	6,500

(1) The carrying amounts of cash equivalents, representing government and other money market funds traded in an active market with relatively short maturities, are reported on the consolidated balance sheet as of December 31, 2023 and 2022 as a component of "Cash and cash equivalents".
(2) The carrying amounts of our term loan and revolver approximate fair value as of December 31, 2023 and 2022 based upon their terms and conditions as disclosed in Note 14 in comparison to debt instruments with similar terms and conditions available on the same date.
(3) Derivatives for interest rate, foreign exchange and forward swap contracts are discussed in Note 9.

Derivative Instruments

The Company uses derivative instruments as a risk management tool to mitigate the potential impact of certain market risks. Foreign currency and interest rate risk are the primary market risks the Company manages through the use of derivative instruments, which are accounted for as cash flow hedges or net investment hedges under the accounting standards and carried at fair value as other current or noncurrent assets or as other current or other long-term liabilities in the consolidated balance sheets. Assets and liabilities with the legal right of offset are not offset in the consolidated balance sheets. Net deferred gains and losses related to changes in fair value of cash flow hedges are included in accumulated other comprehensive income/loss ("OCI"), a component of stockholders' equity in the consolidated balance sheets; and are reclassified into the line item in the consolidated statement of operations in which the hedged items are recorded in the same period the hedged item affects earnings. The effective portion of gains and losses attributable to net investment hedges is recorded net of tax to OCI to offset the change in the carrying value of the net investment being hedged. Recognition in earnings of amounts previously recorded to OCI are limited to circumstances such as complete or substantially complete liquidation of the net investment in the hedged foreign operation. Changes in fair value of any derivatives that are determined to be ineffective are immediately reclassified from OCI into earnings.

Business Combinations and Asset Acquisitions

Business combinations are accounted for under the acquisition method in accordance with ASC 805, Business Combinations. The acquisition method requires identifiable assets acquired and liabilities assumed and any noncontrolling interest in the business acquired be recognized and measured at fair value on the acquisition date, which is the date that the acquirer obtains control of the acquired business. The amount by which the fair value of consideration transferred as the purchase price exceeds the net fair value of assets acquired and liabilities assumed is recorded as goodwill.

Acquisitions that do not meet the definition of a business under the ASC are accounted for as an acquisition of assets, whereby all of the cost of the individual assets acquired and liabilities assumed, including certain transactions costs, are allocated on a relative fair value basis. Accordingly, goodwill is never recognized in an asset acquisition.

During the year ended December 31, 2023, the Company completed the purchase of certain intangible assets and completed a business acquisition that were not material to the Company's consolidated financial statements, individually and in aggregate. Accordingly, pro forma historical results of operations related to these business acquisitions during the year ended December 31, 2023 have not been presented. The Company has included the financial results of these business acquisitions in its consolidated financial statements from their respective dates of acquisition.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. Major renewals and betterments are capitalized while maintenance and repairs are expensed as incurred. When assets are sold or retired, their costs and accumulated depreciation are removed from the accounts, and the resulting gains or losses are reflected in the consolidated statements of operations.

The “Intangibles—Goodwill and Other” topic of the FASB ASC provides guidance on capitalization of the costs incurred for computer software developed or obtained for internal use. The Company capitalizes qualified external costs and internal costs related to the purchase and implementation of software projects used for business operations and engineering design activities. Capitalized software costs primarily include purchased software, internal costs and external consulting fees. Capitalized software projects are amortized over the estimated useful lives of the software.

Depreciation and Amortization

Software, including amounts capitalized for internally developed software is amortized on a straight-line basis over an estimated useful life of three to five years. Machinery and equipment is depreciated using accelerated methods over an estimated useful life of three to ten years. Buildings and site improvements are depreciated using the straight-line method over their estimated useful lives, which range from 15 to 45 years. Leasehold improvements are amortized using the straight-line method over the shorter of the expected life or the remaining term of the lease. Purchased intangible assets with finite useful lives are amortized using the straight-line method over the estimated useful lives of the assets.

Preferred Stock

The Company’s Board of Directors has the authority to issue authorized and unissued preferred stock in one or more series with such designations, rights and preferences as may be determined from time to time by the Board of Directors. Accordingly, the Board of Directors is empowered, without stockholder approval, to issue preferred stock with dividend, redemption, liquidation, conversion, voting or other rights that could adversely affect the voting power or other rights of the holders of the Company’s common stock.

Common Stock

Subject to the rights of holders of any preferred stock that may be issued in the future, holders of common stock are entitled to receive dividends, if any, as may be declared from time to time by the Board of Directors out of legally available funds, and in the event of liquidation, dissolution or winding-up of the Company, to share ratably in all assets available for distribution. The holders of common stock have no preemptive or conversion rights. Subject to the rights of any preferred stock that may be issued in the future, the holders of common stock are entitled to one vote per share on any matter submitted to a vote of the stockholders. A director in an uncontested election is elected if the votes cast “for” such director’s election exceed the votes cast "against" such director's election, except that, if a stockholder properly nominates a candidate for election to the Board of Directors, the candidates with the highest number of affirmative votes (up to the number of directors to be elected) are elected. There are no redemption or sinking fund provisions applicable to common stock.

Comprehensive Income or Loss

Comprehensive income is defined as net income plus other comprehensive income or loss. Other comprehensive income or loss consists of changes in cumulative translation adjustments, changes in unamortized pension adjustments and changes in the fair value of derivative instruments classified as cash flow hedge instruments, all of which are recorded directly in accumulated other comprehensive income within stockholders' equity.

Foreign Currency Translation

The local currency is the functional currency for all of the Company's operations in Europe, Canada, Asia, Australia and New Zealand. Assets and liabilities denominated in foreign currencies are translated using the exchange rate on the balance sheet date. Revenues and expenses are translated using average exchange rates prevailing during the year. The translation adjustment resulting from this process is shown separately as a component of stockholders' equity. Foreign currency transaction gains or losses are presented below operating income.

Revenue Recognition

Generally, the Company's revenue contract with a customer exists when (1) the goods are shipped, services are rendered, and the related invoice is generated, (2) the duration of the contract does not extend beyond the promised goods or services already transferred and (3) the transaction price of each distinct promised product or service specified in the invoice is based on its relative stated standalone selling price. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a product to a customer at a point in time. Our shipping terms provide the primary indicator of the transfer of control. The Company's general shipping terms are Incoterm C.P.T. (F.O.B. shipping point), where the title, and risk and rewards of ownership transfer at the point when the products are no longer on the Company's premises. Other Incoterms are allowed as exceptions depending on the product or service being sold and the nature of the sale. The Company recognizes revenue based on the consideration specified in the invoice with a customer, excluding any sales incentives, discounts, and amounts collected on behalf of third parties (i.e., governmental tax authorities). Based on historical experience with the customer, the customer's purchasing pattern, and its significant experience selling products, the Company concluded that a significant reversal in the cumulative amount of revenue recognized would not occur when the uncertainty (if any) is resolved (that is, when the total amount of purchases is known). Refer to Note 2 for additional information.

The Company presents taxes collected and remitted to governmental authorities on a net basis in the consolidated statements of operations. 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.

Cost of Sales

Cost of sales includes material, labor, factory and tooling overhead, shipping, and freight costs. Major components of these expenses are steel and other materials, packaging and cartons, personnel costs, and facility costs, such as rent, depreciation and utilities, related to the production and distribution of the Company's products. Inbound freight charges, purchasing and receiving costs, inspection costs, warehousing costs, internal transfer costs, and other costs of the Company's distribution network are also included in cost of sales.

Tool and Die Costs

Tool and die costs are included in product costs in the year incurred.

Product and Software Research and Development Costs

Product research and development costs, which are included in operating expenses and are charged against income as incurred, were $24.8 million, $15.7 million and $12.3 million in 2023, 2022 and 2021, respectively. Product research and development expenses include all related personnel costs including salary, benefits, retirement, stock-based compensation costs, as well as computer and software costs, professional fees, supplies, tools and maintenance costs. In 2023, 2022 and 2021, the Company incurred software development expenses related to its ongoing expansion into the plated truss and Cold Form Steel markets as well as ongoing development of Building Information Modeling ("BIM") applications that serve multiple end markets, and some of the software development costs were capitalized. See "Note 10 — Property, Plant and Equipment." The Company amortizes acquired patents over their remaining lives and performs periodic reviews for impairment. The cost of internally developed patents is expensed as incurred.

Selling Costs

Selling costs include expenses associated with selling, merchandising and marketing the Company's products. Major components of these expenses are personnel, sales commissions, facility costs such as rent, depreciation and utilities, professional services, information technology costs, sales promotion, advertising, literature and trade shows.

Advertising Costs

Advertising costs are included in selling expenses and were $12.3 million, $12.6 million and $8.4 million in 2023, 2022, and 2021, respectively.

General and Administrative Costs

General and administrative costs include personnel, information technology related costs, facility costs such as rent, depreciation and utilities, professional services, amortization of intangibles and bad debt charges.

Accounting for Leases

The Company has operating leases for certain facilities, equipment, autos and data centers. As an accounting policy for short-term leases, the Company elected to not recognize a right-of-use asset ("ROU asset") and liability if, at the commencement date, the lease (1) has a term of 12 months or less and (2) does not include renewal and purchase options that the Company is reasonably certain to exercise. Monthly payments on short-term leases are recognized on a straight-line basis over the full lease term.

Accounting for Stock-Based Compensation

The Company recognizes stock-based compensation expense related to the estimated fair value of restricted stock awards on a straight-line basis, net of estimated forfeitures, over the requisite service period of the awards, which is generally the vesting term of three or four years. Stock-based compensation related to performance share grants are measured based on grant date fair value and expensed on a graded basis over the service period of the awards, which is generally a performance period of three years. The performance conditions are based on the Company's achievement of revenue growth and return on invested capital over the performance period and are evaluated for the probability of vesting at the end of each reporting period with changes in expected results cumulatively recognized as an adjustment to expense. The assumptions used to calculate the fair value of restricted stock grants are evaluated and revised, as necessary, to reflect market conditions and the Company's experience.

Income Taxes

Income taxes are calculated using an asset and liability approach. The provision for income taxes includes federal, state and foreign taxes currently payable, and deferred taxes due to temporary differences between the financial statement and tax bases of assets and liabilities. In addition, future tax benefits are recognized to the extent that realization of such benefits is more likely than not. This method gives consideration to the future tax consequences of the deferred income tax items and immediately recognizes changes in income tax laws in the year of enactment.

Net Income per Share

Basic net income per common share is computed based on the weighted average number of common shares outstanding. Potentially dilutive shares are included in the diluted per-share calculations using the treasury stock method for all periods when the effect of their inclusion is dilutive.

Accounting Standards Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-07 requiring enhanced segment disclosures. The ASU requires disclosure of significant segment expenses regularly provided to the chief operating decision maker ("CODM") included within segment operating profit or loss. Additionally, the

ASU requires a description of how the CODM utilizes segment operating profit or loss to assess segment performance. The requirements of the ASU are effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The Company's annual reporting requirements will be effective for fiscal 2024 and interim reporting requirements will be effective beginning with the first quarter of fiscal 2025. Early adoption is permitted and retrospective application is required for all periods presented. The Company is in the process of analyzing the impact of the ASU on related disclosures.

In December 2023, the FASB issued ASU 2023-09 requiring enhanced income tax disclosures. The ASU requires disclosure of specific categories and disaggregation of information in the rate reconciliation table. The ASU also requires disclosure of disaggregated information related to income taxes paid, income or loss from continuing operations before income tax expense or benefit, and income tax expense or benefit from continuing operations. The requirements of the ASU are effective for annual periods beginning after December 15, 2024. Early adoption is permitted and the amendments should be applied on a prospective basis. Retrospective application is permitted. The Company is in the process of analyzing the impact of the ASU on related disclosures.

The Company does not believe any other new accounting pronouncements issued by the FASB that have not become effective will have a material impact on its consolidated financial statements.

2. Revenue from Contracts with Customers

Disaggregated revenue

The Company disaggregates net sales into the following major product groups as described in its segment information included in these financial statements under Note 19.

Wood Construction Products Revenue. Wood construction products represented approximately 85%, 87%, and 87% of total net sales in the years ended December 31, 2023, 2022, and 2021 respectively.

Concrete Construction Products Revenue. Concrete construction products represented approximately 15%, 13%, and 13% of total net sales in the years ended December 31, 2023, 2022 and 2021, respectively.

Customer acceptance criteria. Generally, there are no customer acceptance criteria included in the Company's standard sales agreement with customers. When an arrangement with the customer does not meet the criteria to be accounted for as a revenue contract under the standard, the Company recognizes revenue in the amount of nonrefundable consideration received when the Company has transferred control of the goods or services and has stopped transferring (and has no obligation to transfer) additional goods or services. The Company offers certain customers discounts for paying invoices ahead of the due date, which are generally 30 to 60 days after the issue date.

Other revenue. Service sales, representing after-market repair and maintenance, engineering activities and software license sales and services were less than 0.5% of net sales for 2023, 2022 and 2021 and recognized as the services are completed or by transferring control over a product to a customer at a point in time. Services may be sold separately or in bundled packages. The typical contract length for services is generally less than one year. For bundled packages, the Company accounts for individual services separately when they are distinct within the context of the contract. A distinct service is separately identifiable from other items in the bundled package if a customer can benefit from it on its own or with other resources that are readily available to the customer. The consideration (including any discounts) is allocated between separate services in a bundle based on their stand-alone selling prices. The stand-alone selling prices are determined based on the prices at which the Company separately sells the services.

Reconciliation of contract balances

Contract assets are the right to receive consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditional on something other than the passage of time. Contract liabilities are recorded for any services billed to customers and not yet recognizable if the contract period has commenced or for the amount collected from customers in advance of the contract period commencing. As of December 31, 2023 and 2022, the Company had no material contract assets or contract liabilities from contracts with customers.

Other accounting considerations

Volume discounts. Volume discounts are accounted for as variable consideration because the transaction price is uncertain until the customer completes or fails to purchase the specified volume of purchases (consideration is contingent on a future outcome - occurrence or nonoccurrence). In addition, the Company applies the volume rebate or discount retrospectively, because the final price of each product or services sold depends on the customer's total purchases subject to the rebate program. Estimated rebates are deducted from revenues based on the gross transaction price and historical experience with the customer.

Rights of return and other allowances. Rights of return create variability in the transaction price. The Company accounts for returned product during the return period as a refund to customer and not a performance obligation. The estimated allowance for returns is based on historical percentage of returns and allowance from prior periods and the customer's historical purchasing pattern. This estimate is deducted from revenues based on the gross transaction price.

Principal versus Agent. The Company considered the principal versus agent guidance of the revenue recognition standard and concluded that the Company is the principal in a third-party transaction. The Company manufactures its products and has control over the transfer of its products to Dealer Distributors, Contract Distributors, and end customers.

Costs to obtain or fulfill a contract. Costs incurred to obtain a contract are immaterial. Commission cost is not an incremental cost directly related to obtaining a contract.

Shipping costs. The Company recognizes shipping and handling activities that occur after the customer has obtained control of goods as a fulfillment cost rather than as an additional promised service. Therefore, the Company recognizes revenue and accrues shipping and handling costs when the control of goods transfers to the customer upon shipment.

Advertising costs. Cooperative advertising and partnership discounts are consideration payable to a customer and not payment in exchange for a distinct product or service at fair value. Estimated cooperative advertising and partnership discounts are reductions of the transaction price.

3. Acquisition

On April 1, 2022, the Company completed its acquisition of 100% of the outstanding equity interest of FIXCO Invest S.A.S. (together with its subsidiaries, "ETANCO") for total purchase consideration of $805.4 million, net of cash acquired (the "Acquisition"). The Acquisition was completed pursuant to the securities purchase agreement dated January 26, 2022, as amended (the "SPA"), by and among the Company, Fastco Investment, Fastco Financing, LRLUX and certain other security holders. The purchase price for the Acquisition was paid using cash on hand and borrowings in the amount of $250.0 million under the revolving credit facility and $450.0 million under the term loan facility. See Note 14 for further information on the Amended and Restated Credit Facility.

ETANCO is a manufacturer and distributor of fastener and fixing products headquartered in France and its primary product applications directly align with the addressable markets in which the Company operates. The Acquisition allows the Company to enter into new commercial building markets such as façades, waterproofing, safety and solar, as well as grow its share of direct business sales in Europe.

ETANCO's results of operations were included in the Company's consolidated financial statements from the April 1, 2022 acquisition date, and as such, only includes ETANCO's results of operations for the nine months ending December 31, 2022. ETANCO had net sales of $212.6 million and a net loss of $5.9 million for the nine months ended December 31, 2022, which includes costs related to fair-value adjustments for acquired inventory, amortization of acquired intangible assets, and expenses incurred for integration.

Purchase price allocation

The Acquisition was accounted for using the acquisition method of accounting in accordance with Accounting Standards Codification 805, Business Combinations ("ASC 805") which requires, among other things, assets acquired and liabilities assumed in a business combination be recorded at fair value as of the acquisition date with limited exceptions.

The allocation of the $824.4 million purchase price, including cash, to the estimated fair values of the tangible and intangible assets acquired and liabilities assumed is as follows:

(in thousands)		**Amount**
Cash and cash equivalents	$	19,010
Trade accounts receivable, net		63,607
Inventory		107,185
Other current assets		4,491
Property and equipment, net		89,695
Operating lease right-of-use assets		5,361
Goodwill		365,591
Intangible assets, net		357,327
Other noncurrent assets		2,881
Total assets		1,015,148
Trade accounts payable		46,457
Accrued liabilities and other current liabilities		22,079
Operating lease liabilities		5,176
Deferred income tax and other long-term liabilities		117,031
Total purchase price	$	824,405

Trade accounts receivable, net

The gross amount of trade receivables acquired was approximately $67.4 million, of which $66.0 million was collected, in excess of the original collectible estimate of $63.6 million.

Inventory

Acquired inventory primarily consists of raw materials and finished goods consisting of building and construction materials products. The Company adjusted acquired finished goods higher by $13.6 million to estimated fair value based on expected selling prices less a reasonable amount for selling efforts. The fair value adjustment was fully recognized as a component of cost of sales over the inventory's estimated turnover period during the nine months ended December 31, 2022. There were no such adjustments during the twelve months ended December 31, 2023.

Property and equipment, net

Acquired property and equipment includes land of $16.1 million, buildings and site improvements of $32.5 million, and machinery, equipment, and software of $41.1 million. The estimated fair value of property and equipment was determined primarily using market and/or cost approach methodologies. The acquired fair value for buildings and site improvements will depreciate on a straight-line basis over the estimated useful lives of the assets for a period of up to sixteen years, and machinery, equipment and software will depreciate on an accelerated basis over an estimated useful life of three to ten years.

