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, 2021

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 ☐

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, 2021) was approximately $4,771,512,268.

As of February 22, 2022, 43,354,677 shares of the registrant's common stock were outstanding.

Documents Incorporated by Reference

Portions of the registrant's definitive Proxy Statement for its 2022 annual meeting of stockholders (the "2022 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, 2021.

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, 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,” "outlook," “predict,” “project,” “change,” “result,” “future,” “will,” “could,” “can,” “may,” “likely,” “potentially,” or similar expressions. Although we believe that these forward-looking statements and the underlying assumptions are reasonable, we cannot assure you that they will prove to be correct.

Forward-looking statements involve a number of risks and uncertainties, and there are factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements. Some of those factors (in addition to others described elsewhere in this Annual Report on Form 10-K and in our subsequent filings with the U.S. Securities and Exchange Commission (the “SEC”)) include:

- the impact, execution and effectiveness of the Company’s strategic plan and initiatives;
- general economic cycles and construction business conditions including changes in U.S. housing starts;
- customer acceptance of our products;
- product liability claims, contractual liability, engineering and design liability and similar liabilities or claims;
- relationships with partners, suppliers and customers and their financial condition;
- materials and manufacturing costs;
- technological developments, including system updates and conversions;
- increased competition;
- changes in laws or industry practices;
- litigation risks and actions by activist shareholders;
- changes in market conditions;
- geopolitical and business conditions in countries where our products are manufactured and sold;
- natural disasters and other factors that are beyond the Company’s reasonable control;
- changes in trade regulations, treaties or agreements or in U.S. and international taxes, tariffs and duties including those imposed on the Company’s income, imports, exports and repatriation of funds;
- effects of merger or acquisition activities, including the expected acquisition of the Etanco Group;
- actual or potential takeover or other change-of-control threats; and
- changes in our plans, strategies, objectives, expectations or intentions.

These factors in addition to others described elsewhere in this Annual Report on Form 10-K, including those described under Item 1A-Risk Factors, and in our subsequent filings with the SEC, should not be construed as a comprehensive listing of factors that could cause results to vary from our forward-looking statements.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as may be required by law. If one or more forward-looking statements are updated, no inference should be drawn that additional updates will be made with respect to those or other forward-looking statements.

PART I

Item 1. Business.

Company Background

Simpson Manufacturing Co., Inc. ("Simpson," the "Company," "we," "us," or "our,") through our wholly-owned subsidiary, Simpson Strong-Tie Company Inc. ("SST"), designs, engineers and is a leading manufacturer of high quality wood and concrete construction products designed to make structures safer and more secure. Our products are designed to perform at high levels and be easy to use and cost-effective for customers. Our wood construction products are used in light-frame construction and include connectors, truss plates, fastening systems, fasteners and pre-fabricated lateral resistive systems. Our concrete construction products are used in concrete, masonry and steel construction and include adhesives, chemicals, mechanical anchors, carbide drill bits, powder actuated tools, fiber reinforced materials and other repair products used for protection and strengthening. We market our products to the residential construction, light industrial and commercial construction, remodeling and do-it-yourself ("DIY") markets. 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. 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 among architects and engineers who frequently request the use of our products.

Sales

The Company attracts and retains customers by designing, manufacturing and selling high quality products that perform well, are easy to use and cost-effective for customers. The Company manufactures and warehouses its products in geographic proximity to its markets to help ensure availability and facilitate rapid 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 a few days. 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 both the wood construction and concrete construction product groups by:

- maintaining frequent customer contacts and service levels;
- continuing to sponsor seminars to inform architects, engineers, contractors and building officials on appropriate use, proper installation and identification of the Company's products;
- continuing to invest in mobile, web and software applications for customers to both help them do their jobs more efficiently and allow us to connect with them utilizing social media, blog posts and videos;
- continuing to invest in Building Information Modeling ("BIM") software services and solutions for home builders and lumber-building material suppliers; and
- continuing to innovate, advance and diversify our product offerings.

Products and Services

Historically, the Company's product lines have encompassed connectors, anchors, fasteners, lateral resistive 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 18 — Segment Information" to the Company's Consolidated Financial Statements for financial information regarding revenues by product category.

Many of the Company's products are 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.

Wood Construction Products. The Company produces and markets over 14,000 standard and custom wood construction products. These products are used primarily to strengthen, support and connect wood applications in residential and commercial construction and 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 Quik Drive auto-feed screw driving system, which is used in numerous applications such as decking, subfloors, drywall and roofing; and
- *Lateral Resistive Systems* - Lateral resistive systems are assemblies used to resist earthquake or wind forces and include steel and wood shearwalls, Anchor Tiedown Systems (ATS), and steel moment frames.

Concrete Construction Products. The Company produces and markets over 1,000 standard and custom concrete construction products. The Company’s concrete construction 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 concrete construction products 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
- *Construction, 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.

Distribution Channels and Markets

The Company seeks to expand its product and distribution coverage through several channels:

- *Distributors.* The Company regularly evaluates its distribution coverage and the service levels provided by its distributors, and from time to time implements changes. The Company evaluates distributor product mix and conducts promotions to encourage distributors to add the Company’s products that complement the mix of product offerings in their markets.
- *Home Centers.* The Company intends to increase penetration of the DIY 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 2021, 2020 and 2019. The Company brought back Lowe's as a home center customer in the second quarter of 2020.
- *Dealers.* In some markets, the Company sells its products directly to lumber dealers and cooperatives.
- *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.
- *International Sales.* The Company has established a presence in Europe through acquisition of companies with existing customer bases 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.

Markets

The Company seeks to expand existing and identify new distributions channels in the markets we serve, and expand into new markets. Presently, we primarily serve three markets, which are also our 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 and Norway. 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.

As previously disclosed, on January 26, 2022, the Company, via its wholly-owned subsidiary Simpson Strong-Tie Europe, entered into a securities purchase agreement providing for the Company's acquisition of the Etanco Group ("Etanco"). Etanco is a leading designer, manufacturer and distributor of fixing and fastening solutions for the European building and construction market. Etanco's business model and core product offerings align with the Company, and we anticipate 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 about the pending acquisition, see "Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations."

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 has developed 15 to 25 new products each year. In 2021, through our research and development efforts, the Company expanded its product offerings by adding:

- new connectors and lateral products for wood framing applications;
- new connectors and fasteners for mass timber & 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, masonry and wood pile 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.

Today, we offer over 14,000 wood construction products, and over 1,000 concrete construction products for the residential construction, light industrial and commercial construction, remodeling, and repair & remodel markets.

We sell our products through multiple channels including contractor distributors, home centers and co-ops, lumber dealers and OEMs. Currently, 22 of the top 25 U.S. builders (based on number of housing starts per year) are engaged in our builder program. In terms of home centers, we were pleased to welcome back Lowe’s as a home center customer in the second quarter of 2020. By the end of the fiscal year 2020, we had successfully completed the rollout of our product sets in over 1,700 Lowe’s stores.

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 65 years, through our wholly-owned subsidiary, Simpson Strong-Tie Company Inc., we have led the industry with a majority market share 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.

U.S. housing starts are a leading indicator for a significant portion of our business. 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.

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.

The steel industry is highly cyclical and prices for the Company’s raw materials are influenced by numerous factors beyond the Company’s control. The steel market continues to be dynamic, with a high degree of uncertainty about future pricing trends. Given current conditions, including significant import tariffs and duties, and unsettled international trade disputes, the Company currently expects that the high degree of uncertainty regarding steel prices will continue. Numerous factors may cause steel prices to remain high 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, from time to time, becomes 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 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. Although the Company does not intend to apply for additional foreign patents covering existing products, the Company has developed an international patent program to protect new products that it may develop. 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

The Company's sales are seasonal and cyclical, with operating results varying from quarter to quarter. With some exceptions, 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. Weather conditions, such as extended cold or wet weather, which affect and sometimes delay installation of some of our products, could negatively affect our results of operations. Operating results vary from quarter to quarter and with economic cycles. The Company's sales are also dependent, to a large degree, on the North American residential home construction industry. 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 members of our management team. The skills, experience and industry knowledge of our employees significantly benefit our operations and performance. We continuously evaluate, modify, and enhance our internal processes and technologies to increase employee engagement, productivity, and efficiency and provide the opportunities, skills, and resources they need to be successful.

At December 31, 2021, our employees, including those employed by consolidated subsidiaries, by region were approximately:

Asia Pacific	384
Europe	735
North America	2,852
	3,971

Inclusion & Diversity

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

At December 31, 2021, we had the following global gender demographics:

	Women	Men
All employees	24%	76%
Individual Contributors	20%	80%
Middle Management	24%	76%
Senior Leadership	23%	77%

At December 31, 2021, 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	10 %	10 %	7 %	9 %
Black or African American	10 %	11 %	2 %	— %
Hispanic or Latino	16 %	18 %	8 %	— %
Native Hawaiian or Other Pacific Islander	— %	— %	— %	— %
Two or More Races	2 %	2 %	2 %	— %
White	56 %	51 %	79 %	91 %
Not disclosed	6 %	7 %	1 %	— %

Talent Development

Talent development underpins our efforts to execute our strategy and continue to develop, manufacture and market 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 and 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. These resources are designed to encourage a growth mindset and continuous learning. Accordingly, we also have leadership development programs that 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 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 non-managerial 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 our financial compensation we offer a health and wellness package to our employees, which is designed to provide employees with a range of options that are customizable to suit their individual and/or family needs. In addition, in an effort to continue to attract, retain, and motivate our workforce, in the U.S., we offer remote and flexible work packages for positions which allow for remote work. We continue to engage our partners and benefits consultants to ensure our health and wellness package continues to meet the needs of our diverse workforce today and into 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 our 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.

Importantly during 2021, our experience and continuing focus on workplace safety have enabled us to preserve business continuity without sacrificing our commitment to keeping our colleagues and workplace visitors safe during the COVID-19 pandemic.

In response to the COVID-19 pandemic, we have implemented various measures in an effort to better protect our employees. At the onset of the pandemic we established a Crisis Management Team (the "CMT") to monitor new COVID-19 related developments and support our operations to respond to the ever-changing landscape:

- The CMT consists of senior members of management including our CEO, CFO, President of Sales, General Counsel, and Heads of HR, Manufacturing, IT, Internal Communications, and Safety.
- Currently the CMT meets approximately every other week and at onset of the pandemic met daily.
- The CMT provides updates to the Board of Directors on a regular basis.
- Our goals are to:
    - Support safe working environments in our operations,
    - Regularly communicate to inform and update employees, and
    - Provide oversight of training on COVID-19 safety practices.

The Company took immediate action at the onset of this crisis to enact rigorous safety protocols in all of our facilities by improving sanitation measures, implementing mandatory social distancing, temperature screening, use of facing coverings, reducing on-site staff through staggered shifts and schedules, remote working where possible, and restricting visitor access to our locations. These actions, in addition to generally being deemed an essential business, have enabled us to continue operating our business with minimal disruptions during the pandemic. We continue to monitor the ongoing impacts of the COVID-19 pandemic and remain committed to the health, safety and well-being of our employees.

Labor Relations

As of December 31, 2021, approximately 17% 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 2023 and September 2023, respectively. Also, we have two union contracts in San Bernardino County, California that will expire in June 2022 and in February 2025. 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 "Investor Relations" page 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.

The SEC maintains an Internet site that also contains these reports at 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.