Goodwill

The excess of purchase price over the net assets acquired is recognized as goodwill and relates to the value that is expected from the acquired assembled workforce as well as the increased scale and synergies resulting from the integration of both businesses. The goodwill recognized from the Acquisition is not deductible for local income tax purposes. Goodwill was allocated to components within ETANCO.

Intangible assets, net

The estimated fair value of intangible assets acquired was determined primarily using income approach methodologies. The preliminary values allocated to intangible assets and the useful lives are as follows:

(in thousands except useful lives)	**Weighted-average useful life (in years)**		**Amount**
Customer relationships	15	$	248,398
Trade names	Indefinite		93,811
Developed technology	10		11,256
Patents	8		3,862
		$	357,327

The acquired definite-lived intangible assets will be amortized on a straight-line basis over estimated useful lives, which approximates the pattern in which these assets are utilized.

Deferred taxes

As a result of the increase in fair value of inventory, property and equipment, and intangible assets, deferred tax liabilities of $105.9 million were recognized, primarily due to intangible assets.

Acquisition and integration related costs

During the year ended December 31, 2022, the Company incurred acquisition and integration related expenses of $17.3 million. These costs were included in the Company's income from operations.

Unaudited pro forma results

The following unaudited pro forma combined financial information presents estimated results as if the Company acquired ETANCO on January 1, 2021. The unaudited pro forma financial information as presented below is for informational purposes only and does not purport to actually represent what the Company's combined results of operations would have been had the Acquisition occurred on January 1, 2021, or what those results will be for any future periods.

The following unaudited pro forma consolidated financial information has been prepared using the acquisition method of accounting in accordance with U.S. GAAP:

	Years Ended December 31,	
(in thousands)	**2022**	**2021**
Net sales	$ 2,195,271	$ 1,884,654
Net income	$ 363,527	$ 261,389
Pro forma earnings per common share:		
Basic	$ 8.47	$ 6.03
Diluted	$ 8.44	$ 6.00
Weighted average shares outstanding:		
Basic	42,925	43,325
Diluted	43,047	43,532

The unaudited pro forma results above includes the following non-recurring charges to net income:

1) Acquisition and integration related costs of $17.3 million which were incurred during the twelve months ended December 31, 2022, were adjusted as if such costs were incurred during the twelve months ended December 31, 2021.

2) The $13.6 million fair value adjustment for inventory recognized during the twelve months ended December 31, 2022, was adjusted as if incurred during the twelve months ended December 31, 2021.

3) Net income for ETANCO includes adjustments of $0.4 million and $3.2 million to conform ETANCO's historical financial results prepared under French GAAP to U.S. GAAP for the twelve months ended December 31, 2022, and December 31, 2021, respectively. The U.S. GAAP adjustments are primarily related to share-based payments expense on awards that were settled prior to the Acquisition, and costs incurred and capitalized by ETANCO on its historical acquisitions.

4. Net Income per Share

The following shows a reconciliation of basic earnings per share ("EPS") to diluted EPS:

(in thousands, except per-share amounts)	For the Year Ended December 31, 2023	2022	2021
Net income available to common stockholders	$ 353,987	$ 333,995	$ 266,447
Basic weighted average shares outstanding	42,598	42,925	43,325
Dilutive effect of potential common stock equivalents	239	122	207
Diluted weighted average shares outstanding	42,837	43,047	43,532
Net earnings per share:			
Basic	$ 8.31	$ 7.78	$ 6.15
Diluted	$ 8.26	$ 7.76	$ 6.12

5. Stockholders' Equity

Stock Repurchases

On August 16, 2022, the Inflation Reduction Act of 2022 ("IRA") was signed into law. This legislation introduces a 1% excise tax on stock repurchases, net of shares issued under compensation programs, among its key tax provisions. The IRA is effective for years beginning after December 31, 2022.

For the fiscal year ended December 31, 2023, the Company repurchased approximately 361 thousand shares of the Company's common stock in the open market at an average price of $138.60 per share, for a total of $50.0 million under the previously announced $100.0 million share repurchase authorization (which expired at the end of 2023). As of December 31, 2023, the Company accrued $0.4M for the excise tax, which is included as a cost of treasury stock; however, this is not reflected in the share repurchase amounts above.

Comprehensive Income or Loss

The following shows the components of accumulated other comprehensive income or loss as of December 31, 2023, 2022, and 2021 respectively:

(in thousands)	Foreign Currency Translation	Pension Benefit	Cash Flow Hedge	Forward Foreign Currency	Total
Balance as of January 1, 2021	$ (7,908)	$ (2,910)	$ —	$ 390	$ (10,428)
Other comprehensive gain/(loss) net of tax benefit (expense) of $0, ($52), $0 and ($68), respectively	(7,313)	404	—	204	(6,705)
Amounts reclassified from accumulative other comprehensive income, net of $0 tax	—	—	—	(472)	(472)
Balance as of December 31, 2021	(15,221)	(2,506)	—	122	(17,605)
Other comprehensive gain/(loss) net of tax benefit (expense) of $0, ($133), ($10,264) and ($951), respectively.	(20,942)	2,065	42,740	11,898	35,761
Amounts reclassified from accumulative other comprehensive income, net of $0 tax	209	—	(18,987)	(3,437)	(22,215)
Balance at December 31, 2022	(35,954)	(441)	23,753	8,583	(4,059)
Other comprehensive gain/(loss), net of tax benefit (expense) of $0, ($1), $6,254 and $2,711, respectively.	19,690	73	(3,815)	(8,785)	7,163
Amounts reclassified from accumulative other comprehensive income, net of $0 tax	—	—	(8,187)	(4,907)	(13,094)
Balance at December 31, 2023	$ (16,264)	$ (368)	$ 11,751	$ (5,109)	$ (9,990)

6. Stock-Based Compensation

The Company currently maintains the Simpson Manufacturing Co., Inc. Amended and Restated 2011 Incentive Plan (the "2011 Plan") as its only equity incentive plan. Under the 2011 Plan, no more than 16.3 million shares of the Company's common stock in aggregate may be issued, including shares already issued pursuant to prior awards granted under the 2011 Plan. Shares of common stock underlying awards to be issued pursuant to the 2011 Plan are registered under the Securities Act. Under the 2011 Plan, the Company may grant restricted stock and restricted stock units. The Company currently intends to award only performance-based stock units ("PSUs") and/or time-based restricted stock units ("RSUs").

The following table shows the Company's stock-based compensation activity:

	Fiscal Years Ended December 31,		
(in thousands)	**2023**	**2022**	**2021**
Stock-based compensation expense recognized	$ 19,726	$ 12,503	$ 15,036
Tax benefit of stock-based compensation expense in provision for income taxes	4,808	3,133	3,787
Stock-based compensation expense, net of tax	$ 14,918	$ 9,370	$ 11,249

The Company allocates stock-based compensation expense amongst cost of sales, research and development and other engineering expense, selling expense, or general and administrative expense based on the job functions performed by the employees to whom the stock-based compensation is awarded. Stock-based compensation capitalized in inventory was immaterial for all periods presented.

The following table summarizes the Company's unvested restricted stock unit activity for the year ended December 31, 2023:

Unvested Restricted Stock Units (RSUs)	**Shares (in thousands)**	**Weighted-Average Exercise Price**	**Aggregate Intrinsic Value * (in thousands)**
Outstanding as of January 1, 2023	302	$ 102.10	$ 26,745
Awarded	284	99.35	
Vested	(180)	90.39	
Forfeited	(28)	107.67	
Outstanding as of December 31, 2023	378	102.87	74,850
Outstanding and expected to vest at December 31, 2023	421	$ 102.04	83,350

* The intrinsic value for outstanding and expected to vest is calculated using the closing price per share of $197.98, as reported by the New York Stock Exchange on December 31, 2023.

During the year ended December 31, 2023, the Company granted 274 thousand RSUs and PSUs to the Company's employees, including officers at an estimated weighted average fair value of $99.35 per share, based on the closing price (adjusted for certain market factors primarily the present value of dividends) of the Company's common stock on the grant date. The RSUs and PSUs granted to the Company's employees may be time-based, performance-based or time- and performance-based. Certain of the PSUs are granted to officers and key employees, where the number of performance-based awards to be issued is based on the achievement of certain Company performance criteria established in the award agreement over a cumulative three years period. These awards cliff vest after three years. In addition, these same officers and key employees also receive time-based RSUs, which vest pursuant to a three-year graded vesting schedule. Time- and performance-based RSUs granted to the Company's employees excluding officers and certain key employees, vest ratably over the four-year life of the award and through 2020, required the underlying shares of the Company's common stock to be subject to a performance-based adjustment during the first year and starting in 2021, were time-based awards which vest ratable over the four-year life of the award.

The Company's nine non-employee directors are entitled to receive approximately $1.1 million in equity compensation annually. The number of shares ultimately granted is based on the average closing share price for the Company over the 60 days period prior to approval of the award in the second quarter of each year. In April and June 2023, the Company granted 10 thousand shares of the Company's common stock to the non-employee directors, based on the average closing price of $122.50 per share and recognized total expense of $1.2 million.

The total intrinsic value of RSUs and PSUs vested during the years ended December 31, 2023, 2022 and 2021 was $20.3 million, $25.6 million and $15.7 million, respectively, based on the market value on the vest date.

As of December 31, 2023, the Company's aggregate unamortized stock compensation expense was approximately $22.6 million, which is expected to be recognized over a weighted-average period of approximately 2.2 years.

Stock Bonus Plan

The Company also maintains the Simpson Manufacturing Co., Inc. 1994 Employee Stock Bonus Plan (the "Stock Bonus Plan"), whereby it awards shares of the Company's common stock to employees, who do not otherwise participate in any of the Company's equity-based incentive plans and meet minimum service requirements. Shares have generally been awarded under the Stock Bonus Plan following the year in which the respective employee reached his or her tenth, twentieth, thirtieth, fortieth or fiftieth anniversary of employment with the Company or any direct or indirect subsidiary thereof.

The Company awarded shares for service through 2023, 2022, and 2021 as shown below:

	December 31,		
	2023	**2022**	**2021**
Shares issued	9,800	9,300	6,900
Shares settled with cash (foreign employees)	4,900	7,400	6,500
Total awards	14,700	16,700	13,400

As a result, we recorded pre-tax compensation charges of $1.9 million, $1.5 million, and $1.7 million for years ended December 31, 2023, 2022, and 2021, respectively. These charges include cash bonuses to compensate employees for income taxes payable as a result of the stock bonuses.

7. Trade Accounts Receivable, net

Trade accounts receivable consisted of the following:

	As of December 31,	
(in thousands)	**2023**	**2022**
Trade accounts receivable	$ 292,360	$ 276,229
Allowance for doubtful accounts	(3,881)	(3,240)
Allowance for sales discounts	(4,504)	(3,865)
	$ 283,975	$ 269,124

8. Inventories

The components of inventories are as follows:

	As of December 31,	
(in thousands)	**2023**	**2022**
Raw materials	$ 167,177	$ 187,149
In-process products	57,432	55,171
Finished products	326,966	314,481
	$ 551,575	$ 556,801

9. Derivative Instruments

The Company enters into derivative instrument agreements, including forward foreign currency exchange contracts, interest rate swaps, and cross currency swaps to manage risk in connection with changes in foreign currency and interest rates. The Company hedges committed exposures and does not engage in speculative transactions. The Company only enters into derivative instrument agreements with counterparties who have highly rated credit.

The Company produces certain of its concrete products from a wholly owned subsidiary in China, and as a result is exposed to variability in cash outflows associated with changes in the foreign exchange rate between the U.S. Dollar and the Chinese Yuan (CNY). In November 2022, the Company entered into a series of foreign currency derivative contracts that matured monthly between January 2023 and December 2023. These forward contracts are accounted for as cash flow hedges under the accounting standards, and fair value is included in other current assets or other current liabilities, as applicable, in the consolidated balance sheet. Net deferred gains and losses on these contracts relating to changes in fair value are included in accumulated other OCI and are reclassified into cost of sales in the consolidated statements of operations in the which the hedged items are recorded in the same period the hedged item affects earnings. There were no amounts recognized for gains or losses on these contracts during the year ended December 31, 2022 and $0.2 million in losses recorded on these contracts during the year ending December 31, 2023. The amounts deferred in OCI are expected to be recognized as a component of cost of sales in the consolidated statements of operations during 2024.

Beginning in March 2022, the Company entered into a forward foreign currency contract expiring in March 2029 to hedge its exposure to adverse foreign currency exchange rate movements for its operations in Europe and elected the spot method for designating this contract as a net investment hedge with the net interest income from forward points excluded and amortized to interest expense. During May 2022, the Company settled the March 2022 forward foreign currency contract for $3.9 million in cash, which included $0.4 million in recognized forward points, terminated the hedge accounting treatment and simultaneously entered into a new forward foreign currency contract expiring in March 2029 with the same notional amount at a new forward rate. The Company also elected the spot method for designating the May 2022 contract as a net investment hedge. The $3.5 million gain recognized on the March 2022 contract from recognized forward points is deferred in OCI and will remain in OCI until either the sale or substantially complete liquidation of the hedged subsidiaries.

Beginning in March 2022, the Company also converted a Euro-denominated ("EUR"), fixed rate obligation into a U.S. Dollar fixed rate obligation using a receive fixed, pay fixed cross currency swap, which was designated as a cash flow hedge. During May 2022, the Company settled the March 2022 cross currency swap for $22.4 million in cash, which was comprised of $21.3 million gain on the swap excluding accrued interest and $1.1 million of net interest income accrued according to the terms of the swap. The Company terminated the hedge accounting treatment and simultaneously entered into a new cross currency swap expiring in March 2029 with a lower notional amount for the US dollar denominated leg at a new US dollar interest rate. An amount of $28.3 million was reclassified out of OCI into earnings to offset the currency loss on the underlying security being hedged resulting in a net $7.0 million hedge accounting balance reserved within OCI, which is being amortized to interest expense in the consolidated statements of operations through the termination of the underlying hedged intercompany debt in March 2029.

In addition, the Company converted its domestic U.S. variable rate debt to fixed rate debt using a receive variable, pay fixed interest rate swap expiring March 2027. The interest rate swap contract is also designated as a cash flow hedge.

As of December 31, 2023, the aggregate notional amount of the Company's outstanding interest rate contracts, cross currency swap contracts and EUR forward contracts were $410.6 million, $430.5 million, and $321.7 million, respectively. As of December 31, 2022, there were no outstanding forward contracts on its Chinese Yuan denominated purchases.

Changes in fair value of any forward contracts that are determined to be ineffective are immediately reclassified from OCI into earnings. There were no amounts recognized due to ineffectiveness during the twelve months ended December 31, 2023.

The effects of fair value and cash flow hedge accounting on the consolidated statements of operations for the periods ended December 31, were as follows:

	2023			2022		
(in thousands)	Cost of sales	Interest expense, net	Other & foreign exchange loss, net	Cost of sales	Interest expense, net	Other & foreign exchange loss, net
Total amounts of income and expense line items presented in the Consolidated Statements of Operations in which the effects of fair value or cash flow hedges are recorded	$ 1,170,048	$ 3,391	$ (1,993)	$ 1,174,794	$ (7,594)	$ (3,408)
The effects of fair value and cash flow hedging						
Gain or (loss) on cash flow						
Interest contracts:						
Amount of gain or (loss) reclassified from OCI to earnings	—	15,722	—	—	(1,012)	—
Cross currency swap contract						
Amount of gain or (loss) reclassified from OCI to earnings	—	5,170	(12,704)	—	5,650	14,349
Forward contract						
Amount of gain or (loss) reclassified from OCI to earnings	(155)	—	—	122	—	—

The effects of derivative instruments on the consolidated statements of operations for the twelve months ended December 31, 2023 and December 31, 2022 were as follows:

Cash Flow Hedging Relationships	**Gain (Loss) Recognized in OCI**		**Location of Gain (Loss) Reclassified from OCI into**	**Gain (Loss) Reclassified from OCI into Earnings**	
	2023	**2022**		**2023**	**2022**
Interest rate contracts	$ 4,668	$ 26,830	Interest expense	$ 15,722	$ (1,012)
Cross currency contracts	(14,737)	26,174	Interest expense	5,170	5,650
Forward contracts	(124)	231	FX gain (loss)	(12,704)	14,349
			Cost of goods sold	(155)	—
Total	$ (10,193)	$ 53,235		$ 8,033	$ 18,987

For the twelve months ended December 31, 2023 and December 31, 2022, gains on the net investment hedge of $11.4 million and $13.0 million, respectively, were included in OCI. For the twelve months ended December 31, 2023 and December 31, 2022, deferred gains from the forward points of $5.1 million and $3.3 million, were reclassified from OCI to interest expense.

As of December 31, 2023, the aggregate fair values of the Company's derivative instruments on the Consolidated Balance Sheet were comprised of an asset of $21.9 million, of which $14.5 million is included in other current assets, and the balance of $7.4 million as other non-current assets, and of a noncurrent liability of $30.1 million included as deferred income tax and other long-term liabilities.

As of December 31, 2022, the aggregate fair values of the Company's derivative instruments on the Consolidated Balance Sheet were comprised of an asset of $43.9 million, of which $20.4 million is included in other current assets, and the balance of

$23.5 million as other non-current assets, and of a noncurrent liability of $8.0 million included as deferred income tax and other long-term liabilities.

As of December 31, 2023, the Company expects it will reclassify net gains of approximately $15.7 million, currently recorded in Accumulated Other Comprehensive Income (AOCI), into interest expense in earnings within the next twelve months. However, the actual amount reclassified could vary due to future changes in the fair value of these derivatives.

10. Property, Plant and Equipment, net

Property, plant and equipment consisted of the following:

	December 31,	
(in thousands)	**2023**	**2022**
Land	$ 62,587	$ 50,025
Buildings and site improvements	246,021	233,123
Leasehold improvements	7,782	6,367
Machinery and equipment	516,017	472,907
	832,407	762,422
Less accumulated depreciation and amortization	(474,974)	(432,392)
	357,433	330,030
Capital projects in progress	61,179	31,525
	$ 418,612	$ 361,555

Property, plant and equipment as of December 31, 2023, and 2022, includes fully depreciated assets with an original cost of $352.5 million and $253.5 million, respectively, which are still in use. The Company capitalizes certain development costs associated with internal use software, including the direct costs of services provided by third-party consultants and payroll for internal employees, both of which are performing development and implementation activities on a software project. As of December 31, 2023, and 2022, the Company had capitalized software development costs net of accumulated amortization of $33.8 million and $33.3 million, respectively, included in machinery and equipment and as of December 31, 2023, and 2022, $9.7 million and $7.0 million, respectively, was included in capital projects in progress.

Depreciation expense, including depreciation of equipment and amortization of internally developed and acquired software, was $51.2 million, $43.4 million, and $36.1 million for the years ended December 31, 2023, 2022 and 2021, respectively.