Risks Related to the COVID-19 Pandemic

The impact of the ongoing COVID-19 pandemic, or similar public health concerns in the future, 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.

COVID-19 was identified in late 2019 and spread globally. Efforts to combat the virus have complicated by viral variants and access to, and acceptance and effectiveness of, vaccines globally. The COVID-19 pandemic has resulted in governments around the world implementing stringent measures to help control the spread of the virus, including quarantines, “shelter in place” and “stay at home” orders, travel restrictions, business curtailments, school closures, and other measures. Notwithstanding our level of continued operations, the COVID-19 pandemic, or similar public health concerns in the future, may have negative impacts on our operations, supply chain, transportation networks and customers, which may compress our margins, including as a result of preventative and precautionary measures that we, other businesses and governments are taking. The COVID-19 pandemic caused a global recession the sustainability of the economic recovery observed in 2021 remains unclear. Economic uncertainties could adversely affect our business, financial condition, demand for our products, services, and contribute to volatile supply and demand conditions affecting prices and volumes in the markets for our products, services and raw materials.

In addition, the ability of our employees and our suppliers' and customers' employees to work may be significantly impacted by individuals contracting or being exposed to COVID-19 or a variant of the virus, or as a result of the control measures noted above, which may significantly hamper our production throughout the supply chain and constrict distribution channels. The extent to which the COVID-19 pandemic may adversely impact our business depends on future developments, which are highly uncertain and unpredictable, including the duration of the pandemic variants of the virus, and the effectiveness of actions taken to contain or mitigate its effects. We are unable to predict the potential future impact that the COVID-19 pandemic will have on our business, financial condition or results of operations.

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.

Government regulations pertaining to health and safety concerns continue to emerge, domestically as well as internationally, including regulations due to the COVID-19 pandemic. These regulations include the Occupational Safety and Health Administration and other worker safety regulations for the protection of employees, as well as regulations for the protection of consumers. It is necessary for us to comply with current requirements (including requirements that do not become effective until a future date), and even more stringent requirements could be imposed on our products or processes. Compliance with these regulations may require us to alter our manufacturing processes and our sourcing. For example, at our manufacturing locations we use enhanced cleaning processes, established health screening procedures, modified work stations and material flows with established social distancing practices in response to the COVID-19 pandemic in accordance with guidelines provided by the U.S. Centers for Disease Control and Prevention, as well as local and state health departments. Such actions could increase our capital expenditures and other similar expenses and adversely impact our business, financial condition or results of operations, and our inability to effectively and timely comply with such regulations could adversely impact our competitive position.

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.

A significant portion of our total product sales is dependent on 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;
- the state of the credit markets, including mortgages and home equity loans;
- 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, 2021, 2020, and 2019. 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 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. Import tariffs and/or other mandates 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 finished goods 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.

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.

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.

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.

Product, Services and Sales Risks

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.

Risks Related to Our Intellectual Property and Information Technology

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

Our 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 2021 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 goes 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 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.

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.

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.

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.

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.

Capital Expenditures, Expansions, Acquisitions and Divestitures Risks

Our acquisition activities from time to time present unique risks for our business, and any acquisition could materially and adversely affect our business and operating results.

We may consider and evaluate acquisitions and compete for acquisitions with other potential acquirers, some of which may have greater financial or operational resources than we do. Any acquisitions we undertake involve numerous risks, including:

- unforeseen difficulties in integrating operations, products, technologies, services, accounting and employees;
- diversion of financial and management resources attention from existing operations;
- unforeseen difficulties integrating geographic regions where we do not have prior experience;
- the potential loss of key employees of acquired businesses;
- unforeseen liabilities associated with businesses acquired; and
- inability to generate sufficient revenue or realize sufficient cost savings to offset acquisition or investment costs.

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

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.

Risks Related to Human Capital

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 2022 and 2025. 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 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 2021, revenue from sales outside of the U.S. was $286.1 million, representing approximately 18.2% 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.

<u>General Risk Factors</u>

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 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, 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 25, 2022, 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	26	2,235	928	3,163
Europe	18	371	508	879
Asia/Pacific	10	175	41	216
Administrative and all other	1	89	—	89
Total	55	2,870	1,477	4,347

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 2032. 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 14, "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 New York Stock Exchange (the "NYSE") under the symbol "SSD."

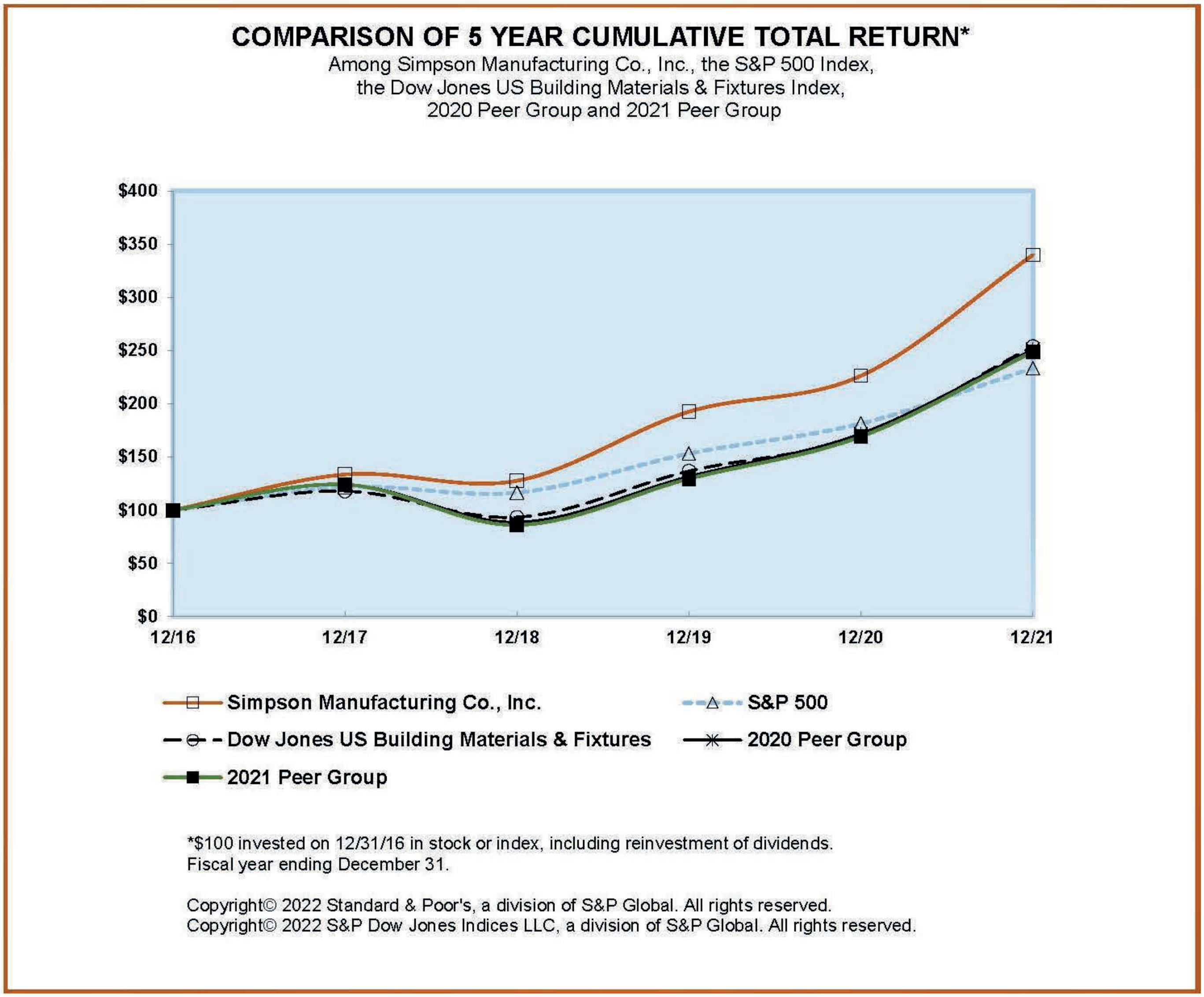
As of February 16, 2022 there were 44,919 holders of record of the Company's common stock, although we believe that there are a significantly larger number of beneficial owners of our common stock.

Dividends

During 2021, the Company paid a total of $41.6 million in cash dividends. On January 20, 2022, we declared a quarterly cash dividend of $0.25 per share of common stock to be paid on April 28, 2022 to stockholders of record as of April 7, 2022. See "Note 19 — 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, 2016, through December 31, 2021, 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, 2016, 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., American Woodmark Corp, Apogee Enterprises, Inc., Armstrong World Industries, Inc., Cornerstone Building Brands, Inc., Eagle Materials Corp., Gibraltar Industries, Inc., Insteel Industries, Inc., Masonite International Corp., Patrick Industries, Inc., PGT Innovations, Inc., Quanex Building Products Corp., Summit Materials, Inc., Trex Company, Inc., and GCP Applied Technologies.



Purchases of Equity Securities by the Issuer and Affiliated Purchasers

56,668 shares were purchased in 2021, for shares withheld for settlement of payroll taxes from stock-based compensation awards vested and for retirement eligible employees who retired during 2021. No purchases occurred in Q4 2021.

222,060 shares for $24.1 million were purchased in 2021, pursuant to the Board’s $100.0 million repurchase authorization that was publicly announced on December 16, 2020, which authorization expired on December 31, 2021.

On November 18, 2021, the Company’s Board of Directors authorized the repurchase up to $100.0 million of the Company’s common stock from January 1, 2022 through December 31, 2022.

Item 6. [Reserved]

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

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes that appear in this Annual Report. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and in this Annual Report, particularly in "Part I - Item 1A. Risk Factors."

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.

At our March 23, 2021 analyst and investor day, we unveiled several key growth initiatives that we believe will help us continue our track record of above market revenue growth through a combination of organic and inorganic opportunities. Our organic opportunities are focused on expansion into new markets within our core competencies of wood and concrete products. These key growth initiatives will focus on the original equipment manufacturers, repair and remodel or do-it-yourself, mass timber, concrete and structural steel markets.

In order to grow in these markets, we aspire to be among the leaders in engineered load-rated construction building products and systems and building technology 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 for our key growth initiatives. Although these initiatives are all currently in different stages of development, our successful growth in these areas 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.

Also during the March analyst and investor day, we highlighted our five-year ambitions, which are as follows:

1. Strengthen our values-based culture;
2. Be the business partner of choice;
3. Strive to be an innovative leader in the markets we operate;
4. Continue above market growth relative to the United States housing starts;
5. Remain within the top quartile of our proxy peers for operating income margin; and
6. Remain in the top quartile of our proxy peers for return on invested capital.

We will make periodic updates related to material developments to our key growth initiatives and with our five-year ambitions.

Acquisitions and Investments

The Company entered into an agreement to acquire the Etanco Group ("Etanco") for $818 million[1] (approximately €725 million) with an expected close date of April 1, 2022. Etanco is a leading designer, manufacturer and distributor of fixing and fastening solutions for the building construction market throughout Europe, which includes innovative fasteners, connectors, anchors and safety solutions for roofing, cladding, façade, waterproofing and solar applications. For the twelve months ended September 30, 2021, Etanco's net sales and operating income margin were approximately $291 million[2] (approximately €258 million) and 19.7%[2], respectively.

Etanco's primary product applications directly align with the addressable markets in which the Company operates, estimated at over $5.0 billion. Leveraging Etanco's leading market position in Europe, following the proposed acquisition, the Company would expand its portfolio of solutions, including mechanical anchors, fasteners and commercial building envelope solutions, as well as significantly increase its market presence across Europe. The transaction would allow 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.

The Company expects to realize operating income synergies of approximately $30 million, on an annual run rate basis, within 36 months following the proposed acquisition. These synergies would be achieved through expanding the Company's market share by selling its products into new markets and channels, incorporating Etanco's products into the Company's existing channels, as well as procurement optimization, manufacturing and operating expense efficiencies. The Company would expect to scale its European net sales and operating income margin performance, resulting in an approximate 500 basis point increase in Europe operating income margins by 2025. Additionally, the Company also expects that its interest expense will increase as a result of the incurrence of debt to finance the acquisition of Etanco.

Also during 2021

- Invested in a venture capital fund focused on the home building industry and related new technologies.
- Entered into a joint indirect investment in the North America Hundegger equipment sales and service representative partner, Hundegger USA, LC to increase each parties' sales in the mass timber and component manufacturing markets by offering North America customers end-to-end solutions, including integrated software from a single source.
- Formed an strategic alliance with Structural Technologies that will allow both parties jointly deliver complete end-to-end strengthening solutions to engineering professionals, contractors and owners across multiple construction and repair markets, and
- Expanded its product line thru licensing products and purchasing or acquiring intellectual property.

COVID-19 surfaced in late 2019 and has spread around the world, including to the United States. In March 2020, the World Health Organization declared COVID-19 a worldwide pandemic and the President of the United States declared the COVID-19 outbreak a national emergency. As of December 31, 2021, the effects of and responses to the pandemic continue to have a significant impact on worldwide economic activity and on macroeconomic conditions. Although vaccines are available in numerous countries the vaccination level varies by country and in the United States by state. The duration and severity of the effects of the pandemic are still unknown and cannot be predicted with any certainty. Despite this lessening impact throughout 2021, we continue to monitor the COVID-19 pandemic for potential impact on our business and take precautions to provide a safe environment for our employees and customers. Notwithstanding the Company's continued efforts to promote the health and safety of our employees, suppliers and customers, as the COVID-19 pandemic continues, health concern risks remain. It also remains unclear how various national, state, and local governments will react if new variants of the virus become more prevalent.

In response to the pandemic, government authorities in the countries and states where we operate issued various and differing shelter in place and stay at home orders, social distancing guidelines, mask mandates and other measures in response to the COVID-19 pandemic. In many of those locations our operations are classified as an "essential business" and we continue to operate our business in compliance with applicable state and local laws and are observing recommended Centers for Disease Control and Prevention guidelines to minimize the risk of spreading the COVID-19 virus. We have undertaken numerous steps and instituted additional precautions to comply with health and safety guidelines and to protect our employees, suppliers and customers, as their safety and well-being is one of our top priorities, and to comply with health and safety guidelines. These steps and precautions include enhanced deep cleaning, staggered shifts, temperature checking, use of face masks, practicing social distancing and limiting non-employees at our locations, amongst other safety related policies and procedures. Although vaccines are available where we operate, health concern risks remain and it is possible the COVID-19 pandemic could further impact our operations and the operations of our suppliers and vendors, particularly in light of variant strains of COVID-19 that may cause a resumption of high levels of infection and hospitalization.

The Company’s management team continues to monitor and manage its ability to operate effectively and, to date, the Company has not experienced any significant disruptions within its supply chain. Our supply chain partners have been very supportive and continue to do their part to ensure that service levels to our customers remain strong and, to date, we have not experienced any supply-chain disruptions and continued to meet our customers’ needs despite the challenges presented by the COVID-19 pandemic. We will continue to communicate with our supply chain partners to identify and mitigate risk and to manage inventory levels.

In response to the COVID-19 pandemic the Company proactively took measures to maintain and preserve its strong financial position and flexibility. The Company's Crisis Management Team, which includes members of senior management, meets regularly to review and assess the status of the Company's operations and the health and safety of its employees.

The Company’s business, financial condition and results of operations depends significantly on the level of United States, housing starts and residential construction activity. Though single-family housing starts increased significantly from prior-year's level, we believe there is uncertainty that demand will increase in the short-term due to supply-chain factors, inflation and possibly interest rate increases affecting new home starts and completions. With recent sales price increases, we believe sales will likely increase in future periods even if demand does not decrease. However, increased selling prices are expected to be offset by increasing material costs, sourcing logistics complications and a tight labor market, which could negatively affect operating margins for 2022.

Management continues to monitor the impact of rising material input and product logistics costs on the Company's financial condition, liquidity, operations, suppliers, industry, and workforce.

Factors Affecting Our Results of Operations

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 process 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.

Our sales also tend to be seasonal, with operating results varying from quarter to quarter. With some exceptions, 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 our customers tend to purchase construction materials in the late spring and summer months for the construction season. Weather conditions, such as extended cold or wet weather, which affect and sometimes delay installation of some of our products, could negatively affect our results of operations. Political and economic events such as tariffs and the possibility of additional tariffs on imported raw materials or finished goods or such as labor disputes can also have an effect on our gross and operating profits as well as the amount of inventory on-hand. Our operations can also be affected by a volatile steel market and stressed product transportation systems. Changes in raw material cost could 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 higher raw material costs. Delays in receiving products or shipping sales orders, as well as increased transportation costs, could negatively impact sales and operating profits.

Our operations also expose us to risks associated with pandemics, epidemics or other public health emergencies, such as the COVID-19 pandemic.

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 23.7% for the year ended December 31, 2021 compared to December 31, 2020. Our wood construction product sales increased 25.2% for the year ended December 31, 2021 compared to December 31, 2020, primarily due to product price increases that took effect throughout 2021 as well as increased sales volumes. Our concrete construction product sales increased 13.9% for the year ended December 31, 2021 compared to December 31, 2020, mostly due to product price increases that took effect throughout 2021. North America net sales were positively affected by approximately $4.7 million in foreign currency translation mostly related to a strengthening Canadian dollar. Each product price percentage increase ranged from mid-single digits to mid-teens depending on the product mix, for certain of our wood connector, fastener and concrete products in the United States. In regards to the product price increases phased in during 2021 relative to 2022, full phased in product price increases for 2022 could result in $300 million in additional net sales compared to 2021. . We currently anticipate additional net sales to be offset by higher priced raw materials and rising average cost of steel on hand significantly compressing gross margin and operating margin in fiscal 2022.

Our Europe segment also generates more revenues from wood construction products than concrete construction products. Europe sales increased 25.7% for the year ended December 31, 2021 compared to December 31, 2020, due to product priced increases and higher sales volumes in local currency and were positively affected by approximately $8.5 million in foreign currency translation related to Europe's currencies strengthening against the United States Dollar. Wood construction product sales increased 28.7% for the year ended December 31, 2021 compared to December 31, 2020. Concrete construction product sales are mostly project based, and sales increased 13.9% for the year ended December 31, 2021 compared to December 31, 2020. Gross margins decreased slightly, mostly due to higher material and labor costs, partly offset by lower warehouse and shipping costs and factory and tooling costs all as a percentage of sales. Operating expenses increased, primarily due to increased professional fees and personnel costs. For fiscal 2022, increased steel costs and product sourcing complications could offset increased sales and negatively affect operating margins.

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.

Since December 2020, inventory pounds in North America, which is the bulk of our inventory, decreased 2% while the weighted average cost per pound of total on hand increased approximately 63%. Based on our current expectations, we are anticipating continued raw material cost pressure for fiscal 2022. Our gross margins in 2021 reflect an average cost of steel sourced prior to and during the increasing steel price market. As we work through our on hand inventory and continue to buy raw material at these much higher prices, our anticipated costs of goods sold are expected to increase significantly for fiscal 2022, even if prices for raw material begin to decline, as the impact from averaging raw material costs typically lags our price increases. We began to see this sequential margin deceleration occur during the fourth quarter 2021 with gross margin declining by roughly 250 basis points from the third quarter 2021. As a result, and based on our fiscal 2022 operating margin outlook, we currently expect our operating margin for the full year of 2022 will decline by approximately 500 basis points year-over-year.

Business Outlook

Based on business trends and conditions, the Company's outlook (excluding Etanco) for the full fiscal year ending December 31, 2022 is as follows:

- Operating margin is estimated to be in the range of 17.5% to 19.0%.
- The effective tax rate is estimated to be in the range of 25.5% to 26.5%, including both federal and state income tax rates and assuming no tax law changes are enacted.
- Capital expenditures are estimated to be in the range of $65 million to $70 million.

While the magnitude and duration of the COVID-19 pandemic and its impact on general economic conditions remain uncertain, the Company continues to monitor the impact of the pandemic on its operations and financial condition, which was not significantly adversely impacted in fiscal 2021. Please note that ongoing uncertainties surrounding the impact of the COVID-19 pandemic on the Company’s business, which may include the economic impact on its operations, raw material costs, consumers, suppliers, vendors, and other factors outside of its control, may have a material adverse impact on the Company’s financial outlook.

(1) Reflects EUR to USD exchange rate as of December 22, 2021.
(2) For the last twelve months ended September 30, 2021 in accordance with French GAAP. Subject to change following conversion to IFRS or U.S. GAAP accounting standards.

Results of Operations

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, 2021, 2020 and 2019, respectively:

	Years Ended December 31,		
	2021	2020	2019
Net sales	100.0 %	100.0 %	100.0 %
Cost of sales	52.0 %	54.5 %	56.7 %
Gross profit	48.0 %	45.5 %	43.3 %
Research and development and other engineering	3.8 %	4.0 %	4.1 %
Selling expense	8.6 %	8.9 %	9.9 %
General and administrative expense	12.3 %	12.7 %	13.9 %
Total operating expense	24.7 %	25.6 %	27.9 %
Net gain on disposal of assets	— %	— %	(0.5)%
Income from operations	23.3 %	19.9 %	15.9 %
Interest expense, net and other	(0.2)%	(0.2)%	(0.2)%
Foreign exchange gain (loss), net	(0.4)%	(0.1)%	(0.1)%
Income before taxes	22.8 %	19.7 %	15.7 %
Provision for income taxes	5.9 %	4.9 %	3.9 %
Net income	16.9 %	14.8 %	11.8 %

Comparison of the Years Ended December 31, 2021 and 2020

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, 2021, against the results of operations for the year ended December 31, 2020. Unless otherwise stated, the results announced below, when referencing "both years," refer to the year ended December 31, 2020 and the year ended December 31, 2021.