11. Goodwill and Intangible Assets

Goodwill

The annual changes in the carrying amount of goodwill, by segment, as of December 31, 2022 and 2023, were as follows, respectively:

(in thousands)	North America	Europe	Asia Pacific	Total
Balance as of January 1, 2022	$ 96,307	$ 36,331	$ 1,384	$ 134,022
Goodwill acquired	7,444	365,591	—	373,035
Foreign exchange	(179)	(11,123)	(83)	(11,385)
Balance as of December 31, 2022	103,572	390,799	1,301	495,672
Goodwill acquired	(2,077)[3]	1,497	—	(580)
Goodwill disposed	—	(5,678)[4]	—	(5,678)
Foreign exchange	63	13,075	(2)	13,136
Balance as of December 31, 2023	$ 101,558	$ 399,693	$ 1,299	$ 502,550

Goodwill Impairment Testing

The Company tests goodwill for impairment at the reporting unit level on an annual basis (in the fourth quarter). Our goodwill balance is not amortized to expense, and we may assess qualitative factors and quantitative factors to determine whether it is more likely than not that the fair value of each reporting unit is less than its carrying amount as a basis for determining whether it is necessary to complete quantitative impairment assessments.

During fiscal year 2023, we re-evaluated our European reporting units after a full year of operations from our acquisition of ETANCO as it has become further integrated into our other European operations resulting in changes to the management, product distribution, and operations structure of our European operations. As a result of this re-evaluation, all European reporting units were consolidated for reporting purposes into one overall Europe reporting unit. A qualitative assessment was performed immediately preceding the reporting unit change and determined that it was not more likely than not that any impairment existed prior to the reporting unit change. For the Company's remaining reporting units, the reporting unit level is generally one level below the operating segment, which is at the country level, except for the United States and Australia.

The Company determined that the U.S. reporting unit includes four components: Northwest United States, Southwest United States, Northeast United States and Southeast United States. The Australia reporting unit includes two components: Australia and New Zealand. For each of these reporting units, the Company aggregated the components because management concluded that they are economically similar, and that the goodwill is recoverable from these components working in concert.

In 2023, the Company applied the ("Step 1") approach where the Company compares the fair value of the reporting unit to its carrying value. The fair value calculation uses both the income approach (discounted cash flow method) and the market approach, equally weighted. If the Company determines that the carrying value of the net assets assigned to the reporting unit, including goodwill, exceeds the fair value of the reporting unit, no further action is taken. If the Company determines that the carrying value of a reporting unit's goodwill exceeds its implied fair value, the Company will record an impairment charge equal to the difference between the implied fair value of the goodwill and the carrying value.

In 2022, we completed our annual impairment assessment by performing a qualitative assessment. For this qualitative assessment, we assessed various assumptions, events and circumstances that would have affected the estimated fair value of the reporting units. Based on the qualitative assessment performed, the Company concluded that there was no evidence of events or circumstances that would indicate a material change from the Company's prior year quantitative assessment by reporting unit and therefore, it was more likely than not that the estimated fair value of reporting units exceeded their respective carrying values.

The 2023 and 2022 annual testing of goodwill for impairment did not result in impairment charges. "See Item 7 - Critical Accounting Policies and Estimates - *Goodwill and Other Intangible Assets*".

Amortizable Intangible Assets

[3] During the year ended December 31, 2023, the Company finalized an acquisition of a business that resulted in $2.1 million decrease in goodwill with $0.9 million reclassified to intangible asset and a corresponding decrease of $1.2 million in a contingent consideration liability. The final amounts are measurement period adjustments for conditions that existed at the acquisition date.

[4] During the year ended December 31, 2023, the Company finalized a sale of a business that did not result in material gain or loss.

Intangible assets from acquired businesses or asset purchases are recognized at their estimated fair values on the date of acquisition and consist of patents, unpatented technology, non-compete agreements, trademarks, customer relationships and other intangible assets. Finite-lived intangibles are amortized to expense over the applicable useful lives, ranging from three to twenty-one years, based on the nature of the asset and the underlying pattern of economic benefit as reflected by future net cash inflows. The Company performs an impairment test of finite-lived intangibles whenever events or changes in circumstances indicate their carrying value may be impaired.

The total gross carrying amount and accumulated amortization of definite-lived intangible assets as of December 31, 2023, was $452.9 million and $87.5 million, respectively. The aggregate amount of amortization expense of intangible assets for the years ended December 31, 2023, 2022 and 2021 was $23.5 million, $17.4 million and $6.4 million, respectively. The weighted-average remaining amortization period for all amortizable intangibles on a combined basis is 11.0 years as of December 31, 2023.

The annual changes in the carrying amounts of patents, unpatented technologies, customer relationships and non-compete agreements and other intangible assets subject to amortization for the years ended December 31, 2023 and 2022 were as follows:

(in thousands) **Patents**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Balance as of January 1, 2022	$ 10,773	$ (1,362)	$ 9,411
Purchases	13,775	(670)	13,105
Amortization	—	(771)	(771)
Foreign exchange	(376)	—	(376)
Balance as of December 31, 2022	24,172	(2,803)	21,369
Purchases	13,996	—	13,996
Amortization	—	(2,051)	(2,051)
Foreign exchange	430	—	430
Balance as of December 31, 2023	$ 38,598	$ (4,854)	$ 33,744

(in thousands) **Unpatented Technology**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Balance as of January 1, 2022	$ 22,403	$ (18,666)	$ 3,737
Amortization	—	(793)	(793)
Reclassifications	(49)	—	(49)
Foreign exchange	56	—	56
Balance as of December 31, 2022	22,410	(19,459)	2,951
Amortization	—	(820)	(820)
Foreign exchange	98	—	98
Balance as of December 31, 2023	$ 22,508	$ (20,279)	$ 2,229

(in thousands) **Non-Compete Agreements, Trademarks and Other**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Balance as of January 1, 2022	$ 21,434	$ (10,355)	$ 11,079
Purchases	6,880	(5)	6,875
Amortization	—	(2,572)	(2,572)
Foreign exchange	(162)	—	(162)
Reclassifications	149	—	149
Balance as of December 31, 2022	28,301	(12,932)	15,369
Assets acquisitions, net of cash acquired	(380)[5]	—	(380)
Amortization	—	(2,813)	(2,813)
Foreign exchange	226	—	226
Balance as of December 31, 2023	$ 28,147	$ (15,745)	$ 12,402

(in thousands) **Customer Relationships**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Balance as of January 1, 2022	$ 17,789	$ (16,361)	$ 1,428
Purchases	249,767	(12,223)	237,544
Amortization	—	(386)	(386)
Reclassifications	(151)	—	(151)
Foreign exchange	(6,946)	—	(6,946)
Removal of fully amortized assets	—	—	—
Balance as of December 31, 2022	260,459	(28,970)	231,489
Purchases	1,300	—	1,300
Amortization	—	(17,429)	(17,429)
Foreign exchange	7,407	—	7,407
Balance as of December 31, 2023	$ 269,166	$ (46,399)	$ 222,767

As of December 31, 2023, estimated future amortization of intangible assets was as follows:

(in thousands)

2024	$ 22,374
2025	22,093
2026	21,981
2027	21,784
2028	21,641
Thereafter	161,269
Total	$ 271,142

Indefinite-Lived Intangible Assets

Indefinite-lived intangible assets totaled $94.2 million as of December 31, 2023, including $96.3 million, net of an unfavorable foreign exchange impact of $2.5 million, attributable to trade names acquired in the ETANCO acquisition.

[5] During the year ended December 31, 2023, the Company finalized an acquisition of a business that resulted in a $0.4 million decrease in the intangible with an offset of $1.3 million to customer relationships. The final amounts are measurement period adjustments for conditions that existed at the acquisition date.

Definite-lived and indefinite-lived assets, net, by segment as of December 31, 2023, and 2022 were as follows:

(in thousands) **Total Intangible Assets**	**As of December 31, 2022** **Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
North America	$ 53,498	$ (29,782)	$ 23,716
Europe	373,538	(34,337)	339,201
Total	$ 427,036	$ (64,119)	$ 362,917

(in thousands) **Total Intangible Assets**	**As of December 31, 2023** **Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
North America	$ 64,190	$ (33,740)	$ 30,450
Europe	384,432	(53,493)	330,939
Asia/Pacific	4,240	(290)	3,950
Total	$ 452,862	$ (87,523)	$ 365,339

12. Leases

The Company has operating leases for certain facilities, equipment and automobiles. The existing operating leases expire at various dates through 2036, some of which include options to extend the leases for up to five years. The Company measured the lease liability at the present value of the lease payments to be made over the lease term. The lease payments are discounted using the Company's incremental borrowing rate. The Company measured the right-of-use ("ROU") assets at the amount at which the lease liability is recognized plus initial direct costs incurred or prepayment amounts. The ROU assets are amortized on a straight-line basis over the lease term.

The following table provides a summary of leases included on the consolidated balance sheets as of December 31, 2023, and 2022, and consolidated statements of operations, and consolidated statements of cash flows for the years ended December 31, 2023 and 2022:

	Consolidated Balance Sheets Line Item	**As of December 31,**	
		2023	**2022**
(in thousands)			
Operating leases			
Assets			
Operating leases	Operating lease right-of-use assets	$ 68,792	$ 57,652
Liabilities			
Operating-current	Accrued expenses and other current liabilities	$ 14,954	$ 11,544
Operating-noncurrent	Operating lease liabilities	55,324	46,882
Total operating lease liabilities		$ 70,278	$ 58,426

The components of lease expense were as follows:

	Consolidated Statements of Operations Line Item	**Years Ended December 31,**	
(in thousands)		**2023**	**2022**
Operating lease cost	General administrative expenses and cost of sales	$ 16,936	$ 13,794

Other information

Supplemental cash flow information related to leases is as follows:

(in thousands)	Years Ended December 31, 2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 15,859	$ 13,355
Operating right-of-use assets obtained in exchange for new lease liabilities		
Operating leases	$ 23,074	$ 19,587

The following is a schedule, by years, of maturities for lease liabilities as of December 31, 2023:

(in thousands)	Operating Leases
2024	$ 17,676
2025	16,167
2026	13,174
2027	10,059
2028	9,443
Thereafter	14,032
Total lease payments	80,552
Less: Present value discount	(10,274)
Total lease liabilities	$ 70,278

The following table summarizes the Company's lease terms and discount rates as of December 31, 2023:

	Years Ended December 31, 2023	2022
Weighted-average remaining lease terms (in years):		
Operating leases	5.49	6.10
Weighted-average discount rate:		
Operating leases	4.9 %	4.7 %

13. Accrued Liabilities and Other Current Liabilities

Accrued liabilities and other current liabilities consisted of the following:

(in thousands)	As of December 31, 2023	2022
Labor related liabilities	$ 43,603	$ 63,451
Sales incentives & advertising allowances	85,635	69,029
Accrued cash profit sharing and commissions	26,293	22,816
Sales tax payable and other	31,352	35,564
Dividends payable	11,432	11,170
Accrued profit sharing trust contributions	17,964	14,648
Operating lease - current portion	14,954	11,544
	$ 231,233	$ 228,222

14. Debt

On March 30, 2022, the Company entered into the Amended and Restated Credit Facility, which amends and restates the Company's previous Credit Agreement, dated July 27, 2012. The Amended and Restated Credit Facility provides for a 5-year $450.0 million revolving line of credit, which includes a letter of credit-sub-facility up to $50.0 million, and a 5-year term loan facility of $450.0 million. The Company borrowed $250.0 million, under the revolving credit facility and $450.0 million under the term loan facility to finance a portion of the purchase price for the acquisition of ETANCO. In addition, the Company incurred $6.8 million of debt issuance costs, which are classified in long-term debt on the consolidated balance sheet, that have been deferred and will amortize over the 5-year terms of the Amended and Restated Credit Facility. During 2023 and 2022, the Company made principal payments of $97.5 million and $116.9 million on the Company's outstanding Revolving and Term Credit Facility, respectively.

The Company is required to pay an annual revolving credit facility fee of 0.10% to 0.25% per annum on the available commitments under the terms of the Amended and Restated Revolving Credit Facility, regardless of usage, with the applicable fee determined on a quarterly basis based on the Company’s net leverage ratio. The fee is included within Interest expense, net and other in the Company's consolidated statements of operations.

Amounts borrowed under the Amended and Restated Credit Facility will bear interest from time to time at either the Base Rate, Spread Adjusted Daily Simple SOFR, Spread Adjusted Term SOFR, Adjusted Eurocurrency Rate or Daily Simple RFR, in each case, as calculated under and as in effect from time to time under the Amended and Restated Credit Facility, plus the Applicable Margin, as defined in the Amended and Restated Credit Facility. The Applicable Margin is determined based on the Company’s net leverage ratio, and ranges (i) from 0.00% to 0.75% per annum for amounts borrowed under the term loan facility that bear interest at Base Rate, (ii) from 0.75% to 1.75% per annum for amounts borrowed under the term loan facility that bear interest at Adjusted Eurocurrency Rate, Spread Adjusted Daily Simple SOFR or Spread Adjusted Term SOFR, (iii) from 0.00% to 0.50% per annum for amounts borrowed under the revolving credit facility that bear interest at Base Rate, (iv) from 0.68% to 1.53% per annum for amounts borrowed under the revolving credit facility that bear interest at Daily Simple RFR (solely to the extent denominated in pound sterling) and (v) from 0.65% to 1.50% per annum for amounts borrowed under the revolving credit facility that bear interest at Daily Simple RFR (other than loans denominated in pound sterling) or Adjusted Eurocurrency Rate. Loans outstanding under the Amended and Restated Credit Facility may be prepaid at any time without penalty except for customary breakage costs and expenses. Based on current principal payment expectations, the annual interest rate on the outstanding debt will be approximately 2.00% over the life of the debt including the effects of the interest rate swap and other derivatives noted above.

As of December 31, 2023, in addition to the Amended and Restated Credit Facility, certain of the Company’s domestic subsidiaries are guarantors for a credit agreement between certain of its foreign subsidiaries and institutional lenders. Together, all credit facilities provide the Company with a total of $382.1 million in available revolving credit lines and an irrevocable standby letter of credit in support of various insurance deductibles.

The Company has $485.7 million, excluding deferred financing costs, outstanding under the Amended and Restated Credit Facility, which is the estimated fair value as of December 31, 2023. There was $583.2 million outstanding balances under the Amended and Restated Credit Facility as of December 31, 2022.

The following is a schedule, by years, of maturities for the remaining term loan facility as of December 31, 2023:

(in thousands)	**5-Year Term Loan**
2024	22,500
2025	22,500
2026	22,500
2027	343,125
Total loan outstanding	**$ 410,625**

The $75.0 million borrowed under the revolving credit facility is due on March 31, 2027.

The Company complied with its financial covenants under the Amended and Related Credit Facility as of December 31, 2023.

The Company incurs interest costs, which include interest net of the effect of cash flow hedges, maintenance fees and bank charges. The amount of costs incurred, capitalized, and expensed for the years ended December 31, 2023, 2022 and 2021, consisted of the following:

	Years Ended December 31,		
(in thousands)	**2023**	**2022**	**2021**
Interest costs, including benefits from cash flow and net investment hedges	$ 7,152	$ 9,685	$ 1,424
Less: Interest capitalized	(2,666)	(1,658)	(574)
Interest expense, including benefits from cash flow and net investment hedges	$ 4,486	$ 8,027	$ 850

15. Commitments and Contingencies

Purchase Obligations

In addition to the debt and lease obligations described elsewhere in the footnotes, the Company has certain purchase obligations in the ordinary course of business. These purchase obligations are primarily related to the acquisition, and construction or expansion of facilities and equipment. The Company is not a party to any long-term supply contracts with respect to the purchase of raw materials or finished goods. As of December 31, 2023, the Company has steel purchase obligations that are expected to be settled during the year. The Company also has long term purchase obligations of $104.2 million for the construction of a new facility in Gallatin, Tennessee and the expansion of our Columbus, Ohio facility that are expected to completed in 2025. Debt interest obligations include annual facility fees on the Company's primary line-of-credit facility in the amount of $29.0 million at December 31, 2023.

Employee Relations

As of December 31, 2023, approximately 9% of our employees are represented by labor unions and are covered by collective bargaining agreements in the U.S. The Company has two-facility locations with collective bargaining agreements covering tool and die craftsmen, maintenance workers, and sheet-metal workers. In Stockton, California, two union contracts will expire in June 2027 and September 2028, respectively. Also, the Company has two contracts in San Bernardino County, California that will expire in February 2025 and in June 2026, respectively. Based on current information and subject to future events and circumstances, the Company believes that, even if new agreements are not reached before the existing labor union contracts expire, it is not expected to have a material adverse effect on the Company's ability to provide products to customers or on the Company's profitability.

Environmental

The Company's policy with regard to environmental liabilities is to accrue for future environmental assessments and remediation costs when information becomes available that indicates that it is probable that the Company is liable for any related claims and assessments and the amount of the liability is reasonably estimable. The Company does not believe that any such matters will have a material adverse effect on the Company's financial condition, cash flows or results of operations.

Litigation and Potential Claims

From time to time, the Company is involved in various legal proceedings and other matters arising in the normal course of business. Corrosion, hydrogen embrittlement, cracking, material hardness, wood pressure-treating chemicals, misinstallations, misuse, design and assembly flaws, manufacturing defects, labeling defects, product formula defects, inaccurate chemical mixes, adulteration, environmental conditions, or other factors can contribute to failure of fasteners, connectors, anchors, adhesives, specialty chemicals, such as fiber reinforced polymers, and tool products. In addition, inaccuracies may occur in product information, descriptions and instructions found in catalogs, packaging, data sheets, and the Company's website.

The resolution of any claim or litigation is subject to inherent uncertainty and could have a material adverse effect on the Company's financial condition, cash flows or results of operations.

16. Income Taxes

The provision for income taxes from operations consisted of the following:

(in thousands)	Years Ended December 31, 2023	2022	2021
Current			
Federal	$ 89,954	$ 90,703	$ 65,861
State	24,323	25,347	19,515
Foreign	15,824	12,544	7,641
Deferred			
Federal	(6,466)	(5,806)	802
State	(860)	(801)	(169)
Foreign	(215)	(7,917)	(1,548)
	$ 122,560	$ 114,070	$ 92,102

Income and loss from operations before income taxes for the years ended December 31, 2023, 2022, and 2021, respectively, consisted of the following:

(in thousands)	Years Ended December 31, 2023	2022	2021
Domestic	$ 427,296	$ 437,506	$ 336,085
Foreign	49,251	10,559	22,464
	$ 476,547	$ 448,065	$ 358,549

As of December 31, 2023, the Company had $34.3 million of net operating loss carryforwards in various foreign taxing jurisdictions. Most of the tax losses can be carried forward indefinitely.

As of December 31, 2023, and 2022, the Company has valuation allowances of $10.4 million and $11.2 million, respectively. The valuation allowance decreased by $0.8 million for the years ended December 31, 2023, and December 31, 2022, respectively. The decrease in the 2023 valuation allowances was primarily due to expiration of certain U.S. foreign tax credit. The decrease in the 2022 valuation allowances was primarily the result of exchange rate fluctuation.