The following table shows the change in the Company's operations from 2020 to 2021, and the increases or decreases from the prior year, for each category by segment:

		Increase (Decrease) in Operating Segment				
(in thousands)	**2020**	**North America**	**Europe**	**Asia/ Pacific**	**Admin & All Other**	**2021**
Net sales	$ 1,267,945	$ 261,050	$ 40,283	$ 3,939	$ —	$ 1,573,217
Cost of sales	691,561	97,293	26,660	2,514	159	818,187
Gross profit	576,384	$ 163,757	$ 13,623	$ 1,425	$ (158)	755,030
Operating expenses:						
Research and development and other engineering expense	50,807	7,919	625	30	—	59,381
Selling expense	112,517	19,019	2,950	518	—	135,004
General and administrative expense	161,029	27,025	4,172	4	946	193,176
Operating expenses	324,353	53,963	7,747	552	946	387,561
Net gain (loss) on disposal of assets	(332)	(95)	113	(10)	—	(324)
Impairment of goodwill	—	—	—	—	—	—
Income from operations	252,363	109,889	5,763	883	(1,105)	367,793
Interest expense, net and other	(2,012)	(2,990)	(1,841)	239	2,942	(3,662)
Foreign exchange loss	(787)	(1,292)	(1,112)	331	(2,722)	(5,582)
Income before income taxes	249,564	105,607	2,810	1,453	(885)	358,549
Provision for income taxes	62,564	29,760	9	(371)	140	92,102
Net income	$ 187,000	$ 75,847	$ 2,801	$ 1,824	$ (1,025)	$ 266,447

Net Sales increased 24.1% to $1,573.2 million from $1,267.9 million primarily due to product price increases that took effect throughout 2021 in an effort to offset rising material costs as well as higher sales volumes. Wood construction product net sales, including sales of connectors, truss plates, fastening systems, fasteners and shearwalls, represented 87% and 85% of the Company's total net sales for the years ended December 31, 2021 and 2020, respectively. Concrete construction product net sales, including sales of adhesives, chemicals, mechanical anchors, powder actuated tools and reinforcing fiber materials, represented 13% and 15% of the Company's total net sales for the years ended December 31, 2021 and 2020.

Gross profit increased to $755.0 million from $576.4 million. Gross margins increased to 48.0% from 45.5%, primarily due to product price increases during 2021, lower labor and factory expenses, and offset partly by higher material costs as a percentage of net sales. Gross margins, including some inter-segment expenses, which were eliminated in consolidation, and excluding certain expenses that are allocated according to product group, increased to 47.9% from 45.5% for wood construction products and increased to 44.4% from 41.6% for concrete construction products, respectively.

Research and development and other engineering expense increased 16.9% to $59.4 million from $50.8 million, primarily due to increases of $5.0 million in personnel costs, $1.3 million in patent and code approval costs, $1.1 million in professional fees, and $1.0 million in cash profit sharing expenses.

Selling expense increased 20.0% to $135.0 million from $112.5 million, primarily due to increases of $13.8 million in personnel costs and sales commissions, $4.6 million in professional fees, $1.3 million in stock-based compensation, $2.0 million cash profit sharing expense, and $1.4 million travel-related expenses, partly offset by decrease of $1.5 million in advertising and promotional expense.

General and administrative expense increased 20.0% to $193.2 million from $161.0 million, primarily due to increases of $10.2 million in professional fees, $9.7 million in personnel costs, $3.3 million in cash profit sharing expenses, $2.3 million in stock-based compensation, $2.0 million of computer and software related costs, and $1.9 million in depreciation and amortization expenses.

Our *effective income tax rate* increased to 25.7% from 25.1% primarily due to a decrease in tax benefits associated with stock-based compensation.

Net income was $266.4 million compared to $187.0 million. Diluted net income per share of common stock was $6.12 compared to $4.27.

Net Sales

The following table shows net sales by segment for the years ended December 31, 2020 and 2021, respectively:

(in thousands)	North America	Europe	Asia/ Pacific	Total
December 31, 2020	$1,101,891	$ 156,713	$ 9,341	$1,267,945
December 31, 2021	1,362,941	196,996	13,280	1,573,217
Increase	$ 261,050	$ 40,283	$ 3,939	$ 305,272
Percentage increase	23.7 %	25.7 %	42.2 %	24.1 %

The following table shows segment net sales as percentages of total net sales for the years ended December 31, 2020 and 2021, respectively:

	North America	Europe	Asia/ Pacific	Total
Percentage of total 2020 net sales	87 %	12 %	1 %	100 %
Percentage of total 2021 net sales	87 %	13 %	— %	100 %

Gross Profit

The following table shows gross profit by segment for the years ended December 31, 2020 and 2021, respectively:

(in thousands)	North America	Europe	Asia/ Pacific	Admin & All Other	Total
December 31, 2020	$ 517,380	$ 55,541	$ 3,477	$ (14)	$ 576,384
December 31, 2021	681,137	69,164	4,902	(172)	755,031
Increase	$ 163,757	$ 13,623	$ 1,425	$ (158)	$ 178,647
Percentage increase	31.7 %	24.5 %	*	*	31.0 %

* The statistic is not meaningful or material.

The following table shows gross margins by segment for the years ended December 31, 2020 and 2021, respectively:

	North America	Europe	Asia/ Pacific	Admin & All Other	Total
2020 gross margin	47.0 %	35.4 %	37.2 %	*	45.5 %
2021 gross margin	50.0 %	35.1 %	36.9 %	*	48.0 %

* The statistic is not meaningful or material.

North America

- Net sales increased 23.7% primarily due to product price increases that took effect throughout 2021 in an effort to offset rising material costs as well as higher sales volumes. Canada's sales increased primarily due to increases in sales volume and were positively affected by $4.7 million foreign currency translation in local currency.

- Gross margin increased to 50.0% from 47.0%, primarily due to product price increases implemented during 2021, and decreases in labor, factory, warehouse and freight costs, partly offset by higher material costs, each as a percentage of net sales.

- Research and development and engineering expense increased $7.9 million, primarily due to increases of $3.9 million in personnel costs, $0.9 million cash profit sharing expenses, $0.8 million in professional fees, $0.6 million in patent costs, $0.4 maintenance and supplies expenses and $0.2 million in depreciation.

- Selling expense increased $19.0 million, primarily due to increases of $11.4 million in personnel costs and sales commissions, $2.1 million in professional fees, $1.8 million in travel and trade show events, $1.7 million in cash profit sharing expense, $1.2 million in stock-based compensation, partly offset by decreases of $0.5 million in advertising and depreciation expense.

- General and administrative expense increased $27.0 million, primarily due to increases of $8.4 million in professional fees, including legal fees, $6.9 million in personnel costs, $2.9 million in depreciation and amortization expense, $2.4 million in computer software and hardware costs, and $1.5 million in cash profit sharing expense, as well as, $1.5 million in higher software development expense net of capitalization.

- Income from operations increased $109.9 million, mostly due to increased sales and gross profit, partly offset by higher operating expenses.

Europe

- Net sales increased 25.7%, primarily due to higher sales volumes compared to last year's COVID-19 related slow-down. Europe's sales were also benefited by positive $8.5 million foreign currency translations resulting from some Europe currencies strengthening against the United States Dollar.

- Gross margin decreased to 35.1% from 35.4%, primarily due to increases in material and labor costs, partly offset by decreases in factory & tooling costs, warehouse and shipping costs, each as a percentage of net sales.

- Selling expense increased $3.0 million primarily due to increases of $2.1 million in personnel costs, $0.5million in professional fees, and $0.3 million in cash profit sharing expenses.

- General and administrative expenses increased $4.2 million primarily due to increases of $2.7 million in professional fees, $1.3 million in personnel costs.

- Income from operations increased $5.8 million, primarily due to higher sales and gross profit, partly offset by higher operating expenses.

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, 2021 and 2020.

Administrative and All Other

- General and administrative expense increased $0.9 million, primarily due to increases of $2.3 million in stock-based compensation, $2.0 million in personnel costs, $1.6 million in cash profit sharing expense offset by decreases of $4.5 million in professional fees and $0.5 million in depreciation and amortizations costs.

Comparison of the years ended December 31, 2020 and 2019 are incorporated by reference to Form 10-K 2020 filing.

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, as well as uncertainty in the current economic environment due to the ongoing COVID-19 pandemic, 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.

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. The reporting unit level is generally one level below the operating segment, which is at the country level, except for the United States, Australia and S&P Clever reporting units.

The 2021and 2020 annual testing of goodwill and intangible assets for impairment did not result in impairment charges.

The S&P reporting unit passed Step 1 of the annual 2021 impairment test by a 7.8% margin indicating an estimated fair value greater than its net book value and was the only reporting unit with a fair value greater than net book value margin of less than 10%. The S&P reporting unit is sensitive to management's plans for increasing sales and operating margins. The S&P reporting unit's failure to meet management's objectives could result in future impairment of some or all of the S&P reporting unit's goodwill, which was $23.1 million at December 31, 2021.

Key assumptions used in Step 1 of the Company's annual goodwill impairment test included discount rates, multiple rates, average annual sales growth rates and average annual pre-tax income before interest, depreciation and amortization expenses during the forecast period starting with fiscal year 2021. A sensitivity assessment for the key assumptions included in the 2021 goodwill impairment test on the S&P reporting unit is as follows:

- A 90 basis point hypothetical increase in the discount rate, holding all other assumptions constant, would not have decreased the fair value of the reporting unit below its carrying value, and thus it would not result in the reporting unit failing Step 1 of the goodwill impairment test;
- A 150 basis point hypothetical decrease in the multiple rate applied to forecasted 2022 pre-tax income before interest, depreciation and amortization, holding all other assumptions constant, would not have decreased the fair value of the

reporting unit below its carrying value, and thus it would not result in the reporting unit failing Step 1 of the goodwill impairment test;

- A 5% hypothetical decrease in average annual sales growth rates, holding all other assumptions constant, would not have decreased the fair value of the reporting unit below its carrying value and
- A 10% hypothetical decrease in average annual pre-tax income before interest, depreciation and amortization expenses, holding all other assumptions constant, would not have decreased the fair value of the reporting unit below its carrying value.

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 — Recently Adopted Accounting Standards" and "Note 1 — Recently Issued Accounting Standards Not Yet Adopted" to the Company's Consolidated Financial Statements.

Liquidity and Capital Resources

In July 2021, the Company entered into a fourth amendment to the unsecured credit agreement dated July 27, 2012 with Wells Fargo Bank, National Association, and certain other institutional lenders that provides for a $300.0 million unsecured revolving credit facility (the "Credit Facility"). The amendment extends the term of the Credit Facility from July 23, 2022, to July 12, 2026 and modified certain covenants to provide us with additional flexibility. As of December 31, 2021, the full $300.0 million under the Credit Facility was available for borrowing and we remain debt free.

Our principal uses of liquidity 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, repurchasing the Company's common stock, paying cash dividends, and financing other investment opportunities over the next twelve months.

The Company has certain contractual obligations, primarily operating leases, purchase obligations and debt interest obligations which include annual facility fees. Refer to "Note 11 - Leases" (Part II, Item 8) and "Note 14 - Commitment and Contingencies" for details related to the Company's purchase obligations and debt annual facility fees. The Company did not have any significant off-balance sheet commitments as of December 31, 2021.

As previously disclosed, the Company is acquiring Etanco. The acquisition is expected to be funded via a combination of $100 million of existing cash, a $450 million unsecured term loan with committed financing from Wells Fargo Bank and MUFG Union Band and the remainder from borrowings under the Company's existing Revolving Credit Facility, which will be increased from $300 million to $450 million. Interest expense will increase from the additional debt incurred to finance the acquisition of Etanco but the Company expects its net debt-to-EBITDA ratio to be below 1.5 times on the closing of the acquisition, maintaining the Company's conservative leverage profile.

As of December 31, 2021, our cash and cash equivalents consisted of deposits and money market funds held with established national financial institutions, and includes $75.8 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, 2021, 2020 and 2019, respectively:

	At December 31,		
(in thousands)	**2021**	**2020**	**2019**
Cash and cash equivalents	$ 301,155	$ 274,639	$ 230,210
Property, plant and equipment, net	259,869	255,184	249,012
Equity investment, goodwill and intangible assets	170,309	165,110	159,430
Working capital	754,233	559,078	482,000

The following table presents the significant categories of cash flows for the twelve months ended December 31, 2021, 2020 and 2019, respectively:

	Years Ended December 31,		
(in thousands)	**2021**	**2020**	**2019**
Net cash provided by (used in):			
Operating activities	$ 151,295	$ 207,572	$ 205,662
Investing activities	(58,805)	(39,853)	(28,021)
Financing activities	(71,616)	(126,777)	(108,154)

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 2021, operating activities provided $151.3 million in cash and cash equivalents, as a result of $266.4 million from net income and $71.3 million from non-cash adjustments to net income which includes depreciation and amortization, stock-based compensation and non-cash lease expense, partially offset by a decrease of $186.5 million for the net change in operating assets and liabilities primarily from increases of $164.2 million in inventory and $68.0 million in trade accounts receivables, partly offset by an increase of $50.5 million in accrued liabilities and other current liabilities.

Cash used in investing activities of $58.8 million during the year ended December 31, 2021 was mainly for capital expenditures and investments, including a venture capital fund. Our capital spending for the fiscal years 2019, 2020 and 2021 was $32.7 million, $32.6 million and $43.7 million, respectively, which was primarily used for machinery and equipment purchases and software in development. Based on current information and subject to future events and circumstances, total approved capital spending for 2022 will be in the $65 million to $70 million range. Capital expenditures outlook, we estimate roughly 20% will be dedicated to maintenance capital expenditures. Our growth investments 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 $71.6 million during the year ended December 31, 2021, consisted primarily of $41.6 million used to pay cash dividends and $24.1 million for the repurchase of the Company’s common stock. For the fiscal year ended December 31, 2021, the Company returned $65.7 million to the Company's stockholders, which represents 61.1% of our free cash flow from operations during the same period.

On January 20, 2022, the Company's Board of Directors (the "Board") declared a quarterly cash dividend of $0.25 per share payable on April 28, 2022, to stockholders of record on April 7, 2022 and estimated to be $10.8 million in total. During 2021, the Board also approved changing our capital return threshold from 50% of our cash flow from operations to 50% of our free cash flow, which is calculated by subtracting capital expenditures from cash flow from operations.

Since the beginning of 2019 to the fiscal year ended December 31, 2021, we have returned $283.3 million to stockholders, which represents 62.2% of our free cash flow and over the same period the Company has repurchased over 2.2 million shares of the Company's common stock, which represents approximately 5.2% of the outstanding shares of the Company's common stock.

Cash flows from operating activities years ended December 31, 2020 and 2019 are incorporated by reference to [Form 10-K 2020 filing.](#)

- For 2021, we purchased and received 222,060 shares of the Company's common stock on the open market at an average price of $108.64 per share, for a total of $24.1 million under a previously announced $100.0 million share repurchase authorization (which expired at the end of 2021).

- On November 18, 2021, the Board authorized the Company to repurchase up to $100.0 million of the Company's common stock, from January 1, 2022 through December 31, 2022.

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 14 — Commitments and Contingencies" to the Company's Consolidated Financial Statements.

Inflation and Raw Materials

Inflation rates increased significantly during fiscal year 2021, which may negatively effect material costs as well as 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 these indemnities through December 31, 2021.

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 2020 and 2021, we entered into financial contracts to hedge the risk of fluctuations associated with the Chinese Yuan.

Foreign currency translation adjustments on our underlying assets and liabilities resulted in an accumulated other comprehensive loss of $7.3 million for the year ended December 31, 2021, due to the effects of the strengthening United States Dollar in relation to almost all other countries.

Interest Rate Risk

Our primary exposure to interest rate risk results from outstanding borrowings under our $300 million revolving line of credit facility (the "Credit Facility") with Wells Fargo Bank, which bears interest at variable rates. The variable interest rates on the Credit Facility 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. As of December 31, 2021, the total outstanding debt subject to interest rate fluctuations was zero.

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 increased in 2021 when compared to 2020 and historical levels due to the worldwide raw material shortage stemming from the COVID-19 pandemic. 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. As noted above, higher steel prices not mitigated by price increases will likely result in a 500 basis point decline in operating margins for the full year of 2022 compared to operating margins for the full year of 2021.

Item 8. Consolidated Financial Statements and Supplementary Data.

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

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
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, 2021 and 2020, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and financial statement schedule (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, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, 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, 2021 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 25, 2022 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 matter
The critical audit matters communicated below 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. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Inventory valuation
As described further in Note 1 to the financial statements, the Company accounts for inventory at the lower of cost or net realizable value. The Company impairs slow-moving products by comparing inventories on hand to projected demand. Unexpected changes in market demand, building codes or buyer preferences could reduce the rate of inventory turn and require the Company to recognize an impairment. We identified the net realizable value of inventory as a critical audit matter.

The principal considerations for our determination that the net realizable value of inventory is a critical audit matter is that the evaluation of slow moving and obsolete inventory relies on the use of management judgment to forecast future demand and assess market conditions, resulting in estimation uncertainty. Auditor subjectivity and effort was required to evaluate management's judgments and assumptions.

Our audit procedures related to net realizable value of inventory included the following, among others.

- We tested the design and operating effectiveness of controls related to the calculation of the net realizable value of inventory, including controls over the review of the demand forecast.
- We tested the completeness and accuracy of the underlying data used in the calculation of net realizable value.
- We evaluated the reasonableness of management's demand forecasts by performing the following:
    - Compared prior year forecasts with actual results to evaluate management's ability to estimate future demand.

- Assessed forecasted demand for consistency with evidence obtained in other areas of the audit.
- Performed a sensitivity analysis on demand assumptions to determine the impact on the net realizable value.

- We recalculated and assessed the appropriateness of the formulaic calculation and management adjustments by making inquiries of management and various individuals outside of the accounting team to obtain support for selected adjustments and obtain supporting documentation when applicable.

S&P Clever reporting unit goodwill impairment assessment
As described further in Note 10 to the consolidated financial statements, the company's goodwill balance as of December 31, 2021 was $134.0 million, of which $23.1 million related to the S&P Clever reporting unit. The company performs goodwill impairment testing at the reporting unit level on an annual basis. The company uses a combination of the income approach (discounted cash flow method) and the market approach, equally weighted in its annual goodwill impairment assessment. We identified the assessment of the carrying value of goodwill for the S&P Clever reporting unit as a critical audit matter.

The principal considerations for our determination that the assessment of the carrying value of goodwill for the S&P Clever reporting unit is a critical audit matter are that significant auditor judgement, including the need to involve our valuation specialists, was required to evaluate the Company's estimate of fair value of the S&P Clever reporting unit, which was developed, in part, using a discounted cash flow model. Specifically, auditing the key assumptions used in the reporting unit's discounted cash flow model which are forecasted financial information, the discount rate, and multiple rates. Changes to those assumption could have a significant effect on the Company's assessment of the impairment of the goodwill.

Our audit procedures related to the assessment of the carrying value of goodwill for the S&P Clever reporting unit included the following, among others.

- We tested the effectiveness of controls within the goodwill impairment analysis, including those over forecasted financial information, the discount rate and multiple rates.

- We evaluated management's historical ability to accurately forecast by comparing actual results to management's previously forecasted financial information for the same period.

- We evaluated the reasonableness of management's forecasted financial information by comparing the forecasted financial information to historical results, including considering any circumstances affecting the current macroeconomic environment.

- With the assistance of our valuation specialists, we evaluated the discount rate, including testing the underlying source information and the mathematical accuracy of the calculations, and developing an independent estimate of the discount rate and comparing that to the discount rate selected by management.

- With the assistance of our valuation specialists, we evaluated the industry-comparable multiples, including testing the underlying source information and mathematical accuracy of the calculations, the acceptability of the selected companies within the Company's peer group, and comparing the multiples selected by management to companies in the same industry.

/s/ Grant Thornton LLP

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

San Francisco, California
February 25, 2022

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, 2021, 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, 2021, 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, 2021, and our report dated February 25, 2022 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 Financing 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 25, 2022

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

	December 31,	
	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	$ 301,155	$ 274,639
Trade accounts receivable, net	231,021	165,128
Inventories	443,756	283,742
Other current assets	22,903	29,630
Total current assets	998,835	753,139
Property, plant and equipment, net	259,869	255,184
Operating lease right-of-use assets	45,438	45,792
Goodwill	134,022	135,844
Intangible assets, net	26,269	26,800
Other noncurrent assets	19,692	15,810
Total assets	$1,484,125	$1,232,569
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	$ 57,215	$ 48,271
Accrued liabilities and other current liabilities	187,387	145,790
Total current liabilities	244,602	194,061
Operating lease liabilities	37,091	37,199
Deferred income tax and other long-term liabilities	18,434	20,366
Total liabilities	300,127	251,626
Commitments and contingencies (see Note 14)		
Stockholders' equity		
Common stock, par value $0.01; authorized shares, 160,000; issued and outstanding shares, 43,217 and 43,326 at December 31, 2021 and 2020, respectively	432	433
Additional paid-in capital	294,330	284,007
Retained earnings	906,841	720,441
Treasury stock	—	(13,510)
Accumulated other comprehensive loss	(17,605)	(10,428)
Total stockholders' equity	1,183,998	980,943
Total liabilities and stockholders' equity	$1,484,125	$1,232,569

Simpson Manufacturing Co., Inc. and Subsidiaries

Consolidated Statements of Operations

(In thousands, except per share data)

	Years Ended December 31,		
	2021	**2020**	**2019**
Net sales	$ 1,573,217	$ 1,267,945	$ 1,136,539
Cost of sales	818,187	691,561	644,409
Gross profit	755,030	576,384	492,130
Operating expenses:			
Research and development and other engineering	59,381	50,807	47,058
Selling	135,004	112,517	112,568
General and administrative	193,176	161,029	157,274
Total operating expenses	387,561	324,353	316,900
Net gain on disposal of assets	(324)	(332)	(6,024)
Income from operations	$ 367,793	$ 252,363	$ 181,254
Interest expense, net and other	(3,662)	(2,012)	(1,730)
Foreign exchange gain (loss), net and other	(5,582)	(787)	(1,167)
Income before taxes	358,549	249,564	178,357
Provision for income taxes	92,102	62,564	44,375
Net income	$ 266,447	$ 187,000	$ 133,982
Other comprehensive income			
Translation adjustment	(7,313)	14,172	885
Unamortized pension adjustments, net of tax	404	(161)	(1,064)
Cash flow hedge adjustment, net of tax	(268)	390	—
Comprehensive income	$ 259,270	$ 201,401	$ 133,803
Net income per common share:			
Basic	$ 6.15	$ 4.28	$ 3.00
Diluted	$ 6.12	$ 4.27	$ 2.98
Weighted average number of shares of common stock outstanding			
Basic	43,325	43,709	44,735
Diluted	43,532	43,841	44,921