As of December 31, 2023, the Company asserts that its accumulated undistributed earnings generated by our foreign subsidiaries are permanently reinvested and as such, has not recognized a US deferred tax liability on its investment in foreign subsidiaries. The Company will continue to assess its permanent reinvestment assertion on a quarterly basis.

Reconciliations between the statutory federal income tax rates and the Company's effective income tax rates as a percentage of income before income taxes for its operations were as follows:

	Years Ended December 31,		
(in thousands)	**2023**	**2022**	**2021**
Federal tax rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	3.8 %	4.4 %	4.3 %
Change in U.S. tax rate applied to deferred taxes	0.6 %	— %	— %
True-up of prior year tax returns to tax provision	(0.1)%	— %	(0.1)%
Difference between U.S. statutory and foreign local tax rates	0.4 %	0.2 %	0.4 %
Change in uncertain tax position	(0.6)%	— %	— %
Other	0.6 %	(0.1)%	0.1 %
Effective income tax rate	25.7 %	25.5 %	25.7 %

The tax effects of the significant temporary differences that constitute the deferred tax assets and liabilities as of December 31, 2023, and 2022, respectively, were as follows:

	As of December 31,	
(in thousands)	**2023**	**2022**
Deferred asset taxes		
State tax	$ 1,606	$ 1,857
Health claims	2,845	2,877
Inventories	8,218	7,902
Sales incentive and advertising allowances	1,997	2,191
Lease obligations	17,880	14,827
Stock-based compensation	3,962	2,251
Foreign tax credit carryforwards	3,905	4,961
Non-United States tax loss carry forward	5,882	6,557
Acquisition expense	1,904	2,409
Capitalized research & development expenditures	9,369	6,671
Other	3,689	2,533
Total deferred tax assets	$ 61,257	$ 55,036
Less valuation allowances	(10,430)	(11,180)
Total deferred asset taxes	$ 50,827	$ 43,856
Deferred tax liabilities		
Depreciation	$ (23,484)	$ (28,271)
Goodwill and other intangibles amortization	(106,041)	(102,998)
Right of use assets	(17,517)	(14,635)
Hedging OCI	(1,386)	(10,284)
Total deferred tax liabilities	(148,428)	(156,188)
Total Deferred tax asset/(liability)	$ (97,601)	$ (112,332)

A reconciliation of the beginning and ending amounts of unrecognized tax benefits in 2023, 2022 and 2021, respectively, were as follows, including foreign translation amounts:

Reconciliation of Unrecognized Tax Benefits	**2023**	**2022**	**2021**
Balance as of January 1	$ 7,232	$ 944	$ 1,168
Additions based on tax positions related to prior years	39	6,528	9
Reductions based on tax positions related to prior years	(103)	(38)	(47)
Additions for tax positions of the current year	463	73	3
Lapse of statute of limitations	(2,990)	(275)	(189)
Balance as of December 31	$ 4,641	$ 7,232	$ 944

During 2023, the Company's uncertain tax positions decreased by $3.0 million, primarily due to positions for open years of which were assumed in the Company's acquisition of ETANCO. Tax positions of $2.0 million, $0.2 million, and $0.3 million are included in the balance of unrecognized tax benefits as of December 31, 2023, 2022, and 2021, respectively, which if recognized, would reduce the effective tax rate.

The Company accrues interest and penalties related to unrecognized tax benefits in income tax expense in accordance with the Company's historical accounting policy. During the years ended December 31, 2023, 2022 and 2021, accrued interest decreased by $0.2 million, and increased by $0.7 million and an insignificant amount, respectively. The Company had accrued $0.7 million, $0.9 million and $0.2 million as of December 31, 2023, 2022 and 2021, respectively for the potential payment of interest and penalties before income tax benefits. The Company does not expect any material changes in unrecognized tax benefits within the next 12 months.

As of December 31, 2023, the Company remained subject to federal income tax examinations in the U.S. for the tax years 2020 through 2023. In addition, tax years 2018 through 2023 remain open to examination in states, local and foreign jurisdictions.

On August 16, 2022, President Biden signed into law the Inflation Reduction Act "IRA". The provisions include the new Corporate Alternative Minimum Tax "CAMT", an excise tax on stock buybacks, and significant tax incentives for energy and climate initiatives, all effective for tax year 2023. The Company is not subject to the provisions of CAMT and does not expect the impact of the remaining provisions to be material.

17. Retirement Plans

The Company has six defined contribution retirement plans covering substantially all salaried employees and nonunion hourly employees. The Simpson Manufacturing Co., Inc. 401(k) Profit Sharing Plan (the "Plan") covers U.S. employees and provides for quarterly safe harbor contributions, limited to 3% of the employees' quarterly eligible compensation and for annual discretionary contributions, subject to certain limitations. The discretionary amounts for 2023, 2022 and 2021 were equal to 7% of qualifying salaries or wages of the covered employees. The other five defined contribution plans, covering the Company's European and Canadian employees, require the Company to make contributions ranging from 3% to 15% of the employees' compensation. The total cost for these retirement plans for the years ended December 31, 2023, 2022 and 2021, was $26.8 million, $23.8 million, and $20.7 million, respectively.

We participate in various multiemployer benefit plans that cover some of our employees who are represented by labor unions**.** We make periodic contributions to these plans in accordance with the terms of applicable collective bargaining agreements and laws but do not sponsor or administer these plans**.** We do not participate in any multiemployer benefit plans for which we consider our contributions to be individually significant. If we withdraw from participation in any of these plans, the applicable law would require us to fund our allocable share of the unfunded vested benefits, which is known as a withdrawal liability. As of December 31, 2023, we believe that there was no probable withdrawal liability under the multiemployer benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees.

Our total contribution to various industry-wide, union-sponsored pension funds and a statutorily required pension fund for employees in the U.S. and Europe were $5.7 million, $5.4 million and $5.0 million for the years ended December 31, 2023, 2022 and 2021, respectively.

18. Related Party Transactions

During 2023 and 2022, the Company identified certain purchases of goods and services from companies where the former Chief Executive Officer of the Company served as a director on the respective company's board providing the goods or services. The amount of goods and services purchased by the Company pursuant to these arrangements was not material to the Company's consolidated statements of operations and cash flows for the year ended December 31, 2023 and 2022.

The Company identified certain services provided by a firm where an immediate family member of a current board member serves as a principal. The total expenses were not material to the Company, and the expenses were recorded within general and administrative expenses on our Consolidated Statement of Operations during the years ended December 31, 2023 and 2022.

19. Segment Information

The Company is organized into three reporting segments defined by the regions where the Company's products are manufactured, marketed and distributed to the Company's customers. The three regional segments are the North America segment (comprised primarily of the Company's operations in the U.S. and Canada), the Europe segment and the Asia/Pacific segment (comprised of the Company's operations in Asia, the South Pacific, and the Middle East). These segments are similar in several ways, including the types of materials used, the production processes, the distribution channels and the product applications.

The Administrative & All Other column primarily includes expenses such as self-insured workers compensation claims for employees, stock-based compensation for certain members of management, interest expense, foreign exchange gains or losses and income tax expense, as well as revenues and expenses related to real estate activities.

The following table shows certain measurements used by management to assess the performance of the segments described above as of December 31, 2023, 2022 and 2021, respectively:

(in thousands) **2023**	**North America**	**Europe**	**Asia/ Pacific**	**Administrative & All Other**	**Total**
Net sales	$ 1,716,422	$ 480,756	$ 16,625	$ —	$2,213,803
Wood Products	1,482,099	385,134	14,467	—	1,881,700
Concrete Products	222,720	95,621	2,159	—	320,500
Sales to other segments *	4,718	5,900	29,040	—	39,658
Income from operations**	473,229	45,998	535	(44,613)	475,149
Depreciation and amortization	40,883	29,668	2,226	1,930	74,707
Significant non-cash charges	13,344	2,379	515	7,658	23,896
Provision for income taxes	109,722	11,435	1,313	90	122,560
Business acquisitions, net of cash acquired; capital expenditures; asset acquisitions; and equity investments	92,725	21,975	6,402	(7,605)	113,497
Total assets	1,745,341	716,396	38,719	204,268	2,704,724

(in thousands) 2022	North America	Europe	Asia/ Pacific	Administrative & All Other	Total
Net sales	$ 1,701,041	$ 400,303	$ 14,743	$ —	$ 2,116,087
Wood Products	1,496,062	323,065	12,453	—	1,831,580
Concrete Products	202,687	77,228	2,290	—	282,205
Sales to other segments *	4,862	5,732	32,979	—	43,573
Income from operations**	485,899	11,121	723	(38,676)	459,067
Depreciation and amortization	36,003	22,594	1,730	563	60,890
Significant non-cash charges	7,504	1,099	510	5,868	14,981
Provision for income taxes	112,537	1,193	1,091	(751)	114,070
Business acquisitions, net of cash acquired; capital expenditures; asset acquisitions; and equity investments	54,594	817,163	1,173	2,871	875,801
Total assets	1,393,968	675,634	34,599	399,770	2,503,971

(in thousands) 2021	North America	Europe	Asia/ Pacific	Administrative & All Other	Total
Net sales	$ 1,362,941	$ 196,996	$ 13,280	$ —	$ 1,573,217
Wood Products	1,189,264	160,657	11,192	—	1,361,113
Concrete Products	172,353	36,339	2,088	—	210,780
Sales to other segments *	2,237	5,696	27,109	—	35,042
Income from operations**	359,140	14,160	1,193	(6,700)	367,793
Depreciation and amortization	33,950	6,172	1,844	511	42,477
Significant non-cash charges	8,173	1,943	166	7,607	17,889
Provision for income taxes	87,962	3,826	241	73	92,102
Capital expenditures, including purchases of intangible assets	45,817	2,403	603	988	49,811
Total assets	1,352,988	202,631	31,832	(103,326)	1,484,125

* Sales to other segments are eliminated upon consolidation.
** Beginning in 2022, the Company changed its presentation of its North America and Administrative and all other segment's statement of operations to display allocated expenses and management fees as a separate item below income from operations. During 2021, allocated expenses and management fees between the two segments were previously included in gross profit, operating expenses and in income from operations and been adjusted herein to conform to 2022 presentation. Consolidated statements of operations, income before tax and net income for all periods presented below are not affected by the change of operations.

Cash collected by the Company's U.S. subsidiaries is routinely transferred into the Company's cash management accounts, and therefore is in the total assets of "Administrative & All Other." Cash and cash equivalent balances in "Administrative & All Other" were $368.6 million, $222.5 million and $223.5 million as of December 31, 2023, 2022 and 2021, respectively. As of December 31, 2023, the Company had $106.4 million, or 24.8%, of its cash and cash equivalents held outside the U.S. in accounts belonging to the Company's various foreign operating entities. The majority of this balance is held in foreign currencies and could be subject to additional taxation if repatriated to the U.S.

The significant non-cash charges comprise compensation related to equity awards under the Company's stock-based incentive plans and the Company's employee stock bonus plan. The Company's measure of profit or loss for its reportable segments is income (loss) from operations. The reconciling amounts between consolidated income before tax and consolidated income from operations are net interest income (expense), net and other, foreign exchange gain (loss), certain legal and professional fees associated with the acquisition of ETANCO, refer to Note 3 "Acquisitions," and gain on disposal of a assets. Interest income (expense) is primarily attributed to "Administrative & All Other."

The following table shows the geographic distribution of the Company’s net sales and long-lived assets as of December 31, 2023, 2022 and 2021, respectively:

	2023		2022		2021	
(in thousands)	Net Sales	Long-Lived	Net Sales	Long-Lived	Net Sales	Long-Lived
United States	$ 1,630,359	$ 305,564	$ 1,615,728	$ 273,407	$ 1,287,085	$ 228,623
France	223,562	62,547	170,904	90,296	50,445	5,988
Canada	81,404	2,722	81,036	2,571	70,401	2,861
United Kingdom	32,058	2,352	37,349	1,898	37,408	1,851
Germany	45,319	12,077	42,954	11,507	29,970	9,999
Italy	62,428	25,245	47,294	4,342	—	—
Poland	39,978	10,836	27,803	2,721	13,909	2,496
Sweden	15,342	2,579	16,156	2,369	17,003	2,664
Denmark	12,318	3,734	12,610	1,015	13,964	2,281
Norway	9,635	852	12,241	—	12,736	—
Australia	11,351	800	9,468	245	8,120	201
Belgium	18,802	2,297	15,032	2,182	6,818	2,349
Other countries	31,247	19,487	27,512	11,496	25,358	15,249
	$ 2,213,803	$ 451,092	$ 2,116,087	$ 404,049	$ 1,573,217	$ 274,562

Net sales and long-lived assets, excluding intangible assets and goodwill, are attributable to the country where the sales or manufacturing operations are located.

The Company’s wood construction products include connectors, truss plates, fastening systems, fasteners and pre-fabricated shearwalls and are used for connecting and strengthening wood-based construction primarily in the residential construction market. Its concrete construction products include adhesives, specialty chemicals, mechanical anchors, carbide drill bits, powder actuated tools and reinforcing fiber materials and are used for restoration, protection or strengthening concrete, masonry and steel construction in residential, industrial, commercial and infrastructure construction. The following table shows the distribution of the Company’s net sales by product for the years ended December 31, 2023, 2022 and 2021, respectively:

(in thousands)	2023	2022	2021
Wood Construction	$ 1,881,700	$ 1,831,580	$ 1,361,113
Concrete Construction	320,500	282,205	210,780
Other	11,603	2,302	1,324
Total	$ 2,213,803	$ 2,116,087	$ 1,573,217

No customers accounted for more than 10% of net sales for the years ended 2023, 2022 and 2021.

20. Subsequent Events

Dividend Declaration

On January 19, 2024, the Company's Board of Directors (the "Board") declared a quarterly cash dividend of $0.27 per share of the Company's common stock, estimated to be $11.5 million in total. The record date for the dividend will be April 4, 2024, and will be paid on April 25, 2024.

Treasury Share Retirement

On January 19, 2024, the Board adopted a resolution to retire 360,746 shares held as treasury account in Stockholders' Equity.

SCHEDULE II

Simpson Manufacturing Co., Inc. and Subsidiaries

VALUATION AND QUALIFYING ACCOUNTS
for the years ended December 31, 2023, 2022 and 2021

(in thousands) Classification	Balance at Beginning of Year	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts — Write-offs	Deductions	Balance at End of Year
Year to date December 31, 2023					
Allowance for doubtful accounts	$ 3,240	$ 730	$ 89	$ —	$ 3,881
Allowance for sales discounts	8,769	—	588	—	8,181
Allowance for deferred tax assets	11,179	955	—	1,704	10,430
Year to date December 31, 2022					
Allowance for doubtful accounts	1,932	1,663	355	—	3,240
Allowance for sales discounts	7,225	1,544	—	—	8,769
Allowance for deferred tax assets	11,991	97	—	909	11,179
Year to date December 31, 2021					
Allowance for doubtful accounts	2,110	392	570	—	1,932
Allowance for sales discounts	4,566	2,659	—	—	7,225
Allowance for deferred tax assets	11,316	1,763	—	1,088	11,991

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

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures. As of December 31, 2023, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the chief executive officer the ("CEO") and the chief financial officer (the "CFO"), of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15-d-15(e) under the Exchange Act. Based on this evaluation, the Company's CEO and CFO have concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level. Disclosure controls and procedures are controls and other procedures designed reasonably to assure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures are also designed reasonably to assure that this information is accumulated and communicated to the Company's management, including the CEO and the CFO, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including the CEO and the CFO, does not, however, expect that the Company's disclosure controls and procedures or the Company's internal control over financial reporting will prevent all fraud and material errors. Internal control over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute assurance that the objectives of the control system are met. In addition, the design of a control system must reflect the facts that there are resource constraints and that the benefits of controls must be considered relative to their costs. The inherent limitations in internal control over financial reporting include the realities that judgments can be faulty and that breakdowns can occur because of simple error or mistake. Controls also can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of controls. The design of any system of internal control is also based in part on assumptions about the likelihood of future events, and there can be only reasonable, not absolute assurance that any design will succeed in achieving its stated goals under all potential events and conditions. Over time, controls may become inadequate because of changes in circumstances, or the degree of compliance with the policies and procedures may deteriorate.

Management's Report on Internal Control over Financial Reporting. The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, using the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and concluded that the Company's internal control over financial reporting was effective as of December 31, 2023.

Grant Thornton LLP, an independent registered public accounting firm that audited the Company's Consolidated Financial Statements, has also audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2023, as stated in their report included in the Company's Consolidated Financial Statements.

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the year ended December 31, 2023, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information.

None of the Company's directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended December 31, 2023, as such terms are defined under Item 408(a) of Regulation S-K.

Item 9C. Disclosure Regarding Foreign Jurisdiction That Prevent Inspections.

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information required by this Item will be contained in the Company's proxy statement for the 2024 Annual Meeting of Stockholders to be held on Wednesday, May 1, 2024, to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2023, which information is incorporated herein by reference.

Item 11. Executive Compensation.

The information required by this Item will be contained in the Company's proxy statement for the 2024 Annual Meeting of Stockholders to be held on Wednesday, May 1, 2024, to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2023, which information is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information required by this Item will be contained in the Company's proxy statement for the 2024 Annual Meeting of Stockholders to be held on Wednesday, May 1, 2024, to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2023, which information is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information required by this Item will be contained in the Company's proxy statement for the 2024 Annual Meeting of Stockholders to be held on Wednesday, May 1, 2024, to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2023, which information is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

The information required by this Item will be contained in the Company's proxy statement for the 2024 Annual Meeting of Stockholders to be held on Wednesday, May 1, 2024, to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2023, which information is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1. Consolidated financial statements

   The following consolidated financial statements are filed as a part of this report:

   Reports of Independent Registered Public Accounting Firms

   Consolidated Balance Sheets as of December 31, 2023, and 2022

   Consolidated Statements of Operations for the years ended December 31, 2023, 2022 and 2021

   Consolidated Statements of Comprehensive Income for the years ended December 31, 2023, 2022 and 2021

   Consolidated Statements of Stockholders' Equity for the years ended December 31, 2023, 2022 and 2021

   Consolidated Statements of Cash Flows for the years ended December 31, 2023, 2022 and 2021

   Notes to Consolidated Financial Statements

2. Financial Statement Schedules

The following consolidated financial statement schedule for each of the years in the three-year period ended December 31, 2023, is filed as part of this Annual Report on Form 10-K:

Schedule II - Valuation and Qualifying Accounts-Years ended December 31, 2023, 2022 and 2021.

All other schedules have been omitted as the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and related notes thereto.

(b) Exhibits

The following exhibits are either incorporated by reference into, or filed or furnished with, this Annual Report on Form 10-K, as indicated below.