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, 2019, 2020 and 2021

(In thousands, except per share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Par Value					
Balance at January 1, 2019	44,998	$ 453	$ 276,504	$ 628,207	$ (24,650)	$ (25,000)	$ 855,514
Net income	—	—	—	133,982	—	—	133,982
Translation adjustment, net of tax	—	—	—	—	885	—	885
Pension adjustment, net of tax	—	—	—	—	(1,064)	—	(1,064)
Stock-based compensation expense	—	—	9,325	—	—	—	9,325
Repurchase of common stock	(972)	—	—	—	—	(60,816)	(60,816)
Retirement of common stock		(13)	—	(76,424)		76,437	—
Cash dividends declared on common stock, $0.91 per share	—	—	—	(40,258)	—	—	(40,258)
Shares issued from release of restricted stock units	178	2	(5,905)	—	—	—	(5,903)
Common stock issued at $54.31 per share	5	—	292	—	—	—	292
Balance at December 31, 2019	44,209	442	280,216	645,507	(24,829)	(9,379)	891,957
Net income	—	—	—	187,000	—		187,000
Translation adjustment, net of tax	—	—	—	—	14,172	—	14,172
Pension adjustment, net of tax	—	—	—	—	(161)	—	(161)
Cash flow hedge adjustment, net of tax	—	—	—	—	390	—	390
Stock-based compensation expense	—	—	11,410	—	—	—	11,410
Repurchase of common stock	(1,053)	—	—	—	—	(76,189)	(76,189)
Retirement of common stock	—	(10)	—	(72,048)	—	72,058	—
Cash dividends declared on common stock, $0.92 per share	—	—	—	(40,018)	—	—	(40,018)
Shares issued from release of restricted stock units	166	1	(7,960)	—	—	—	(7,959)
Common stock issued at $88.31 per share	4	—	341	—	—	—	341
Balance at December 31, 2020	43,326	433	284,007	720,441	(10,428)	(13,510)	980,943
Net income	—	—	—	266,447	—		266,447
Translation adjustment, net of tax	—	—	—	—	(7,313)	—	(7,313)
Pension adjustment, net of tax	—	—	—	—	404	—	404
Cash flow hedge adjustment, 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 at December 31, 2021	43,217	$ 432	$ 294,330	$ 906,841	$ (17,605)	$ —	$1,183,998

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

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

(In thousands)

	Years Ended December 31,		
	2021	**2020**	**2019**
Cash flows from operating activities			
Net income	$ 266,447	$ 187,000	$ 133,982
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss (gain) on sale of assets and other	2,116	(318)	(6,023)
Depreciation and amortization	42,477	38,767	38,402
Noncash lease expense	9,562	6,984	7,136
Deferred income taxes	(915)	3,179	2,557
Noncash compensation related to stock plans	17,715	13,507	10,434
Provision for (benefit from) doubtful accounts	393	(98)	977
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Trade accounts receivable	(67,993)	(22,107)	6,096
Inventories	(164,202)	(27,219)	23,655
Other current assets	(1,951)	(845)	(3,808)
Trade accounts payable	10,235	11,360	(845)
Accrued liabilities and other current liabilities	50,548	7,754	(145)
Other noncurrent assets and liabilities	(13,137)	(10,392)	(6,756)
Net cash provided by operating activities	151,295	207,572	205,662
Cash flows from investing activities			
Capital expenditures	(43,738)	(32,579)	(32,699)
Acquisitions, net of cash acquired	(218)	(2,797)	(2,650)
Purchases of intangible assets	(5,856)	(5,330)	(4,827)
Purchases of Equity investments	(9,829)	—	—
Proceeds from sale of property and equipment	836	853	12,155
Net cash used in investing activities	(58,805)	(39,853)	(28,021)
Cash flows from financing activities			
Proceeds from lines of credit	16,752	169,164	16,647
Repayments of line of credit and capital leases	(16,408)	(170,680)	(17,883)
Debt issuance costs	(819)	(712)	—
Repurchase of common stock	(24,125)	(76,189)	(60,816)
Dividends paid	(41,619)	(40,400)	(40,197)
Cash paid on behalf of employees for shares withheld	(5,397)	(7,960)	(5,905)
Net cash used in financing activities	(71,616)	(126,777)	(108,154)
Effect of exchange rate changes on cash	5,642	3,487	543
Net increase in cash and cash equivalents	26,516	44,429	70,030
Cash and cash equivalents at beginning of year	274,639	230,210	160,180
Cash and cash equivalents at end of year	$ 301,155	$ 274,639	$ 230,210

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for			
Interest	$ 1,597	$ 1,598	$ 143
Income taxes	83,662	63,035	37,730
Noncash activity during the year for			
Noncash capital expenditures	$ 99	$ 3,719	$ 557
Contingent consideration for acquisition	—	547	—
Issuance of Company's common stock for compensation	691	341	292
Dividends declared but not paid	10,806	9,999	10,170

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

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.

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 at 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. The Company assessed certain accounting matters that require the use of estimates and assumptions in context with the known and projected future impacts of COVID-19. The Company's actual results could differ materially from those estimates.

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, 2021 and 2020, the value of these investments were $26.4 million and $45.4 million, respectively, consisting of U.S. Treasury securities and 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, 2021 are outlined in the table below:

(in thousands)	Balance at December 31, 2020	Expense (Deductions), net	Write-Offs[1]	Balance at December 31, 2021
Allowance for Doubtful Accounts	$ 2,110	$ 393	$ 570	$ 1,933

[1] *Amount is net of recoveries and the effect of foreign currency fluctuations for the year ended December 31, 2021*

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 in demand deposit and money market accounts held in 17 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 and makes estimates for obsolescence to the gross value of the inventory. Estimated net realizable value is based on estimated selling price less further costs to 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 of 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.

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 results of operations, cash flows or financial position.

Equity Investments

The Company accounts for investments and ownership interests under 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 statements of operations. The investment is reviewed for impairment whenever factors indicate that its 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 value of the Company’s contingent consideration related to acquisitions and equity investment are classified as Level 3 within the fair value hierarchy as it is based on unobserved inputs such as management estimates and entity-specific assumptions and is evaluated on an ongoing basis. The fair value of foreign currency forward contracts, calculated based on Level 1 inputs, was not material as of December 31, 2021.

Derivative Instruments - Foreign Currency Contracts

The Company uses derivative instruments as a risk management tool to mitigate the potential impact of certain market risks. Foreign currency exchange rate risk is the primary market risk the Company manages through the use of derivative instruments, which are accounted for as cash flow hedges under the accounting standards and carried at fair value as other current assets or other current liabilities in the consolidated balance sheets. Net deferred gains and losses related to changes in fair value are included in accumulated other comprehensive loss, a component of shareholders' equity in the consolidated balance sheets, and are reclassified into the line item in the consolidated statement of income in which the hedged items are recorded in the same period the hedged item affects earnings. Changes in fair value of any derivatives that are determined to be ineffective are immediately reclassified from other comprehensive income into earnings. The cash flow impact of the Company's derivative instruments is primarily included in the consolidated statement of cash flows in net cash provided by operating activities. Refer to Note 8.

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.

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. The weighted-average amortization period for all amortizable intangibles on a combined basis is 8.0 years.

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 over 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.

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 \$12.3 million, \$10.1 million and \$10.9 million in 2021, 2020 and 2019, 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 2021, 2020 and 2019, the Company incurred software development expenses related to its ongoing expansion into the plated truss market and some of the software development costs were capitalized. See "Note 8 — 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 \$8.4 million, \$8.2 million and \$8.2 million in 2021, 2020, and 2019, 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 and finance 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 four years. Stock-based expense 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 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 March 2020, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform* (Topic 848). ASU 2020-04 provides optional guidance to ease the potential burden in accounting for reference rate reform on financial reporting in response to the risk of cessation of the London Interbank Offered Rate ("LIBOR") on December 31, 2021. This ASU allows the option to account for and present a modification that meets the scope of the standard as an event that does not require contract remeasurement at the modification date or reassessment of a previous accounting determination required under the relevant topic or subtopic. Entities are permitted to apply the amendments to all contracts, cash flow and net investment hedge relationships that exist as of March 12, 2020. The relief provided in this ASU is only available for a limited time, generally through December 31, 2022. The Company's primary credit facility is the $300 million revolving line of credit (the "Credit Facility") with Wells Fargo Bank, which matures on July 12, 2026. Borrowings under the Credit Facility bear interest using LIBOR plus an applicable margin. The Credit Facility currently includes a provision for the determination of a successor LIBOR rate or an alternative rate of interest.

On March 5, 2021, ICE Benchmark Administration, the administrator of the LIBOR and the Financial Conduct Authority, announced that some United States Dollar LIBOR tenors (overnight, 1 month, 3 month, and 12 month) will continue to be published until June 30, 2023. The Company does not expect a material impact to its consolidated operating results, financial position or cash flow from the transition from LIBOR to alternative reference interest rates, but the Company will continue to monitor the impact of the transition until it is completed.

All other newly issued and effective accounting standards during 2021 were determined to be not relevant or material to the Company.

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 18.

Wood Construction Products Revenue. Wood construction products represented approximately 87%, 85%, 84% and of total net sales in the year ended December 31, 2021, 2020, and 2019 respectively.

Concrete Construction Products Revenue. Concrete construction products represented approximately 13%, 15%, 16% of total net sales in the year ended December 31, 2021, 2020 and 2019, 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 0.1% of net sales for 2021,2020 and 2019 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 service 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 rights to 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, 2021 and 2020, the Company had no 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 products 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 creates 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 new 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 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 a payment in exchange for a distinct product or service at fair value. Estimated cooperative advertising and partnership discounts are reductions to the transaction price.

3. 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, 2021	2020	2019
Net income available to common stockholders	$ 266,447	$ 187,000	$ 133,982
Basic weighted average shares outstanding	43,325	43,709	44,735
Dilutive effect of potential common stock equivalents	207	132	186
Diluted weighted average shares outstanding	43,532	43,841	44,921
Net earnings per share:			
Basic	$ 6.15	$ 4.28	$ 3.00
Diluted	$ 6.12	$ 4.27	$ 2.98

4. Stockholders' Equity

Stock Repurchases

For the fiscal year ended December 31, 2021, the Company repurchased 222,060 shares of the Company's common stock in the open market at an average price of $108.64 per share, for a total of $24.1 million. As of December 31, 2021, approximately $75.9 million was not used for repurchase under the previously announced $100.0 million share repurchase authorization (which expired at the end of 2021). On November 18, 2021, the Company's Board of Directors authorized the Company to repurchase up to $100.0 million of the Company's common stock from January 1, 2022 through December 31, 2022.

As of December 31, 2021, the Company held zero shares of its common stock as treasury shares and in 2021, retired a total of 373,034 of its common stock.

Comprehensive Income or Loss

The following shows the components of accumulated other comprehensive income or loss as of December 31, 2021, 2020, and 2019 respectively:

(in thousands)	Foreign Currency Translation	Pension Benefit	Cash Flow Hedge	Total
Balance at January 1, 2019	$ (22,965)	$ (1,685)	$ —	$ (24,650)
Other comprehensive gain/(loss), net of tax effect	885	(1,064)	—	(179)
Balance at December 31, 2019	(22,080)	(2,749)	—	(24,829)
Other comprehensive gain/(loss), net of tax effect	14,172	(161)	390	14,401
Balance at December 31, 2020	(7,908)	(2,910)	390	(10,428)
Other comprehensive gain/(loss), net of tax effect	(7,313)	404	(268)	(7,177)
Balance at December 31, 2021	$ (15,221)	$ (2,506)	$ 122	$ (17,605)

5. 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:

(in thousands)	Fiscal Years Ended December 31, 2021	2020	2019
Stock-based compensation expense recognized	$ 15,036	$ 11,384	$ 9,480
Tax benefit of stock-based compensation expense in provision for income taxes	3,787	2,859	2,330
Stock-based compensation expense, net of tax	$ 11,249	$ 8,525	$ 7,150
Fair value of shares vested	$ 15,701	$ 21,921	$ 16,760

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, 2021:

Unvested Restricted Stock Units (RSUs)	Shares (in thousands)	Weighted-Average Price	Aggregate Intrinsic Value * (in thousands)
Outstanding at January 1, 2021	351	$ 66.13	$ 33,188
Awarded	168	93.26	
Vested	(162)	60.30	
Forfeited	(13)	81.50	
Outstanding at December 31, 2021	344	$ 81.33	$ 47,721
Outstanding and expected to vest at December 31, 2021	474	$ 78.45	$ 65,984

* The intrinsic value for outstanding and expected to vest is calculated using the closing price per share of $139.07, as reported by the New York Stock Exchange on December 31, 2021.

During the year ended December 31, 2021, the Company granted 161,643 RSUs and PSUs to the Company's employees, including officers at an estimated weighted average fair value of $100.93 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 year 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 2019, 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 2020, were time-based awards which vest ratable over the four year life of the award.

The Company's seven non-employee directors are entitled to receive approximately $690 thousand in equity compensation annually. The number of shares ultimately granted are based on the average closing share price for the Company over the 60 day period prior to approval of the award in the second quarter of each year. In May and June 2021, the Company granted 6,601 shares of the Company's common stock to the non-employee directors, based on the average closing price of $100.33 per share and recognized total expense of $756 thousand.

The total intrinsic value of RSUs vested during the years ended December 31, 2021, 2020 and 2019 was $15.7 million, $21.9 million and $16.7 million, respectively, based on the market value on the vest date.

As of December 31, 2021, the Company's aggregate unamortized stock compensation expense was approximately $17.3 million, which is expected to be recognized in expense over a weighted-average period of approximately 2.2 years.

Stock Bonus Plan

The Company also maintains a stock bonus plan, 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 2021, 2020, and 2019 as shown below:

	December 31,		
	2021	**2020**	**2019**
Shares issued	6,900	7,400	4,000
Shares settled with cash (foreign employees)	6,500	5,200	3,000
Total award	13,400	12,600	7,000

As a result, we recorded pre-tax compensation charges of $1.7 million, $1.2 million, and $0.8 million for years ended December 31, 2021, 2020, and 2019, respectively. These charges include cash bonuses to compensate employees for income taxes payable as a result of the stock bonuses.

6. Trade Accounts Receivable, net

Trade accounts receivable consisted of the following:

	December 31,	
(in thousands)	**2021**	**2020**
Trade accounts receivable	$ 237,312	$ 170,001
Allowance for doubtful accounts	(1,932)	(2,110)
Allowance for sales discounts	(4,359)	(2,763)
	$ 231,021	$ 165,128

7. Inventories

The components of inventories are as follows:

	December 31,	
(in thousands)	**2021**	**2020**
Raw materials	$ 191,174	$ 95,777
In-process products	30,309	21,803
Finished products	222,273	166,162
	$ 443,756	$ 283,742

8. Derivative Instruments

The Company transacts business in various foreign countries and may therefore be exposed to foreign currency exchange rate risk. The Company has established risk management programs to protect against volatility in the value of non-functional future cash flows caused by changes in foreign currency exchange rates and tries to maintain a partial or fully hedged position for certain transaction exposures when management considers appropriate. The Company enters into short-term foreign currency derivatives contracts, namely forward contracts, to hedge only those currency exposures associated with cash flows denominated in non-functional currencies. Gains and losses on the Company's derivative contracts are designed to offset losses and gains on the transactions hedged, and accordingly, generally do not subject the Company to risk of significant accounting losses. The Company hedges committed exposures and does not engage in speculative transactions. The credit risk of these derivative contracts is minimized since the contracts are with a large financial institution, and accordingly, fair value adjustments related to the credit risk of the counterparty financial institution are not material.

The Company sources certain materials for 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). As of December 31, 2021, the Company had no outstanding foreign currency derivative contracts.

Net deferred gains and losses on these contracts relating to changes in fair value are included in accumulated other comprehensive income or loss ("OCI"), a component of shareholders' equity in the consolidated balance sheets, and are reclassified into the line item in the consolidated statement of income in which the hedged items are recorded in the same period the hedged item affects earnings. For the year ended December 31, 2021, the Company recognized gains of $0.6 million, as a reduction of cost of sales. Changes in fair value of any forward contracts that are determined to be ineffective are immediately reclassified from OCI into earnings. The amounts deferred in OCI are expected to be recognized as a component of cost of sales in the consolidated statement of operations during 2022. There were no amounts recognized due to ineffectiveness during the year ended December 31, 2021.

9. Property, Plant and Equipment, net

Property, plant and equipment consisted of the following:

	December 31,	
(in thousands)	2021	2020
Land	$ 28,175	$ 28,553
Buildings and site improvements	202,393	203,421
Leasehold improvements	5,995	7,091
Machinery and equipment	399,079	372,923
	635,642	611,988
Less accumulated depreciation and amortization	(402,246)	(377,460)
	233,396	234,528
Capital projects in progress	26,473	20,656
	$ 259,869	$ 255,184

Property, plant and equipment as of December 31, 2021 and 2020, includes fully depreciated assets with an original cost of $234.0 million and $200.5 million, respectively, which are still in use in the Company's operations. 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, 2021 and 2020, the Company had capitalized software development costs net of accumulated amortization of $30.2 million and $29.4 million, respectively, included in Machinery and equipment and as of December 31, 2021 and 2020, $4.8 million and $5.5 million, respectively, was included in capital projects in progress.

Depreciation expense, including depreciation of equipment and amortization of internally developed software and software acquired through capital lease arrangements, was $36.1 million, $32.1 million and $32.6 million for the years ended December 31, 2021, 2020 and 2019, respectively.

10. Goodwill and Intangible Assets

Goodwill

The annual changes in the carrying amount of goodwill, by segment, as of December 31, 2020 and 2021, were as follows, respectively:

(in thousands)	North America	Europe	Asia Pacific	Total
Balance as of January 1, 2020	$ 96,244	$ 34,300	$ 1,335	$ 131,879
Goodwill acquired	—	106	—	106
Foreign exchange	67	3,661	139	3,867
Reclassifications	—	(8)	—	(8)
Balance as of December 31, 2020	96,311	38,059	1,474	135,844
Foreign exchange	(4)	(1,622)	(90)	(1,716)
Reclassifications	—	(106)	—	(106)
Balance as of December 31, 2021	$ 96,307	$ 36,331	$ 1,384	$ 134,022

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. The reporting unit level is generally one level below the operating segment, which is at the country level, except for the U.S., Australia and S&P Clever reporting units.

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. The S&P Clever reporting unit includes multiple European countries that are evaluated as one reporting unit. 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 evaluate the recoverability of goodwill in accordance with Accounting Standard Codification ("ASC") Topic 350, "Intangibles - Goodwill and Other. In addition, the Company prospectively adopted as part of its review in 2018 the Financial Accounting Standard Board (FASB) issued ASU No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment.

We assessed the qualitative factors related to the goodwill of the reporting units to determine whether it is necessary to perform an impairment test. We also considered quantitative factors due to the effects of the COVID-19 pandemic. If the Company judges that it is more likely than not that the fair value of the reporting unit is greater than the carrying amount, including goodwill, no further testing is required. This assessment method was utilized in our 2020 annual goodwill impairment test.

In 2021, 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 taken. If the Company determines that the carrying value of a reporting unit's goodwill exceeds its implied fair value, the Company would record an impairment charge equal to the difference between the implied fair value of the goodwill and the carrying value.

The 2021 and 2020 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

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 at December 31, 2021 was $73.0 million and $46.7 million, respectively. The aggregate amount of amortization expense of intangible assets for the years ended December 31, 2021, 2020 and 2019 was $6.4 million $6.1 million and $5.5 million, respectively. The weighted-average remaining amortization period for all amortizable intangibles on a combined basis is 8.0 years.

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, 2021 and 2020 were as follows:

(in thousands) **Patents**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Balance at January 1, 2020	$ 4,659	$ (561)	$ 4,098
Purchases	40	—	40
Amortization	—	(373)	(373)
Balance at December 31, 2020	4,699	(934)	3,765
Purchases	6,074	—	6,074
Amortization	—	(428)	(428)
Balance at December 31, 2021	$ 10,773	$ (1,362)	$ 9,411

(in thousands) **Unpatented Technology**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Balance at January 1, 2020	$ 21,616	$ (14,361)	$ 7,255
Amortization	—	(2,131)	(2,131)
Foreign exchange	488	—	488
Balance at December 31, 2020	22,104	(16,492)	5,612
Amortization	—	(2,174)	(2,174)
Reclassifications	348	—	348
Foreign exchange	(49)	—	(49)
Balance at December 31, 2021	$ 22,403	$ (18,666)	$ 3,737

(in thousands) **Non-Compete Agreements, Trademarks and Other**	**Gross Carrying Amount**	**Accumulated Amortization**	**Net Carrying Amount**
Balance at January 1, 2020	$ 14,703	$ (5,529)	$ 9,174
Purchases	6,700		6,700
Amortization	—	(2,195)	(2,195)
Foreign exchange	179	—	179
Balance at December 31, 2020	21,582	(7,724)	13,858
Amortization	—	(2,631)	(2,631)
Foreign exchange	(148)	—	(148)
Balance at December 31, 2021	$ 21,434	$ (10,355)	$ 11,079

(in thousands) **Customer Relationships**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Balance at January 1, 2020	$ 17,660	$ (13,732)	$ 3,928
Acquisition	290	—	290
Amortization	—	(1,443)	(1,443)
Foreign exchange	173	—	173
Balance at December 31, 2020	18,123	(15,175)	2,948
Disposal	(217)	—	(217)
Amortization	—	(1,186)	(1,186)
Foreign exchange	(117)	—	(117)
Balance at December 31, 2021	$ 17,789	$ (16,361)	$ 1,428

As of December 31, 2021, estimated future amortization of intangible assets was as follows:

(in thousands)

2022	$ 4,767
2023	3,807
2024	2,859
2025	2,612
2026	1,884
Thereafter	9,724
	$ 25,653

Indefinite-Lived Intangible Assets

As of December 31, 2021, the only indefinite-lived intangible asset was a trade name in the amount of $0.6 million.