3.1 Certificate of Incorporation of Simpson Manufacturing Co., Inc., as amended, is incorporated by reference to Exhibit 3.1 of its Quarterly Report on Form 10-Q for the quarter ended March 31, 2018.

3.2 Amended and Restated Bylaws of Simpson Manufacturing Co., Inc., as amended, are incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed on March 14, 2023.

4.1 Description of Securities Registered under Section 12 of the Exchange Act incorporated by reference to Exhibit 4.1 of Simpson Manufacturing Co., Inc.'s Annual Report on Form 10-K for the year ended December 31, 2019.

10.1* Form of Indemnification Agreement between Simpson Manufacturing Co., Inc. and its directors and executive officers, as well as the officers of Simpson Strong-Tie Company Inc., is incorporated by reference to Exhibit 10.2 of Simpson Manufacturing Co., Inc.'s Annual Report on Form 10-K for the year ended December 31, 2004.
*Management contract or compensatory plan or arrangement.

10.2 Amended and Restated Credit Agreement among the Company, the subsidiaries of the Company party thereto as guarantors, the lenders party thereto, Wells Fargo Bank, National Association, as administrative agent, and the other parties party thereto is incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed April 4, 2022.

10.3 Securities Purchase Agreement by and between Simpson Strong-Tie Europe, Simpson Manufacturing Co., Inc., on the one hand and the sellers identified herein, on the other hand, with respect to Fixco Invest, dated January 26, 2022 is incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K filed on January 31, 2022.

10.4 Amendment No. 1 to the Securities Purchase Agreement by and between Simpson Strong-Tie Europe, Simpson Manufacturing Co., Inc., on the other hand, and the sellers identified therein, on the other hand, with respect to Fixco Invest, dated March 17, 2022 is incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2022.

10.5* Simpson Manufacturing Co., Inc. Executive Officer Cash Profit Sharing Plan, as amended through March 17, 2017 is filed herewith.
*Management contract or compensatory plan or arrangement.

10.6* Simpson Manufacturing Co., Inc. Amended and Restated 2011 Incentive Plan is incorporated by reference to Exhibit A of Simpson Manufacturing Co., Inc.'s Schedule 14A Proxy Statement dated March 9, 2015.
*Management contract or compensatory plan or arrangement.

10.7* Simpson Manufacturing Co., Inc. 401(k) Profit Sharing Plan is incorporated by reference to Exhibit 4.5 of Simpson Manufacturing Co., Inc.'s Registration Statement on Form S-8, File Number 333-173811, dated December 15, 2015.
*Management contract or compensatory plan or arrangement.

10.8* Simpson Manufacturing Co., Inc. Non-qualified Plan is incorporated by reference to Exhibit 4.3 of the Company's Form S-8 filed on May 8, 2023.
*Management contract or compensatory plan or arrangement.

10.9* Form of Simpson Manufacturing Co., Inc. Director Time Based Restricted Stock Unit Agreement is incorporated by reference to Exhibit 10.9 of its Annual Report on Form 10-K dated February 28, 2022.
*Management contract or compensatory plan or arrangement.

10.10* Form of Simpson Manufacturing Co., Inc. 2022 Performance Based Restricted Stock Unit Agreement is incorporated by reference to Exhibit 10.10 of its Annual Report on Form 10-K dated February 28, 2022.
*Management contract or compensatory plan or arrangement.

10.11* Form of Simpson Manufacturing Co., Inc. 2022 Time Based Restricted Stock Unit Agreement is incorporated by reference to Exhibit 10.11 of its Annual Report on Form 10-K dated February 28, 2022.
* Management contract or compensatory plan or arrangement.

10.12* Form of Simpson Manufacturing Co., Inc. 2024 Performance Based Restricted Stock Unit Agreement is filed herewith.
* Management contract or compensatory plan or arrangement.

10.13* Form of Simpson Manufacturing Co., Inc. 2024 Time Based Restricted Stock Unit Agreement is filed herewith.
* Management contract or compensatory plan or arrangement.

21. List of Subsidiaries of the Registrant is filed herewith.

23 Consent of Grant Thornton LLP is filed herewith.

31.1 Chief Executive Officer's Rule 13a-14(a)/15d-14(a) Certification is filed herewith.

31.2 Chief Financial Officer's Rule 13a-14(a)/15d-14(a) Certification is filed herewith.

32. Section 1350 Certifications are furnished herewith.

97. Compensation Recovery Policy of Simpson Manufacturing Co., Inc., effective as of July 28, 2023, is filed herewith.

101 Financial statements from the annual report on Form 10-K of Simpson Manufacturing Co., Inc. for the year ended December 31, 2023, formatted in XBRL, are filed herewith and include: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Statement of Comprehensive Income, (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) the Notes to Consolidated Financial Statements.

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

Item 16. Form 10-K Summary.

None.

SIGNATURES

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

Dated:	February 27, 2024		**Simpson Manufacturing Co., Inc.**
			(Registrant)
		By	/s/Brian J. Magstadt
			Brian J. Magstadt Chief Financial Officer and Duly Authorized Officer of the Registrant (principal accounting and financial officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated below.

Signature	Title	Date
Chief Executive Officer:		
/s/Mike Olosky (Mike Olosky)	Chief Executive Officer and Director (principal executive officer)	February 27, 2024
Chief Financial Officer:		
/s/Brian J. Magstadt (Brian J. Magstadt)	Chief Financial Officer and Treasurer (principal accounting and financial officer)	February 27, 2024
Directors:		
/s/James S. Andrasick (James S. Andrasick)	Chairman of the Board and Director	February 27, 2024
/s/Chau Banks (Chau Banks)	Director	February 27, 2024
/s/Jennifer A. Chatman (Jennifer A. Chatman)	Director	February 27, 2024
/s/Felica Coney (Felica Coney)	Director	February 27, 2024
/s/Gary M. Cusumano (Gary M. Cusumano)	Director	February 27, 2024
/s/Philip E. Donaldson (Philip E. Donaldson)	Director	February 27, 2024
/s/Celeste Volz Ford (Celeste Volz Ford)	Director	February 27, 2024
/s/Kenneth Knight (Kenneth Knight)	Director	February 27, 2024
/s/Robin G. MacGillivray (Robin G. MacGillivray)	Director	February 27, 2024

<u>Exhibit 10.5</u>

SIMPSON MANUFACTURING CO., INC.
EXECUTIVE OFFICER CASH PROFIT SHARING PLAN

Adopted on January 14, 2003 and
first amended through February 25, 2008 (hereafter referred to as the "Original Plan"), and subsequently amended through October 19, 2016 and February 4, 2017 (hereafter referred to as this "Plan")

<u>Purpose</u>

The purpose of this Plan is to recognize outstanding effort and achievement by executive officers of Simpson Manufacturing Co., Inc. and its subsidiaries (together, the "Company"). This Plan is intended to provide qualified performance-based compensation in accordance with section 162(m) of the Internal Revenue Code of 1986, as amended, and the regulations and interpretations thereunder (the "Code").

<u>Committee</u>

This Plan shall be administered by a Compensation Committee (the "Committee") of the Board of Directors of the Company. The Committee shall consist of at least two outside directors of the Company who satisfy the requirements of Code section 162(m). The Committee shall have the sole discretion and authority to administer and interpret this Plan in accordance with Code section 162(m).

<u>Covered Employees</u>

This Plan applies to any employee of the Company treated as a "covered employee" pursuant to section 162(m) of the Code, as interpreted in Treasury Regulations and notices or other rulings issued by the Internal Revenue Service, and any other employee of the Company designated by the Committee (each, a "Covered Employee").

<u>Payout Periods</u>

The Committee, in its sole discretion, will determine the particular periods during a fiscal year for which to make awards under this Plan and may change such periods from one fiscal year to another (each of the periods, a "Period"); provided, however, that each Period shall be within that fiscal year and shall not exceed 12 months.

<u>Amount of Award</u>

The Committee will determine the amount of the award that each Covered Employee will be eligible to receive under this Plan for each Period. Awards for each Covered Employee under this Plan will be based on an individual percentage (each, a "Measurement Percentage") of the amount by which the net profit, operating income or any other performance goal (each, a "Performance Goal") of the Company or a branch or subsidiary of the Company (applicable to such employee) for a Period exceed a qualifying level for the Company or the employee's

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relevant branch or subsidiary, respectively, for that Period. For clarity, the Committee, in its sole discretion, may make awards for any Period based on a Measurement Percentage applicable to such Period, even if such Period overlaps with one or more other Periods within the same fiscal year.

A Performance Goal shall be determined by the Committee based on one or more of (i) earnings; (ii) unit sales, sales volume or revenue; (iii) sales growth; (iv) stock price (including comparison with various stock market indices); (v) return on equity; (vi) return on investment; (vii) total return to stockholders; (viii) economic profit (including gross or net profit); (ix) debt rating; (x) operating income; (xi) cash flows; (xii) cost targets; (xiii) return on assets or margins; or (xiv) implementation, completion or attainment of measurable objectives with respect to (1) software development, (2) new distribution channels, (3) customer growth targets, (4) acquisition identification and integration, (5) manufacturing, production or inventory targets, (6) new product introductions, (7) product quality control, (8) accounting and reporting, (9) recruiting and maintaining personnel, or (10) compliance or regulatory program targets. Any criteria used as a Performance Goal may be measured, as applicable, (a) in absolute terms, (b) in relative terms (including but not limited to, the passage of time or against other companies or financial metrics), (c) on a per share basis, (d) against the performance of the Company as a whole or against particular entities, segments, operating units or products of the Company or (e) on a pre-tax or after tax basis.

The Committee shall determine in writing the Performance Goal, the qualifying level and the Covered Employees' Measurement Percentages with respect to a Period, no later than the latest time permitted by the Code for that Period. Each Measurement Percentage will be based on the respective Covered Employee's then-current job function.

For each fiscal year, the Committee shall set a targeted level for the entire company, or the employee's relevant branch or subsidiary, respectively. A Covered Employee's individual percentage of the amount by which the annual targeted level exceeds that year's qualifying level is such officer's targeted annual compensation under this Plan (the "Targeted Annual Payout").

No award (when calculated together with any other awards made with respect to Periods within the same fiscal year) in excess of $2,500,000 will be paid to any Covered Employee under this Plan in a fiscal year. In addition, no award (when calculated together with any other awards made with respect to Periods within the same fiscal year) in excess of two times any Covered Employee's Targeted Annual Payout for a particular fiscal year will be paid to such employee under this Plan. The Committee, in its sole discretion, may reduce or eliminate any award to any Covered Employee in any Period. The reduction in the amount of an award to any Covered Employee shall not, however, affect the amount of the award to any other Covered Employee.

Payment of Awards

Each award under this Plan will be paid at the time as determined by the Committee in its sole discretion (which time will be specified in the respective award), provided, however, that all awards under this Plan with respect to Periods within a particular fiscal year shall be paid by

March 15 of the succeeding fiscal year. No awards under this Plan shall be paid unless and until the Committee certifies in writing that the Performance Goals of this Plan are satisfied.

No Covered Employee is eligible to receive an award under this Plan until he or she works an entire Period for the Company. Anyone who is terminated by the Company without cause, as determined by the Committee in its sole discretion, dies, is on disability or voluntarily quits the Company before the last day of a Period, will be paid following the Period, upon the actual achievement of the Performance Goal, on a pro-rata basis for the days actually worked in that Period.

Scope of this Plan

Nothing in this Plan shall be construed as precluding or prohibiting the Company from establishing or maintaining other bonus or compensation arrangements, which may be applicable to all employees and officers or applicable only to selected employees or officers; provided, however, that an individual who receives an award under this Plan with respect to a Period shall not be permitted to participate in any cash bonus arrangement or plan of the Company for that Period (other than under this Plan) that provides cash bonuses similarly based on a percentage of a financial reporting measure in excess of a qualifying level.

Amendment and Termination

The Company reserves the right to amend or terminate this Plan at any time with respect to future services of Covered Employees. The Company will submit Plan amendments for stockholder approval to the extent required by applicable law or to the extent necessary for awards under this Plan to be treated as qualified performance-based compensation under Code section 162(m).

General

The establishment of this Plan shall not confer any legal right on any Covered Employee or other person to continued employment, nor shall it interfere with the right of the Company to discharge any Covered Employee and treat him or her without regard to the effect that such treatment might have on him or her as a participant in this Plan. The laws of the State of California will govern any legal dispute involving this Plan.

No Funding

The Company shall not be required to fund or otherwise segregate any cash or any other assets that may at any time be paid to participants under this Plan. This Plan shall constitute an "unfunded" plan of the Company. Neither the Company nor the Committee shall, by any provision of this Plan, be deemed to be a trustee of any property, and any obligations of the Company to any participant under this Plan shall be those of a debtor and any rights of any participant or former participant shall be limited to those of a general unsecured creditor.

Non-Transferability of Benefits and Interests

Except as expressly provided by the Committee, no benefit payable under this Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, and any such attempted action shall be void. No benefit payable under this Plan shall be in any manner liable for or subject to debts, contracts, liabilities, engagements or torts of any participant or former participant. This section shall not apply to an assignment of a contingency or payment due after the death of the Covered Employee to the deceased Covered Employee's legal representative or beneficiary.

Effective Date

Any of the awards made under the Original Plan, including the awards with respect to any Period within 2016, irrespective of when such awards are paid out, shall continue to be governed by the Original Plan.

If the Company's stockholders approve this Plan at the Company's 2017 annual meeting, this Plan shall be effective as of January 1, 2017 and shall apply to (and the Original Plan shall not apply to) any and all cash awards made by the Company to any Covered Employee for any Period following 2016.

In the event that the Company's stockholders do not approve this Plan at the Company's 2017 annual meeting, the Original Plan shall continue in effect and shall apply to any and all cash awards made by the Company to any Covered Employee for any Period following 2016.

2024 PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT

Company:	**Simpson Manufacturing Co., Inc.**
Recipient:	**The recipient's name (the "Recipient") is set forth on the Recipient's online award acceptance page on Fidelity Stock Plan Services LLC website (the "Acceptance Page") at https://www.netbenefits.com, which is incorporated by reference to this Agreement.**
Target PSU Shares:	**The aggregate number of shares of Common Stock as stated on the Acceptance Page.**
Target Opportunity	**100% of the Target PSU Shares**
Performance Period (the "Performance Period")	**Each fiscal year in the Measurement Period is a separate Performance Period.**
The Number of Shares of Common Stock Subject to PSUs Granted Hereunder (the "PSU Shares"):	**200% of the Target PSU Shares.**
The Effective Date of the Award (the "Award Date"):	**A date in 2024 as determined by the Committee in its absolute discretion and as set forth on the Acceptance Page.**
Measurement Period (the "Measurement Period"):	**A three-year period beginning on January 1, 2024, and ending on December 31, 2026.**
The Date the PSU Shares Vest (the "Vesting Date"):	**A date subsequent to the Performance Period as determined by the Committee in its absolute discretion and as set forth on the Acceptance Page.**
Vesting Period (the "Vesting Period"):	**A period beginning on the Award Date, and ending on the Vesting Date; provided, however, that if the Vesting Date falls on a weekend or federal holiday, such period shall end on the immediately following business day.[1]**
Specific Performance Goals (the "Specific Performance Goals"):	**The Specific Performance Goals are set forth on Exhibit A.**

This PERFORMANCE-BASED RESTRICTED STOCK UNIT AGREEMENT (this "Agreement") is made as of the Award Date stated on the Acceptance Page by and between Simpson Manufacturing Co., Inc., a Delaware corporation (the "Company"), and the Recipient named on the Acceptance Page, with reference to the following facts:

Capitalized terms used and not otherwise defined in this Agreement have the meanings ascribed to such terms in the amended and restated Simpson Manufacturing Co., Inc. 2011 Incentive Plan effective on April 21, 2015 (as amended and/or restated from time to time, the "Plan"). The Board has delegated to the Committee all authority to

[1] For example, if the Award Date is determined by the Committee to be January 19, 2024 and the Vesting Date is determined by the Committee to be February 17, 2027, then the PSU Shares, if any (based on the Specific Performance Goals), will vest on February 17, 2027 and the Vesting Period will be from January 19, 2024 to February 17, 2027.

administer the Plan. The Committee has determined to grant to the Recipient, under the Plan, performance-based Restricted Stock Units (the "PSUs") with respect to the PSU Shares stated on the Acceptance Page.

To evidence the PSUs and to set forth the terms and conditions thereof, the Company and the Recipient agree as follows:

1. Confirmation of Grant.

(a) The Company grants the PSUs to the Recipient and the Recipient agrees to accept the PSUs and participate in the Plan, effective as of the Award Date. As a condition of the grant, this Agreement and the PSUs shall be governed by the terms and conditions of the Plan and shall be subject to all applicable policies and guidelines of the Company, including the Company's compensation recovery policy, stock ownership, and hedging, pledging and trading policies.

(b) The PSUs shall be reflected in a bookkeeping account maintained by the Company through the date on which the PSUs become vested pursuant to section 2 or are forfeited pursuant to section 3.

(c) The Recipient acknowledges and agrees that (i) the PSU Shares represent the maximum number of shares of Common Stock that are granted under the PSUs and are not necessarily the number of shares of Common Stock that will eventually vest in favor of the Recipient, and (ii) pursuant to section 2 and otherwise in accordance with this Agreement and the Plan, the number of shares of Common Stock, which will eventually vest in favor of the Recipient under the PSUs (the "Vested Shares"), will be subject to the Specific Performance Goals and will be between 0% and 200% of the Target PSU Shares.

(d) The Company's obligations under this Agreement shall be unfunded and unsecured. No special or separate fund shall be established therefor and no other segregation of assets shall be required or made with respect thereto. The rights of the Recipient under this Agreement shall be no greater than those of a general unsecured creditor of the Company.

(e) Except as otherwise provided in this Agreement and the Plan, the PSUs shall be settled by the issuance and delivery of the Vested Shares, or as provided in this Section 1(e), by cash or a combination thereof (as determined by the Committee in its sole discretion), within sixty days after the last day of the Vesting Period (a time or fixed schedule specified for the purpose of Code section 409A) subject to satisfaction of any other terms and conditions applicable to the PSUs; provided, however, that to the extent the Committee determines that any of the Vested Shares are subject to Code section 409A, to the extent necessary to comply with Code section 409A, no distribution or payment of any amount under such PSUs shall be made until the earliest of the date (i) for such PSUs to vest, (ii) of the Recipient's "separation from service" (as defined in section 409A), (iii) of the Recipient's death, or (iv) when the Recipient becomes "disabled" (as defined in Code section 409A); and further provided that, the number of the Vested Shares issued or delivered (or for which a cash payment is made) to the Recipient in any calendar year, together with the number of shares of Common Stock issued or delivered (or for which a cash payment is made) to the Recipient in the same calendar year under any other RSU Awards, shall not exceed the annual maximum aggregate number of shares of Common Stock issuable or deliverable under RSU Awards as set forth in the Plan that is effective at the time of the issuance or delivery of (or making a cash payment for) the Vested Shares. Notwithstanding the foregoing, to the extent the Committee determines that any of the PSUs are subject to Code section 409A and the Recipient is a Specified Employee[2] on the date of his or her "separation from service" (as defined in Code section

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[2] The determination of whether the Recipient is a Specified Employee will be made annually by the Committee or its delegate pursuant to Code section 409A for the 12-month period ending every December 31st (the "Specified Employee Identification Date"). The Committee's determination shall be final and binding on the Recipient. If the Recipient was determined by the Committee as a Specified Employee at any time during such 12-month period ending on the Specified Employee Identification Date, he or she shall be considered a Specified Employee for the 12-month period commencing on the February 1st immediately following the Specified Employee Identification Date (i.e., from February 1st to the following January 31st), even if he or she is no longer employed or engaged by the Company on or after the Specified Employee Identification Date. For the purposes of this section 1(e), a "Specified Employee" shall mean:

- the Recipient owns 5% or more of all outstanding Common Stock;

409A), to the extent necessary to comply with Code section 409A, no distribution or payment of any amount under such PSUs that is otherwise payable pursuant to this Section 1(e) upon a separation from service shall be made before the date that is six months after the date of the Recipient's separation from service. In settling the PSUs pursuant to the foregoing, the Company (or its acquirer or successor) shall have the option (as determined by the Committee in its sole discretion) to make or provide for a cash payment to the Recipient, in exchange for the cancellation of the Vested Shares (or any portion thereof), in an amount equal to the product of (A) the number of the PSUs under the cancelled PSUs and (B) the average closing price of a share of Common Stock over the period ending on the date the PSUs (or the portion thereof) become vested and starting sixty days prior to that date. Anything herein to the contrary notwithstanding, this Agreement does not create an obligation on the part of the Company to adopt any policy or procedure, agree to any amendment hereto, make any arrangement, or take any other action, to comply with Code section 409A. The Recipient agrees and acknowledges that the Company makes no representations that this Agreement, including the grant, vesting and/or delivery of the Vested Shares (or cash equivalent), does not violate Code section 409A, and the Company shall have no liability whatsoever to the Recipient if he or she is subject to any taxes or penalties under Code section 409A.

(f) In settling the PSUs pursuant to Section 1(e), the Company (or its acquirer or successor) shall have the option (as determined by the Committee in its sole discretion) to make or provide for a cash payment to the Recipient, in exchange for the cancellation of the vested PSUs (or any portion thereof), in an amount equal to the product of (A) the number of the Vested Shares under the cancelled PSUs and (B) the average closing price of a share of Common Stock over the period ending on the date the PSUs become vested and starting sixty days prior to that date.

(g) Anything herein to the contrary notwithstanding, this Agreement does not create an obligation on the part of the Company to adopt any policy or procedure, agree to any amendment hereto, make any arrangement, or take any other action, to comply with Code section 409A. The Recipient agrees and acknowledges that the Company makes no representations that this Agreement, including the grant, vesting and/or delivery of the PSU Shares (and/or cash), does not violate Code section 409A, and the Company shall have no liability whatsoever to the Recipient if he or she is subject to any taxes or penalties under Code section 409A.

2. Specific Performance Goals. The Specific Performance Goals for the Performance Period shall relate to the following equally weighted performance measures: (i) revenue growth and (ii) return on invested capital (ROIC). The Specific Performance Goals for the Performance Period are described in Exhibit A.

3. Vesting. The Committee shall determine the number of vested PSUs at the end of the Performance Period in accordance with Exhibit A:

4. Effect of Retirement.

(a) Subject to the terms and conditions of this Agreement and the Plan and unless otherwise forfeited pursuant to section 3, the PSUs shall vest, and the Restricted Period with respect to the PSUs shall terminate, immediately following the last day of the Vesting Period; provided, however, that the PSUs shall vest during the Vesting Period on the date,

(i) immediately preceding the effective date of the Recipient's Retirement as determined by the Committee in relation to the PSUs: either (A) after reaching age 70 or (B) after reaching age 55 and having been employed or engaged by the Company or any Subsidiary for 15 years (provided that, if the Recipient

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- the Recipient owns 1% or more of all outstanding Common Stock and has an annual compensation of more than $150,000; and/or

the Recipient is among the top 50 most highly-compensated officers of the Company and the Subsidiaries forming a controlled group of corporations within the meaning of Code section 1563(a) (based on total W-2 compensation plus elective 401(k) plan deferrals) and has an annual compensation exceeding the indexed dollar limit then in effect pursuant to Treas. Reg. § 1.409A-1(i) promulgated under Code (which is $220,000 for 2024).

retires after reaching age 56, for each year after age 55, the Recipient may work one year less for the Company or any Subsidiary, as applicable, and still be qualified for Retirement under this sub-section (i)(3),

(ii) immediately preceding the Recipient's death or the effective date of the Recipient's Disability, and

(iii) the effective date of the termination of the Recipient's employment or engagement with the Company or any Subsidiary by the Company or Subsidiary (which, whenever used in this Agreement, includes any such entity's successor) without Cause,4 or by the Recipient for a Good Reason,5 in either case only in connection with or within 24 months following a Sale Event.6

(b) On the day that the PSUs become vested pursuant to Sections 4(a)(i), (ii) and (iii), the PSU Shares stated on the Acceptance Page shall be adjusted pursuant to the Specific Performance Goals as set forth on Exhibit A attached hereto, and after the adjustment, become the total number of the Vested Shares that will be used to settle the PSUs under section 1(e); provided, however, that,

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[3] For example, if the Recipient retires at age 60 during the Vesting Period, he or she only needs to have worked for the Company or the applicable Subsidiary for 10 years to be qualified for Retirement and receive the Vested Shares; and for example, if the Recipient retires at age 65 during the Vesting Period, he or she only needs to have worked for the Company or the applicable Subsidiary for 5 years to be qualified for Retirement and receive the Vested Shares.

[4] "Cause" means, in addition to any cause for termination as provided in any other applicable written agreement between the Company, the applicable Subsidiary, or the acquirer or successor of the Company or Subsidiary, and the Recipient, (i) conviction of any felony, (ii) any material breach or violation by the Recipient of any agreement to which the Recipient and the Company or the Subsidiary that employs or engages the Recipient are parties or of any published policy or guideline of the Company, (iii) any act (other than retirement or other termination of employment or engagement) or omission to act by the Recipient which may have a material and adverse effect on the business of the Company or Subsidiary or on the Recipient's ability to perform services for the Company or Subsidiary, including habitual insobriety or substance abuse or the commission of any crime, gross negligence, fraud or dishonesty with regard to the Company or Subsidiary, or (iv) any material misconduct or neglect of duties and responsibilities by the Recipient in connection with the business or affairs of the Company or Subsidiary; provided, however, that the Recipient first shall have received written notice, which shall specifically identify what the Company or Subsidiary believes constitutes Cause, and if the breach, act, omission, misconduct or neglect is capable of being cured, the Recipient shall have failed to cure after 15 days following such notice.

[5] A "Good Reason" means the occurrence of any of the following events: (i) a material adverse change in the functions, duties or responsibilities of the Recipient's position (other than a termination by the Company or Subsidiary) which would meaningfully reduce the level, importance or scope of such position (provided that, a change in the person, position and/or department to whom the Recipient is required to report shall not by itself constitute a material adverse change in the Recipient's position), (ii) the relocation of the Company or Subsidiary office at which the Recipient is principally located immediately prior to a Sale Event (the "Original Office") to a new location outside of the metropolitan area of the Original Office or the failure to place the Recipient's own office in the Original Office (or at the office to which such office is relocated which is within the metropolitan area of the Original Office), or (iii) a material reduction in the Recipient's base salary and incentive compensation opportunity as in effect immediately prior to a Sale Event; provided, however, that, within 90 days of the incident that provides the basis for a Good Reason termination, the Recipient shall have provided the Company or Subsidiary a written notice specifically identifying what the Recipient believes constitutes a Good Reason, and the Company or Subsidiary shall have failed to cure the adverse change, relocation or compensation reduction after 30 days following such notice.

[6] A "Sale Event" shall mean (i) the sale or other disposition of all or substantially all of the assets of the Company or the Subsidiary that employs or engages the Recipient, including a majority or more of all outstanding stock of the Subsidiary, on a consolidated basis to one or more unrelated persons or entities, (ii) a Change in Control, or (iii) the sale or other transfer of outstanding Common Stock to one or more unrelated persons or entities (including by way of a merger, reorganization or consolidation in which the outstanding Common Stock are converted into or exchanged for securities of the successor entity) where the stockholders of the Company, immediately prior to such sale or other transfer, would not, immediately after such sale or transfer, beneficially own shares representing in the aggregate more than 50 percent of the voting shares of the acquirer or surviving entity (or its ultimate parent corporation, if any). For the purpose of sub-section (iii) of this definition, only voting shares of the acquirer or surviving entity (or its ultimate parent, if any) received by stockholders of the Company in exchange for Common Stock shall be counted, and any voting shares of the acquirer or surviving entity (or its ultimate parent, if any) already owned by stockholders of the Company prior to the transaction shall be disregarded.

(i) if the PSUs have vested during the Vesting Period, the PSUs shall continue to be subject to the terms and conditions of this Agreement, including adjustment pursuant to the Specific Performance Goals during the Vesting Period, and

(ii) in addition, the number of Vested Shares that will be used to settle the PSUs under section 1(e) will be prorated so that the Recipient will only receive a portion of the Vested Shares that is equal to the product of (1) the number of the Vested Shares and (2) a percentage that is equal to the number of days between and including the first day of the Vesting Period and the day when the PSUs become vested as divided by the number of days of the whole Vesting Period.

(c) The Recipient explicitly acknowledges and agrees that (i) the Committee has the absolute discretion to determine the number of the Vested Shares, (ii) the Committee may engage professional advisors and consultants and rely on their opinions and advice to make such determination, (iii) such determination shall be binding on the Recipient, and (iv) the granting or vesting of the PSUs as well as the Recipient's holding of the Vested Shares shall be subject to all applicable policies and guidelines of the Company, including the Company's compensation recovery, stock ownership, and hedging, pledging and trading policies.

5. Forfeiture. Anything herein to the contrary notwithstanding, (a) all PSUs that are not vested in accordance with section 2 shall terminate immediately and be forfeited in their entirety if and at such time as (i) the Recipient ceases to be an Employee, Outside Director or Consultant, as the case may be, or (ii) 24 months have passed immediately following a Sale Event (provided that, in the event the surviving or acquiring entity or the new entity resulting from a Sale Event substitutes a similar equity award for the PSUs, such award will continue in accordance with its own terms and conditions), and (b) all PSUs, to the extent not theretofore settled in accordance with section 1(e), shall terminate immediately and be forfeited in their entirety when and as provided in section 13(I) of the Plan.

6. Nonqualified Plan. If Recipient was eligible to elect and did in fact elect on or prior to December 31, 2023, pursuant to the Simpson Manufacturing Co., Inc. Nonqualified Plan (the "Nonqualified Plan"), to defer the receipt of PSUs which Recipient is being granted under the Plan in 2024, then, pursuant to the Nonqualified Plan, a notional tracking of the value of the PSUs and any returns thereon will be maintained by the Nonqualified Plan pursuant to its terms. This amount, as adjusted by any appreciation or deprecation, will be paid to a participant in the future. Deferrals pursuant to a nonqualified plan are, as with certain other amounts owed by the Company to a Recipient, unsecured obligations of the Company and therefore subject to claims of creditors.

7. Tax Withholding. Pursuant to section 10 of the Plan, the Company may require the Recipient to enter into an arrangement providing for the payment in cash, Common Stock or otherwise by the Recipient to the Company of any tax withholding obligation of the Company arising by reason of (a) the granting or vesting of the PSUs, (b) the lapse of any substantial risk of forfeiture to which the PSUs or the Vested Shares are subject, or (c) the disposition of the PSUs or the Vested Shares, to the extent such arrangement does not cause a loss of the Section 16(b) exemption pursuant to Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended.

8. Representations and Warranties of the Company. The Company represents and warrants to the Recipient that the Vested Shares, when issued and delivered on the vesting of the PSUs in accordance with this Agreement, will be duly authorized, validly issued, fully paid and non-assessable.

9. Recipient Representations. The Recipient represents and warrants to the Company that the Recipient has received and read this Agreement and the Plan, that the Recipient has consulted with the Recipient's own legal, financial and other advisers regarding this Agreement and the Plan to the extent that the Recipient considered necessary or appropriate, that the Recipient fully understands and accepts all of the terms and conditions of this Agreement and the Plan, and that the Recipient is relying solely on the Recipient's own advisers with respect to the tax consequences of this Agreement and the PSUs.

10. Change in Control. Notwithstanding section 9 of the Plan, a Change in Control shall be treated as a Sale Event with respect to the PSUs granted hereunder.

11. Adjustments to Reflect Capital Changes. Subject to and except as otherwise provided in section 9 of the Plan, the number and kind of shares subject to the PSUs shall be appropriately adjusted, as the Committee may determine pursuant to section 11 of the Plan, to reflect any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination, exchange of shares, split-up, split-off, spin-off, liquidation or other similar change in capitalization, or any distribution to common stockholders other than normal cash dividends.

12. No Rights as Stockholder. Neither the granting or vesting of the PSUs nor the issuance or delivery of the Vested Shares shall entitle the Recipient, as such, or any of the Recipient's Beneficiaries or Personal Representative, to any rights of a stockholder of the Company, unless and until the Vested Shares are registered on the Company's records in the name or names of the Recipient or the Recipient's Beneficiaries or Personal Representative, as the case may be, and then only with respect to such Vested Shares so registered.

13. No Right to Continued Employment. Nothing in this Agreement shall confer on the Recipient any right to continue in the employment of, or service to, the Company or any Subsidiary or limit, interfere with or otherwise affect in any way the right of the Company or any Subsidiary to terminate the Recipient's employment or service at any time. If the Award of the PSUs is in connection with the Recipient's performance of services as a Consultant or Outside Director, references to employment, employee and similar terms shall be deemed to include the performance of services as a Consultant or an Outside Director, as the case may be; provided that no rights as an Employee shall arise by reason of the use of such terms.

14. Regulatory Compliance. Notwithstanding anything herein to the contrary, the issuance and delivery of the Vested Shares shall in all events be subject to and governed by section 13(C) of the Plan.

15. Notices. Any notice, consent, demand or other communication to be given under or in connection with this Agreement shall be in writing and shall be deemed duly given and received when delivered personally, when transmitted by facsimile, one business day after being deposited for next-day delivery with a nationally recognized overnight delivery service, or three days after being mailed by first class mail, charges or postage prepaid, properly addressed, if to the Company, at its principal office in California, and, if to the Recipient, at the Recipient's address on the Company's records. Either party may change such party's address or facsimile number from time to time by notice hereunder to the other.

16. Entire Agreement. This Agreement and the Plan together contain the entire agreement of the parties and supersede all prior or contemporaneous negotiations, correspondence, understandings and agreements, whether written or oral, between the parties, regarding the PSUs. The Recipient specifically acknowledges and agrees that all descriptions of the PSUs in any prior letters, memoranda or other documents provided to him or her by the Company or any Subsidiary are hereby replaced and superseded in their entirety by this Agreement and shall be of no further force or effect. To the extent there is any inconsistency between the descriptions of any such documents and the terms of this Agreement, the terms of this Agreement shall prevail.

17. Amendment. This Agreement may be amended, modified or supplemented only by a written instrument signed by the Recipient and the Company.

18. Assignment. The Recipient shall not sell, assign, transfer, pledge, hypothecate or otherwise encumber or dispose of this Agreement, any of the PSUs or any other rights hereunder, and shall not delegate any duties hereunder, except only as may be permitted pursuant to section 13(B) of the Plan, and any such action or transaction that may otherwise be attempted or purported by the Recipient shall be void and of no effect; provided, however, that this section 18 does not restrict the sale, assignment, transfer, pledging, hypothecation or other encumbrance or disposal of Vested Shares.

19. Successors. Subject to section 18, this Agreement shall bind and inure to the benefit of the Company and the Recipient and their respective successors, assigns, heirs, legatees, devisees, executors, administrators and legal representatives. Nothing in this Agreement, express or implied, is intended to confer on any other Person any right or benefit in or under this Agreement or the Plan.

20. Separate Payments. All amounts payable in connection with the PSUs hereunder or any other Awards granted under the Plan shall be treated as separate payments for the purposes of Code section 409A.

21. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware.

22. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

23. Order of Precedence and Construction. This Agreement and the PSUs are subject to all provisions of the Plan (a copy of which is attached hereto as Exhibit B), including the Restricted Stock Unit provisions of section 6 thereof, and are further subject to all interpretations and amendments thereto that may from time to time be adopted pursuant to the Plan. In the event of any inconsistency between any provision of this Agreement and any provision of the Plan, the provision of the Plan shall govern. The headings of sections herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction or interpretation of any provision hereof. Whenever the context requires, the use in this Agreement of the singular number shall be deemed to include the plural and vice versa, and each gender shall be deemed to include each other gender. References herein to sections refer to sections of this Agreement, except as otherwise stated. The meaning of general words is not limited by specific examples introduced by “includes”, “including”, “for example”, “such as” or similar expressions, which shall be deemed to be followed by the phrase “without limitation”.

24. Further Assurances. The Recipient agrees to do and perform all acts and execute and deliver all additional documents, instruments and agreements as the Company or the Committee may reasonably request in connection with this Agreement.

25. Data Privacy. Recipient hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Recipient’s personal data as described in this Agreement by and among, as applicable, Recipient’s employer, the Company, and any Subsidiary for the exclusive purposes of implementing, administering, and managing Recipient’s participation in the Plan. Recipient understands that the Company and the employing Subsidiary may hold certain personal information about Recipient, including, but not limited to, Recipient’s name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, and any shares of stock or directorships held in the Company or any Subsidiary, details of all PSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Recipient’s favor (“Personal Data”). Recipient understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these entities may be located in Recipient’s country, or elsewhere, and that the third parties’ country may have different data privacy laws and protections than Recipient’s country. Recipient understands that he or she may request a list with the names and addresses of any potential third parties in receipt of the Personal Data by contacting the Company’s Equity Plans Administrator. Recipient authorizes the third parties to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Recipient’s participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Recipient may elect to deposit any Vested Shares received upon vest of the PSUs. Recipient understands that Personal Data will be held as long as is necessary to administer and manage Recipient’s participation in the Plan. Recipient understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing the Company’s Equity Plans Administrator. Recipient understands that refusal or withdrawal of consent may affect Recipient’s ability to realize benefits from the PSUs. For more information on the consequences of Recipient’s refusal to consent or withdrawal of consent, Recipient understands that he or she may contact the Company’s Equity Plans Administrator.

26. Electronic Delivery. The Company may, in its sole discretion, decide (a) to deliver or effect by electronic means any documents or communications related to the PSUs granted under the Plan, Recipient’s participation in the Plan, or future Awards that may be granted under the Plan or (b) to request by electronic means Recipient’s consent to participate in the Plan and other communications related to the PSUs or the Plan. Recipient hereby consents to receive such documents and communications by electronic delivery and, if requested, to agree to

participate in the Plan and deliver or effect such other communications through an on-line or electronic system established and maintained by the Company or any third party designated by the Company.

[Signature Page Follows]

IN WITNESS WHEREOF, this Restricted Stock Unit Agreement has been duly executed by or on behalf of the Company and the Recipient as of the Award Date.

COMPANY:

SIMPSON MANUFACTURING CO., INC.

By ________________________________

Authorized Signatory for the Compensation
and Leadership Development Committee
of the Board of Directors

ACCEPTANCE OF AGREEMENT: Through the electronic submission of his or her consent to this Restricted Stock Unit Agreement in accordance with the instructions on Fidelity Stock Plan Services' NetBenefits website, the Recipient hereby confirms, ratifies, approves and accepts all of the terms and conditions of this Restricted Stock Unit Agreement.

2024 TIME-BASED RESTRICTED STOCK UNIT AGREEMENT

Company:	**Simpson Manufacturing Co., Inc.**
Recipient:	**The recipient's name (the "Recipient") is set forth on the Recipient's online award acceptance page on Fidelity Stock Plan Services LLC website (the "Acceptance Page") at https://www.netbenefits.com, which is incorporated by reference to this Agreement.**
The Number of Shares of Common Stock Subject to RSUs Granted Hereunder (the "RSU Shares"):	**The aggregate number of shares of Common Stock as stated on the Acceptance Page.**
The Effective Date of the Award (the "Award Date"):	**A date in 2024 as determined by the Committee in its absolute discretion and as set forth on the Acceptance Page.**
The Date the RSU Shares Start To Vest (the "Vesting Start Date"):	**A date subsequent to the Award Date as determined by the Committee in its absolute discretion and as set forth on the Acceptance Page.**
Vesting Schedule (the "Vesting Schedule"):	**One third of the RSU Shares will vest on each of the first, second, and third anniversaries of the Vesting Start Date; provided, however, that if any of such dates falls on a weekend or federal holiday, the applicable portion of the RSU Shares shall vest on the immediately following business day.[1]**
Vesting Period (the "Vesting Period"):	**A period beginning on the Vesting Start Date, and ending on the third anniversary of the Vesting Start Date; provided, however, that if such anniversary date falls on a weekend or federal holiday, such period shall end on the immediately following business day.[2]**

This TIME-BASED RESTRICTED STOCK UNIT AGREEMENT (this "Agreement") is made as of the Award Date stated on the Acceptance Page by and between Simpson Manufacturing Co., Inc., a Delaware corporation (the "Company"), and the Recipient named on the Acceptance Page, with reference to the following facts:

Capitalized terms used and not otherwise defined in this Agreement have the meanings ascribed to such terms in the amended and restated Simpson Manufacturing Co., Inc. 2011 Incentive Plan effective on April 21, 2015 (as amended and/or restated from time to time, the "Plan"). The Board has delegated to the Committee all authority to administer the Plan. The Committee has determined to grant to the Recipient, under the Plan, time-based Restricted Stock Units (the "RSUs") with respect to the RSU Shares stated on the Acceptance Page.

To evidence the RSUs and to set forth the terms and conditions thereof, the Company and the Recipient agree as follows:

[1] For example, if the Vesting Start Date is determined by the Committee to be February 15, 2024, then 1/3 of the RSU Shares will vest on February 15, 2025, February 15, 2026 and February 15, 2027, except if a vest date falls on a weekend or company holiday, the following business day will be used.

[2] See footnote 1, supra.

1. Confirmation of Grant.

(a) The Company grants the RSUs to the Recipient and the Recipient agrees to accept the RSUs and participate in the Plan, effective as of the Award Date. As a condition of the grant, this Agreement and the RSUs shall be governed by the terms and conditions of the Plan and shall be subject to all applicable policies and guidelines of the Company, including the Company's compensation recovery policy, stock ownership, and hedging, pledging and trading policies.

(b) The RSUs shall be reflected in a bookkeeping account maintained by the Company through the date on which the RSUs become fully vested pursuant to section 2 or are forfeited pursuant to section 3. If and when the RSUs become fully vested pursuant to section 2, and on the satisfaction of all other conditions applicable to the RSUs, the RSUs not forfeited pursuant to section 3 shall be settled in the number of shares of Common Stock as provided in section 1(d) and otherwise in accordance with the Plan.

(c) The Company's obligations under this Agreement shall be unfunded and unsecured. No special or separate fund shall be established therefor and no other segregation of assets shall be required or made with respect thereto. The rights of the Recipient under this Agreement shall be no greater than those of a general unsecured creditor of the Company.

(d) Except as otherwise provided in this Agreement and the Plan, the RSUs shall be settled by the issuance and delivery of the RSU Shares, or as provided in this Section 1(d), by cash or a combination thereof (as determined by the Committee in its sole discretion), within sixty days after the RSUs have vested pursuant to section 2 subject to satisfaction of any other terms and conditions applicable to the RSUs; provided, however, that to the extent the Committee determines that any of the RSUs are subject to Code section 409A, to the extent necessary to comply with Code section 409A, no distribution or payment of any amount under such RSUs shall be made until the earliest of the date (i) set for such RSUs to vest according to the Vesting Schedule (a time or fixed schedule specified for the purpose of Code section 409A), (ii) of the Recipient's "separation from service" (as defined in Code section 409A), (iii) of the Recipient's death, or (iv) when the Recipient becomes "disabled" (as defined in Code section 409A); and further provided that, the number of the RSU Shares issued or delivered (or for which a cash payment is made) to the Recipient in any calendar year, together with the number of shares of Common Stock issued or delivered (or for which a cash payment is made) to the Recipient in the same calendar year under any other RSU Awards, shall not exceed the annual maximum aggregate number of shares of Common Stock issuable or deliverable under RSU Awards as set forth in the Plan that is effective at the time of the issuance or delivery of (or making a cash payment for) the RSU Shares. Notwithstanding the foregoing, to the extent the Committee determines that any of the RSUs are subject to Code section 409A and the Recipient is a Specified Employee[3] on the date of his or her "separation from service" (as defined in Code section 409A), to the extent necessary to comply with Code section 409A, no distribution or payment of any amount under such RSUs that is otherwise payable pursuant to this Section 1(d) upon a separation from service shall be made before the date that is six months after the date of the Recipient's separation from service. In settling the RSUs pursuant to the foregoing, the Company (or its acquirer or successor) shall have the option (as determined by the Committee in its sole discretion) to make or provide for a cash payment to the Recipient, in exchange for the cancellation of the vested RSUs (or any portion thereof), in an amount equal to the product of (A)

[3] The determination of whether the Recipient is a Specified Employee will be made annually by the Committee or its delegate pursuant to Code section 409A for the 12-month period ending every December 31st (the "Specified Employee Identification Date"). The Committee's determination shall be final and binding on the Recipient. If the Recipient was determined by the Committee as a Specified Employee at any time during such 12-month period ending on the Specified Employee Identification Date, he or she shall be considered a Specified Employee for the 12-month period commencing on the February 1st immediately following the Specified Employee Identification Date (i.e., from February 1st to the following January 31st), even if he or she is no longer employed or engaged by the Company on or after the Specified Employee Identification Date. For the purposes of this section 1(d), a "Specified Employee" shall mean:

- the Recipient owns 5% or more of all outstanding Common Stock;
- the Recipient owns 1% or more of all outstanding Common Stock and has an annual compensation of more than $150,000; and/or
- the Recipient is among the top 50 most highly-compensated officers of the Company and the Subsidiaries forming a controlled group of corporations within the meaning of Code section 1563(a) (based on total W-2 compensation plus elective 401(k) plan deferrals) and has an annual compensation exceeding the indexed dollar limit then in effect pursuant to Treas. Reg. § 1.409A-1(i) promulgated under Code (which is $220,000 for 2024).

the number of the RSU Shares under the cancelled RSUs and (B) the average closing price of a share of Common Stock over the period ending on the date the RSUs (or the portion thereof) become vested and starting sixty days prior to that date. Anything herein to the contrary notwithstanding, this Agreement does not create an obligation on the part of the Company to adopt any policy or procedure, agree to any amendment hereto, make any arrangement, or take any other action, to comply with Code section 409A. The Recipient agrees and acknowledges that the Company makes no representations that this Agreement, including the grant, vesting and/or delivery of the RSU Shares (or cash equivalent), does not violate Code section 409A, and the Company shall have no liability whatsoever to the Recipient if he or she is subject to any taxes or penalties under Code section 409A.

2. Vesting. Subject to the terms and conditions of this Agreement and the Plan and unless otherwise forfeited pursuant to section 3,[4] the RSUs shall vest (that is, the Restricted Period with respect thereto shall terminate) pursuant to the Vesting Schedule; provided, however, that the unvested RSUs shall vest in full during the Vesting Period on the date, (a) immediately preceding the effective date of the Recipient's Retirement as determined by the Committee in relation to the RSUs: either (A) after reaching age 70 or (B) after reaching age 55 and having been employed or engaged by the Company or any Subsidiary for 15 years (provided that, if the Recipient retires after reaching age 56, for each year after age 55, the Recipient may work one year less for the Company or any Subsidiary, as applicable, and still be qualified for Retirement under this sub-section (B)[5]), (b) immediately preceding the Recipient's death or the effective date of the Recipient's Disability, or (c) immediately preceding the effective date of the termination of the Recipient's employment or engagement with the Company or any Subsidiary by the Company or Subsidiary (which, whenever used in this Agreement, includes any such entity's successor) without Cause,[6] or by the Recipient for a Good Reason,[7] in either case only in connection with or within 24 months following a Sale Event.[8]

[4] For example, pursuant to section 3, before the Vesting Start Date, (I) if the Recipient's employment or engagement with the Company or any Subsidiary is terminated by the Recipient for any reason, or (II) if the Recipient retires, dies or becomes Disabled, the RSUs shall be forfeited in their entirety and no distribution or payment of any amount under such RSUs shall ever be made to the Recipient.

[5] For example, if the Recipient retires at age 60 during the Vesting Period, he or she only needs to have worked for the Company or the applicable Subsidiary for 10 years to be qualified for Retirement and receive the RSU Shares; and for example, if the Recipient retires at age 65 during the Vesting Period, he or she only needs to have worked for the Company or the applicable Subsidiary for 5 years to be qualified for Retirement and receive the RSU Shares.

[6] "Cause" means, in addition to any cause for termination as provided in any other applicable written agreement between the Company, the applicable Subsidiary, or the acquirer or successor of the Company or Subsidiary, and the Recipient, (i) conviction of any felony, (ii) any material breach or violation by the Recipient of any agreement to which the Recipient and the Company or the Subsidiary that employs or engages the Recipient are parties or of any published policy or guideline of the Company, (iii) any act (other than retirement or other termination of employment or engagement) or omission to act by the Recipient which may have a material and adverse effect on the business of the Company or Subsidiary or on the Recipient's ability to perform services for the Company or Subsidiary, including habitual insobriety or substance abuse or the commission of any crime, gross negligence, fraud or dishonesty with regard to the Company or Subsidiary, or (iv) any material misconduct or neglect of duties and responsibilities by the Recipient in connection with the business or affairs of the Company or Subsidiary; provided, however, that the Recipient first shall have received written notice, which shall specifically identify what the Company or Subsidiary believes constitutes Cause, and if the breach, act, omission, misconduct or neglect is capable of being cured, the Recipient shall have failed to cure after 15 days following such notice.

[7] A "Good Reason" means the occurrence of any of the following events: (i) a material adverse change in the functions, duties or responsibilities of the Recipient's position (other than a termination by the Company or Subsidiary) which would meaningfully reduce the level, importance or scope of such position (provided that, a change in the person, position and/or department to whom the Recipient is required to report shall not by itself constitute a material adverse change in the Recipient's position), (ii) the relocation of the Company or Subsidiary office at which the Recipient is principally located immediately prior to a Sale Event (the "Original Office") to a new location outside of the metropolitan area of the Original Office or the failure to place the Recipient's own office in the Original Office (or at the office to which such office is relocated which is within the metropolitan area of the Original Office), or (iii) a material reduction in the Recipient's base salary and incentive compensation opportunity as in effect immediately prior to a Sale Event; provided, however, that, within 90 days of the incident that provides the basis for a Good Reason termination, the Recipient shall have provided the Company or Subsidiary a written notice specifically identifying what the Recipient believes constitutes a Good Reason, and the Company or Subsidiary shall have failed to cure the adverse change, relocation or compensation reduction after 30 days following such notice.

[8] A "Sale Event" shall mean (i) the sale or other disposition of all or substantially all of the assets of the Company or the Subsidiary that employs or engages the Recipient, including a majority or more of all outstanding stock of the Subsidiary, on a consolidated basis to one or more unrelated persons or entities, (ii) a Change in Control, or (iii) the sale or other transfer of outstanding Common Stock to one or more unrelated persons or entities (including by way of a merger, reorganization or consolidation in which the

The Recipient explicitly acknowledges and agrees that the granting or vesting of the RSUs as well as the Recipient's holding of the RSU Shares shall be subject to all applicable policies and guidelines of the Company, including the Company's compensation recovery, stock ownership, and hedging, pledging and trading policies.

3. Forfeiture. Anything herein to the contrary notwithstanding, (a) all RSUs that are not vested in accordance with section 2 shall terminate immediately and be forfeited in their entirety if and at such time as (i) the Recipient ceases to be an Employee, Outside Director or Consultant, as the case may be, or (ii) 24 months have passed immediately following a Sale Event (provided that, in the event the surviving or acquiring entity or the new entity resulting from a Sale Event substitutes a similar equity award for the RSUs, such award will continue in accordance with its own terms and conditions), and (b) all RSUs, to the extent not theretofore settled in accordance with section 1(d), shall terminate immediately and be forfeited in their entirety when and as provided in section 13(I) of the Plan.

4. Tax Withholding. Pursuant to section 10 of the Plan, the Company may require the Recipient to enter into an arrangement providing for the payment in cash, Common Stock or otherwise by the Recipient to the Company of any tax withholding obligation of the Company arising by reason of (a) the granting or vesting of the RSUs, (b) the lapse of any substantial risk of forfeiture to which the RSUs or the RSU Shares are subject, or (c) the disposition of the RSUs or the RSU Shares, to the extent such arrangement does not cause a loss of the Section 16(b) exemption pursuant to Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended.

5. Representations and Warranties of the Company. The Company represents and warrants to the Recipient that the RSU Shares, when issued and delivered on the vesting of the RSUs in accordance with this Agreement, will be duly authorized, validly issued, fully paid and non-assessable.

6. Nonqualified Plan. If Recipient was eligible to elect and did in fact elect, pursuant to the Simpson Manufacturing Co., Inc. Nonqualified Plan (the "Nonqualified Plan"), to defer the receipt of RSUs which Recipient is being granted under the Plan in 2024, then, pursuant to the Nonqualified Plan, a notional tracking of the value of the RSUs and any returns thereon will be maintained by the Nonqualified Plan pursuant to its terms. This amount, as adjusted by any appreciation or deprecation, will be paid to a participant in the future. Deferrals pursuant to a nonqualified plan are, as with certain other amounts owed by the Company to a Recipient, unsecured obligations of the Company and therefore subject to claims of creditors.

7. Recipient Representations. The Recipient represents and warrants to the Company that the Recipient has received and read this Agreement and the Plan, that the Recipient has consulted with the Recipient's own legal, financial and other advisers regarding this Agreement and the Plan to the extent that the Recipient considered necessary or appropriate, that the Recipient fully understands and accepts all of the terms and conditions of this Agreement and the Plan, and that the Recipient is relying solely on the Recipient's own advisers with respect to the tax consequences of this Agreement and the RSUs.

8. Change in Control. Notwithstanding section 9 of the Plan, a Change in Control shall be treated as a Sale Event with respect to the RSUs granted hereunder.

9. Adjustments to Reflect Capital Changes. Subject to and except as otherwise provided in section 9 of the Plan, the number and kind of shares subject to the RSUs shall be appropriately adjusted, as the Committee may determine pursuant to section 11 of the Plan, to reflect any stock split, stock dividend, recapitalization, merger, consolidation, reorganization, combination, exchange of shares, split-up, split-off, spin-off, liquidation or other similar change in capitalization, or any distribution to common stockholders other than normal cash dividends.

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outstanding Common Stock are converted into or exchanged for securities of the successor entity) where the stockholders of the Company, immediately prior to such sale or other transfer, would not, immediately after such sale or transfer, beneficially own shares representing in the aggregate more than 50 percent of the voting shares of the acquirer or surviving entity (or its ultimate parent corporation, if any). For the purpose of sub-section (iii) of this definition, only voting shares of the acquirer or surviving entity (or its ultimate parent, if any) received by stockholders of the Company in exchange for Common Stock shall be counted, and any voting shares of the acquirer or surviving entity (or its ultimate parent, if any) already owned by stockholders of the Company prior to the transaction shall be disregarded.

10. No Rights as Stockholder. Neither the granting or vesting of the RSUs nor the issuance or delivery of the RSU Shares shall entitle the Recipient, as such, or any of the Recipient's Beneficiaries or Personal Representative, to any rights of a stockholder of the Company, unless and until the RSU Shares are registered on the Company's records in the name or names of the Recipient or the Recipient's Beneficiaries or Personal Representative, as the case may be, and then only with respect to such RSU Shares so registered.

11. No Right to Continued Employment. Nothing in this Agreement shall confer on the Recipient any right to continue in the employment of, or service to, the Company or any Subsidiary or limit, interfere with or otherwise affect in any way the right of the Company or any Subsidiary to terminate the Recipient's employment or service at any time. If the Award of the RSUs is in connection with the Recipient's performance of services as a Consultant or Outside Director, references to employment, employee and similar terms shall be deemed to include the performance of services as a Consultant or an Outside Director, as the case may be; provided that no rights as an Employee shall arise by reason of the use of such terms.

12. Regulatory Compliance. Notwithstanding anything herein to the contrary, the issuance and delivery of the RSU Shares shall in all events be subject to and governed by section 13(C) of the Plan.

13. Notices. Any notice, consent, demand or other communication to be given under or in connection with this Agreement shall be in writing and shall be deemed duly given and received when delivered personally, when transmitted by facsimile, one business day after being deposited for next-day delivery with a nationally recognized overnight delivery service, or three days after being mailed by first class mail, charges or postage prepaid, properly addressed, if to the Company, at its principal office in California, and, if to the Recipient, at the Recipient's address on the Company's records. Either party may change such party's address or facsimile number from time to time by notice hereunder to the other.

14. Entire Agreement. This Agreement and the Plan together contain the entire agreement of the parties and supersede all prior or contemporaneous negotiations, correspondence, understandings and agreements, whether written or oral, between the parties, regarding the RSUs. The Recipient specifically acknowledges and agrees that all descriptions of the RSUs in any prior letters, memoranda or other documents provided to him or her by the Company or any Subsidiary are hereby replaced and superseded in their entirety by this Agreement and shall be of no further force or effect. To the extent there is any inconsistency between the descriptions of any such documents and the terms of this Agreement, the terms of this Agreement shall prevail.

15. Amendment. This Agreement may be amended, modified or supplemented only by a written instrument signed by the Recipient and the Company.

16. Assignment. The Recipient shall not sell, assign, transfer, pledge, hypothecate or otherwise encumber or dispose of this Agreement, any of the RSUs or any other rights hereunder, and shall not delegate any duties hereunder, except only as may be permitted pursuant to section 13(B) of the Plan, and any such action or transaction that may otherwise be attempted or purported by the Recipient shall be void and of no effect; provided, however, that this section 16 does not restrict the sale, assignment, transfer, pledging, hypothecation or other encumbrance or disposal of RSU Shares that have fully vested.

17. Successors. Subject to section 16, this Agreement shall bind and inure to the benefit of the Company and the Recipient and their respective successors, assigns, heirs, legatees, devisees, executors, administrators and legal representatives. Nothing in this Agreement, express or implied, is intended to confer on any other Person any right or benefit in or under this Agreement or the Plan.

18. Separate Payments. All amounts payable in connection with the RSUs hereunder or any other Awards granted under the Plan shall be treated as separate payments for the purposes of Code section 409A.

19. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of Delaware.

20. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

21. Order of Precedence and Construction. This Agreement, the RSUs and the RSU Shares are subject to all provisions of the Plan (a copy of which is attached hereto as Exhibit A), including the Restricted Stock Unit provisions of section 6 thereof, and are further subject to all interpretations and amendments thereto that may from time to time be adopted pursuant to the Plan. In the event of any inconsistency between any provision of this Agreement and any provision of the Plan, the provision of the Plan shall govern. The headings of sections herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction or interpretation of any provision hereof. Whenever the context requires, the use in this Agreement of the singular number shall be deemed to include the plural and vice versa, and each gender shall be deemed to include each other gender. References herein to sections refer to sections of this Agreement, except as otherwise stated. The meaning of general words is not limited by specific examples introduced by “includes”, “including”, “for example”, “such as” or similar expressions, which shall be deemed to be followed by the phrase “without limitation”.

22. Further Assurances. The Recipient agrees to do and perform all acts and execute and deliver all additional documents, instruments and agreements as the Company or the Committee may reasonably request in connection with this Agreement.

23. Data Privacy. Recipient hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Recipient’s personal data as described in this Agreement by and among, as applicable, Recipient’s employer, the Company, and any Subsidiary for the exclusive purposes of implementing, administering, and managing Recipient’s participation in the Plan. Recipient understands that the Company and the employing Subsidiary may hold certain personal information about Recipient, including, but not limited to, Recipient’s name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, and any shares of stock or directorships held in the Company or any Subsidiary, details of all RSUs or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in Recipient’s favor (“Personal Data”). Recipient understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, that these entities may be located in Recipient’s country, or elsewhere, and that the third parties’ country may have different data privacy laws and protections than Recipient’s country. Recipient understands that he or she may request a list with the names and addresses of any potential third parties in receipt of the Personal Data by contacting the Company’s Equity Plans Administrator. Recipient authorizes the third parties to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing Recipient’s participation in the Plan, including any requisite transfer of such Personal Data as may be required to a broker or other third party with whom Recipient may elect to deposit any RSU Shares received upon vest of the RSUs. Recipient understands that Personal Data will be held as long as is necessary to administer and manage Recipient’s participation in the Plan. Recipient understands that he or she may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, without cost, by contacting in writing the Company’s Equity Plans Administrator. Recipient understands that refusal or withdrawal of consent may affect Recipient’s ability to realize benefits from the RSUs. For more information on the consequences of Recipient’s refusal to consent or withdrawal of consent, Recipient understands that he or she may contact the Company’s Equity Plans Administrator.

24. Electronic Delivery. The Company may, in its sole discretion, decide (a) to deliver or effect by electronic means any documents or communications related to the RSUs granted under the Plan, Recipient’s participation in the Plan, or future Awards that may be granted under the Plan or (b) to request by electronic means Recipient’s consent to participate in the Plan and other communications related to the RSUs or the Plan. Recipient hereby consents to receive such documents and communications by electronic delivery and, if requested, to agree to participate in the Plan and deliver or effect such other communications through an on-line or electronic system established and maintained by the Company or any third party designated by the Company.

[Signature Page Follows]

IN WITNESS WHEREOF, this Restricted Stock Unit Agreement has been duly executed by or on behalf of the Company and the Recipient as of the Award Date.

COMPANY:

SIMPSON MANUFACTURING CO., INC.

By ________________________________

Authorized Signatory for the Compensation
and Leadership Development Committee
of the Board of Directors

ACCEPTANCE OF AGREEMENT: Through the electronic submission of his or her consent to this Restricted Stock Unit Agreement in accordance with the instructions on Fidelity Stock Plan Services' NetBenefits website, the Recipient hereby confirms, ratifies, approves and accepts all of the terms and conditions of this Restricted Stock Unit Agreement.

Exhibit 21

Simpson Manufacturing Co., Inc. and Subsidiaries
List of Subsidiaries of Simpson Manufacturing Co., Inc.
At February 27, 2024

1. Simpson Strong-Tie Company Inc., a California corporation
2. Simpson Strong-Tie International, Inc., a California corporation
3. Simpson Strong-Tie Canada, Limited, a Canadian corporation
4. Simpson Strong-Tie Europe EURL, a French corporation
5. Simpson Strong-Tie, S.A.S., a French corporation
6. Simpson Strong-Tie Australia, Inc., a California corporation
7. Simpson Strong-Tie A/S, a Danish corporation
8. Simpson Strong-Tie GmbH, a German corporation
9. Simpson France SCI, a French corporation
10. Simpson Strong-Tie Australia Pty Limited, an Australian corporation
11. Simpson Strong-Tie Asia Limited, a Hong Kong company
12. Simpson Strong-Tie Asia Holding Limited, a Hong Kong company
13. Simpson Strong-Tie (Zhangjiagang) Co., Ltd., a Chinese company
14. Simpson Strong-Tie (New Zealand) Limited, a New Zealand company
15. Simpson Strong-Tie Switzerland GmbH, a Switzerland company
16. S&P Clever Reinforcement Company AG, a Switzerland company
17. S&P Reinforcement Benelux B.V., a Dutch company
18. S&P Polska Sp. z.o.o., a Polish corporation
19. Clever Reinforcement Iberica - Materiais de Construção, Lda., a Portugal company
20. Simpson Strong-Tie Vietnam Company Limited, a Vietnam company
21. Simpson Strong-Tie South Africa (PTY) Ltd, a South Africa company
22. Simpson Strong-Tie Chile Limitada, a Chile company
23. Simpson Strong-Tie Structural Connectors Ireland Ltd, an Ireland company
24. Multi Services Découpe S.A., a Belgium company
25. Gbo Fastening Systems AB, a Swedish corporation
26. Christiania Spigerverk AS, a Norwegian company
27. Sabrefix (UK) Limited, a UK Company
28. S&P Reinforcement Spain S.L., a Spanish company
29. Fixco Invest SAS, a French company
30 Financière Echezeaux SAS, a French company
31. Plastiform's SAS, a French company
32. Lepone SCI, a French company
33. Lober SCI, a French company
34. Ateliers LR Etanco SAS, a French company
35. RFIX SAS, a French company
36. L.R.D. SAS, a French company
37. LRM Industries SAS, a French company
38. Cleas Protection SAS, a French company
39. Friulsider S.P.A., an Italian company
40. SI. COP Etanco SRL, an Italian company
41. Friulsider UK Limited, an UK company
42. Simpson Strong-Tie Etanco P.S.A., a Polish company
43. Etanco Romania SRL, a Romanian company
44. Etanco Benelux, a Belgium company
45. Etanco GmbH, a German company
46. SYSTEA GmbH, a German company
47. SYSTEA North America Inc., a US company

48. MSJ Holding GmbH, a Swiss company
49. PMJ-tec AG, a Swiss company
50. PMJ-tec BV, a Dutch company
51. PMJ-tec GmbH, a German company

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We have issued our reports dated February 27, 2024, with respect to the consolidated financial statements, financial statement schedule, and internal control over financial reporting included in the Annual Report of Simpson Manufacturing Co., Inc. on Form 10-K for the year ended December 31, 2023. We consent to the incorporation by reference of said reports in the Registration Statements of Simpson Manufacturing Co., Inc. on Forms S-3 (File Nos. 333-44603 and 333-102910) and on Forms S-8 (File Nos. 033-90964, 333-37325, 333-40858, 333-97313, 333-97315, 333-173811, 033-85662 and 333-271724).

/s/ Grant Thornton LLP
San Francisco, California
February 27, 2024

Exhibit 31.1

Simpson Manufacturing Co., Inc. and Subsidiaries
Rule 13a-14(a)/15d-14(a) Certifications

I, Mike Olosky, certify that:

1. I have reviewed this annual report on Form 10-K of Simpson Manufacturing Co., Inc.;

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: February 27, 2024

By /s/Mike Olosky
Mike Olosky
Chief Executive Officer

Simpson Manufacturing Co., Inc. and Subsidiaries
Rule 13a-14(a)/15d-14(a) Certifications

I, Brian J. Magstadt, certify that:

1. I have reviewed this annual report on Form 10-K of Simpson Manufacturing Co., Inc.;

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: February 27, 2024

By /s/Brian J. Magstadt
Brian J. Magstadt
Chief Financial Officer

Exhibit 32

Simpson Manufacturing Co., Inc. and Subsidiaries
Section 1350 Certifications

The undersigned, Mike Olosky and Brian J. Magstadt, being the duly elected and acting Chief Executive Officer and Chief Financial Officer, respectively, of Simpson Manufacturing Co., Inc., a Delaware corporation (the "Company"), hereby certify that the annual report of the Company on Form 10-K for the year ended December 31, 2023, fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, as amended, and that information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

DATE: February 27, 2024

By /s/Mike Olosky
Mike Olosky
Chief Executive Officer

By /s/Brian J. Magstadt
Brian J. Magstadt
Chief Financial Officer

A signed original of this written statement required by Section 1350 of Chapter 63 of Title 18 of the United States Code has been provided to Simpson Manufacturing Co., Inc. and will be retained by Simpson Manufacturing Co., Inc. and furnished to the Securities and Exchange Commission or its staff on request.

The foregoing certification is being furnished to the Securities and Exchange Commission pursuant to § 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Exhibit 97

Compensation Recovery Policy of Simpson Manufacturing Co., Inc.

Effective date: July 28, 2023

1. Introduction and Purpose

The Board of Directors (the "Board") of Simpson Manufacturing Co., Inc. (the "Company") believes that it is in the best interests of the Company and its stockholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company's pay-for-performance compensation philosophy. The Board has therefore adopted this policy which permits the Company to recover Covered Compensation (as defined below), in accordance with the terms herein in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws (the "Policy").

2. Administration

This Policy shall be administered by the Board or, if so designated by the Board, the Compensation & Leadership Development Committee of the Board (the "Compensation Committee"), in which case references herein to the Board shall be deemed references to the Compensation Committee. Any determinations made by the Board shall be final and binding on all affected individuals.

3. Definitions

a. **Accounting Restatement**: an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement due to a Material Restatement (as defined below) or Non-Material Restatement (as defined below).

b. **Covered Compensation**: the amount of Incentive-Based Compensation (as defined below) received during the applicable Covered Period (as defined below) that exceeds the amount of Incentive-Based Compensation that otherwise would have been received during such Covered Period had it been determined based on the relevant restated amounts, and computed without regard to any taxes paid.

c. **Covered Period**: (i) the three completed fiscal years immediately preceding the Trigger Date (as defined below) and, if applicable, any transition period resulting from a change in the Company’s fiscal year within or immediately following those three completed fiscal years (provided, however, that if a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year comprises a period of nine to 12 months, such period would be deemed to be a completed fiscal year).

d. **Covered Person**: (i) any current or former “Section 16 officer” of the Company within the meaning of Rule 16a-1(f) under the Exchange Act, as determined by the Board, and (ii) “executive officers” as defined in Rule 3b-7 of the Exchange Act and identified under Item 401(b) of Regulation S-K.

e. **Financial Reporting Measure**: measures that are determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures derived in whole or in part from such measures, as well as stock price and total shareholder return ("TSR").

f. **Incentive-Based Compensation**: any compensation (including cash and equity) granted, earned or vested based in whole or in part on the attainment of a Financial Reporting Measure (as defined above). For purposes of clarity, Incentive-Based Compensation includes compensation that is in any plan, other than tax-qualified retirement plans, including long term disability, life insurance, and supplemental executive retirement plans, and any other compensation that is based on such Incentive-Based Compensation, such as earnings accrued on notional amounts of Incentive-Based Compensation contributed to such plans.

g. **Material Restatement**: an accounting restatement that corrects an error in previously issued financial statements that is material to the previously issued financial statements.

h. **Non-Material Restatement**: an accounting restatement that corrects an error that is not material to previously issued financial statements, but that would result in a material misstatement if (i) the error was left uncorrected in the current report or (ii) the error correction was recognized in the current period.

i. **Trigger Date:** the earlier to occur of: (i) the date that the Board, applicable Board committee, or officers authorized to take action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare the Accounting Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare the Accounting Restatement.

4. Policy Statement

As of the date this Policy is adopted by the Board as indicated above (the "Effective Date"), the Company will recover reasonably promptly from any Covered Person, regardless of fault or responsibility, Covered Compensation, received by a Covered Person during any Covered Period unless the Compensation Committee has made a determination in accordance with Rule 10D-1 under the Exchange Act that:

- the direct costs paid to a third party to assist in enforcing this policy would exceed the recoverable amount (and the Company has already made a reasonable attempt to recover such erroneously awarded Covered Compensation from such Covered Person, has documented such reasonable attempt(s) to recover, and has provided such documentation to the New York Stock Exchange ("NYSE"); or
- if recovery would likely cause an otherwise tax-qualified retirement plan to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code, the Company may decide not to seek recovery.

The Board shall determine, in its sole discretion, the timing and method for promptly recovering Covered Compensation hereunder, which may include without limitation (a) seeking reimbursement of all or part of any cash or equity-based award, (b) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, (c) cancelling or offsetting against any planned future cash or equity-based awards, (d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder and (e) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Board may affect recovery under this Policy from any amount otherwise payable to the Covered Employee, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred by the Covered Employee.

Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with any Covered Employee that may be interpreted to the contrary, the Company shall not indemnify any Covered Employee against the loss of any Covered Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Employees to fund potential clawback obligations under this Policy.

5. Interpretation and Compliance

Notwithstanding anything in this Policy to the contrary, at all times this Policy will be interpreted and enforced in accordance with the final rules and regulations adopted by the Securities and Exchange Commission ("SEC"), the final listing standards adopted by the NYSEand any applicable SEC or NYSE guidance or interpretations issued from time to time regarding Covered Compensation recovery requirement (collectively, the "Applicable Rules"). To the extent the Applicable Rules require the Company to recover Incentive-Based Compensation in additional circumstances besides those specified above, nothing in this Policy shall be deemed to restrict the right of the Company to recover Incentive-Based Compensation to the fullest extent required by the Applicable Rules. This Policy shall be deemed to be automatically amended, as of the date the Applicable Rules become effective with respect to the Company, to allow the Company to recover Incentive-Based Compensation to the extent required for this Policy to comply with the Applicable Rules.

6. General

The Company may, in any incentive plan, compensation program, employment agreement, equity award agreement or other similar arrangement or agreement entered into with it on or after the Effective Date, as a condition to the grant of any benefit thereunder, require a recipient of such benefit to agree to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law or pursuant to the terms of any employment agreement, equity award agreement or similar agreement and any other legal remedies available to the Company. The Board may amend or terminate this Policy at any time.

7. Frequently Asked Questions

Answers to Frequently Asked Questions (subject to the Applicable Rules and any changes thereof and the Board's broad discretion in administering, interpreting and enforcing this Policy).

Who is covered by this Policy?
Any executive officer as defined under the Applicable Rules is always subject to this Policy (see next Q&A for more information). In addition, from time to time, the Board or the Compensation Committee may designate other employees of the Company and its affiliated entities, who have participated in the Company's equity incentive plans and/or cash incentive plans, as being subject to this Policy.

Who qualifies as an "executive officer" under the Applicable Rules?
An "executive officer" generally includes the Company's CEO, president, principal financial officer, principal accounting officer (or controller), any vice-president of the Company in charge of a principal business unit, division or function (such as sales, administration or finance), any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of the Company's parent or subsidiary entities shall be deemed executive officers of the Company if they perform such policy making functions for the Company.

Does compensation recovery pursuant to this Policy require fault or responsibility on the part of a Covered Person?
No. The Company has the right to recover excess Covered Compensation from a Covered Person even if such person did not engage in misconduct or have any role in preparing the Company's financial statements that required an Accounting Restatement.

When is an Accounting Restatement required?
An Accounting Restatement is a required revision of previously issued financial statements to reflect the correction of one or more errors that are material to those financial statements, or one or more errors that are not material to previously issued financial statements, but that would result in a material misstatement if (i) the errors were left uncorrected in the current report or (ii) the errors corrections were recognized in the current period.. An Accounting Restatement is "required" on the earlier of the date (a) the Company (through the Board, a committee thereof or an authorized officer) concludes, or reasonably should have concluded, that the Company's previously issued financial statements contain a material error or (b) the date a court, regulator or other legally authorized body directs the Company to restate its previously issued financial statements to correct a material error.

What is the recoverable "portion" of Incentive-Based Compensation?
The amount of Incentive-Based Compensation subject to recovery under this Policy shall be the amount of Incentive-Based Compensation received by a Covered Person that exceeds the amount of Incentive-Based Compensation they otherwise should have received had their compensation been determined based on the required Accounting Restatement. Such amount also shall be computed without regard to any taxes paid.

How long is the look-back period?

Three completed fiscal years preceding the date on which the Company is required to prepare an Accounting Restatement, provided that if the Company has changed its fiscal year during the three-year period, the look-back period includes the transition period unless such transition period is longer than nine months. For example, if the Company, continuing to report its financial condition and operating results based on calendar fiscal years, concludes in November 2023 that a restatement of previously issued financial statements is required and files the restated financial statements in January 2024, this Policy would apply to Incentive-Based Compensation received by Covered Persons in 2020, 2021 and 2022.

Could the Company provide protection against compensation recovery?
No. The Company will not provide indemnification or reimbursement with respect to any recovery made pursuant to this Policy.

SIMPSON
Manufacturing
COMPANY™

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