Definite-lived and indefinite-lived assets, net, by segment as of December 31, 2021 and 2020 were as follows:

	December 31, 2020		
(in thousands) **Total Intangible Assets**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
North America	$ 40,786	$ (22,697)	$ 18,089
Europe	26,341	(17,630)	8,711
Total	$ 67,127	$ (40,327)	$ 26,800

	At December 31, 2021		
(in thousands) **Total Intangible Assets**	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
North America	$ 46,643	$ (26,346)	$ 20,297
Europe	26,371	(20,399)	5,972
Total	$ 73,014	$ (46,745)	$ 26,269

11. Leases

The Company has operating leases for certain facilities, equipment and automobiles. The existing operating leases expire at various dates through 2026, 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, 2021 and 2020, and consolidated statements of earnings and comprehensive income, and consolidated statements of cash flows for the year ended December 31, 2021 and 2020:

	Consolidated Balance Sheets Line Item	At December 31,	
		2021	2020
(in thousands)			
Operating leases			
Assets			
Operating leases	Operating lease right-of-use assets	$ 45,438	$ 45,792
Liabilities			
Operating-current	Accrued expenses and other current liabilities	$ 8,769	$ 9,143
Operating-noncurrent	Operating lease liabilities	37,091	37,199
Total operating lease liabilities		$ 45,860	$ 46,342
Finance leases			
Assets			
Property and equipment, gross	Property, plant and equipment, net	$ 3,569	$ 3,569
Accumulated amortization	Property, plant and equipment, net	(3,416)	(3,112)
Property and equipment, net	Property, plant and equipment, net	$ 153	$ 457
Liabilities			
Other current liabilities	Accrued expenses and other current liabilities	0	$ 384
Total finance lease liabilities		$ 0	$ 384

The components of lease expense were as follows:

	Consolidated Statements of Operations Line Item	Years Ended December 31,	
(in thousands)		2021	2020
Operating lease cost	General administrative expenses and cost of sales	$ 11,704	$ 9,804
Finance lease cost:			
Amortization of right-of-use assets	General administrative expenses	$ 324	$ 864
Interest on lease liabilities	Interest expense, net	2	30
Total finance lease cost		$ 326	$ 894

Other information

Supplemental cash flow information related to leases is as follows:

	Years Ended December 31,	
(in thousands)	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 11,443	$ 9,306
Finance cash flows for finance leases	$ 437	$ 1,160
Operating right-of-use assets obtained in exchange for new lease liabilities		
Operating leases	$ 11,530	$ 20,308

The following is a schedule, by years, of maturities for lease liabilities as of December 31, 2021:

(in thousands)	Operating Leases
2022	$ 10,887
2023	8,579
2024	6,821
2025	5,861
2026	4,994
Thereafter	16,279
Total lease payments	53,421
Less: Present value discount	(7,561)
Total lease liabilities	$ 45,860

The following table summarizes the Company's lease terms and discount rates as of December 31, 2021:

	Years Ended December 31,	
	2021	2020
Weighted-average remaining lease terms (in years):		
Operating leases	6.88	7.27
Finance leases	0.00	0.42
Weighted-average discount rate:		
Operating leases	5.22 %	5.29 %
Finance leases	— %	3.3 %

12. Accrued Liabilities and Other Current Liabilities

Accrued liabilities and other current liabilities consisted of the following:

	December 31,	
(in thousands)	2021	2020
Labor related liabilities	$ 46,821	$ 41,188
Sales incentives & advertising allowances	63,702	42,783
Accrued cash profit sharing and commissions	24,178	15,693
Sales tax payable and other	20,822	16,832
Dividends payable	10,806	9,999
Accrued profit sharing trust contributions	12,289	10,152
Operating lease - current portion	8,769	9,143
	$ 187,387	$ 145,790

13. Debt

In July 2021, the Company entered into a fourth amendment to the unsecured credit agreement dated July 27, 2012 with Wells Fargo Bank, National Association, and certain other institutional lenders that provides for a $300.0 million unsecured revolving credit facility ("Credit Facility"). The Amendment extends the term of the Credit Agreement from July 23, 2022, to July 12, 2026. The Company is required to pay an annual facility fee of 0.10 to 0.25 percent on the available commitments under the Credit Agreement, regardless of usage, with the applicable fee determined on a quarterly basis based on the Company's leverage ratio. The fee is included within other expense in the Company's condensed consolidated statement of operations.

Amounts borrowed under the Credit Agreement bear interest at an annual rate equal to either, at the Company's option, (a) the rate for Eurocurrency deposits for the corresponding deposits of U.S. dollars as published by the ICE Benchmark

Administration Limited, a United Kingdom company, or a comparable or successor quoting service approved by the Administrative Agent (the "LIBOR Rate"), adjusted for any reserve requirement in effect, plus a spread of from 0.65 to 1.50 percent, as determined on a quarterly basis based on the Company's leverage ratio, or (b) a base rate, plus a spread of 0.00 to 0.50 percent, as determined on a quarterly basis based on the Company's leverage ratio. In no event shall the LIBOR Rate be less than 0.50 percent. The base rate is defined in a manner such that it will not be less than the LIBOR Rate. The Company will pay fees for standby letters of credit at an annual rate equal to the LIBOR Rate plus the applicable spread described in the preceding clause (a), and will pay market-based fees for commercial letters of credit. The spread applicable to a particular LIBOR Rate loan or base rate loan depends on the consolidated leverage ratio of the Company and its subsidiaries at the time the loan is made. Loans outstanding under the Credit Agreement may be prepaid at any time without penalty except for LIBOR Rate breakage costs and expenses.

As of December 31, 2021, in addition to the 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 of its credit facilities provide the Company with a total of $304.4 million in revolving credit lines and an irrevocable standby letter of credit in support of various insurance deductibles.

The Company and its subsidiaries are required to comply with various affirmative and negative covenants. The covenants include provisions that would limit the availability of funds as a result of a material adverse change to the Company's financial position or results of operations. The Company was in compliance with its financial covenants under the loan agreement as of December 31, 2021.

The Company incurs interest costs, which include interest, maintenance fees and bank charges. The amount of costs incurred, capitalized, and expensed for the years ended December 31, 2021, 2020 and 2019, consisted of the following:

	Years Ended December 31,		
	2021	2020	2019
Interest costs incurred	$ 1,424	$ 2,796	$ 2,172
Less: Interest capitalized	(574)	(512)	(144)
Interest expense	$ 850	$ 2,284	$ 2,028

14. 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, construction or expansion of facilities and equipment, and minimum purchase quantities of certain raw materials. 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, 2021, these purchase obligations were $125.4 million, of which $85.9 million is payable in 2022 and the remainder over the following three years. Debt interest obligations include annual facility fees on the Company's primary line-of-credit facility in the amount of $0.9 million at December 31, 2021.

Employee Relations

As of December 31, 2021, approximately 17% 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 September 2023 and June 2023, respectively. Also, the Company has two contracts in San Bernardino County, California that will expire in February 2025 and in June 2022, 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.

Gentry Homes, Ltd. v. Simpson Strong-Tie Company Inc., et al., Case No. 17-cv-00566, was filed in a federal district court in Hawaii against Simpson Strong-Tie Company Inc. and the Company on November 20, 2017. The *Gentry Case* is a product of a previous state court class action, *Nishimura v. Gentry Homes, Ltd., et al.*, Civil No. 11-1-1522-07, which is now closed. The *Nishimura* case concerned alleged corrosion of the Company’s galvanized “hurricane straps” and mudsill anchor products used in a residential project in the Ewa District of Honolulu, Hawaii by Gentry Homes, Ltd. ("Gentry"). In the *Gentry Case*, Gentry alleges breach of warranty and negligent misrepresentation by the Company related to its “hurricane strap” and mudsill anchor products. The *Gentry Case* was resolved pursuant to a written settlement agreement ("Settlement") without adjudication or any admission of liability by the Company. The Settlement may not be used as evidence of liability against the party. The case was dismissed with prejudice on January 4, 2022. The Company incurred no uninsured liability to the plaintiff in connection with the *Gentry Case*, or the Settlement.

15. Income Taxes

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

(in thousands)	Years Ended December 31, 2021	2020	2019
Current			
Federal	$ 65,861	$ 42,337	$ 28,314
State	19,515	12,571	7,465
Foreign	7,641	4,478	6,039
Deferred			
Federal	802	2,330	3,329
State	(169)	598	805
Foreign	(1,548)	250	(1,577)
	$ 92,102	$ 62,564	$ 44,375

Income and loss from operations before income taxes for the years ended December 31, 2021, 2020, and 2019, respectively, consisted of the following:

(in thousands)	Years Ended December 31, 2021	2020	2019
Domestic	$ 336,085	$ 238,320	$ 163,257
Foreign	22,464	11,244	15,100
	$ 358,549	$ 249,564	$ 178,357

At December 31, 2021, the Company had $41.4 million of pre-tax loss carryforwards in various foreign taxing jurisdictions. All of the tax losses can be carried forward indefinitely.

At December 31, 2021, and 2020, the Company has valuation allowances of $12.0 million and $11.3 million, respectively. The valuation allowance increased $0.7 million and decreased $0.3 million for the years ended December 31, 2021, and December 31, 2020, respectively. The increase in the 2021 valuation allowances was primarily the result of an impairment on a foreign equity investment. The decrease in the 2020 valuation allowances was primarily a result of the release of valuation allowance for foreign losses in Simpson Strong-Tie A/S, a subsidiary in Denmark.

As of December 31, 2021, 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:

(in thousands)	Years Ended December 31, 2021	2020	2019
Federal tax rate	21.0 %	21.0 %	21.0 %
State taxes, net of federal benefit	4.3 %	4.2 %	3.6 %
Change in valuation allowance	— %	0.1 %	(0.1)%
True-up of prior year tax returns to tax provision	(0.1)%	(0.4)%	(0.3)%
Difference between U.S. statutory and foreign local tax rates	0.4 %	0.4 %	0.8 %
Change in uncertain tax position	— %	— %	0.1 %
Other	0.1 %	(0.2)%	(0.2)%
Effective income tax rate	25.7 %	25.1 %	24.9 %

The tax effects of the significant temporary differences that constitute the deferred tax assets and liabilities at December 31, 2021 and 2020, respectively, were as follows:

	December 31,	
(in thousands)	2021	2020
Deferred asset taxes		
State tax	$ 1,490	$ 1,076
Workers' compensation	892	883
Health claims	1,351	1,207
Vacation liability	376	374
Allowance for doubtful accounts	344	384
Inventories	7,497	6,108
Sales incentive and advertising allowances	1,777	1,086
Lease obligations	11,562	11,631
Stock-based compensation	2,612	2,148
Unrealized foreign exchange gain or loss	378	344
Foreign tax credit carryforwards	4,983	4,744
Uncertain tax positions' unrecognized tax benefits	72	77
Non-United States tax loss carry forward	7,824	7,717
Other	940	—
	$ 42,098	$ 37,779
Less valuation allowances	(11,992)	(11,316)
Total deferred asset taxes	$ 30,106	$ 26,463
Deferred tax liabilities		
Depreciation	$ (14,999)	$ (12,933)
Goodwill and other intangibles amortization	(16,682)	(15,642)
Tax effect on cumulative translation adjustment	(504)	(568)
Right of use assets	(11,453)	(11,489)
Other	—	(247)
Total deferred tax liabilities	(43,638)	(40,879)
Total Deferred tax asset/(liability)	$ (13,532)	$ (14,416)

A reconciliation of the beginning and ending amounts of unrecognized tax benefits in 2021, 2020 and 2019, respectively, were as follows, including foreign translation amounts:

Reconciliation of Unrecognized Tax Benefits	2021	2020	2019
Balance at January 1	$ 1,168	$ 1,706	$ 1,757
Additions based on tax positions related to prior years	9	78	8
Reductions based on tax positions related to prior years	(47)	(7)	(30)
Additions for tax positions of the current year	3	48	167
Lapse of statute of limitations	(189)	(657)	(196)
Balance at December 31	$ 944	$ 1,168	$ 1,706

Tax positions of $0.3, $0.3, and $0.2 million are included in the balance of unrecognized tax benefits at December 31, 2021, 2020, and 2019, 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 year ended December 31, 2021, 2020 and 2019, accrued interest decreased by $39 thousand and $108 thousand and $20 thousand, respectively. The Company had accrued $0.2 million for fiscal year ended 2021, $0.3 million for fiscal year ended 2020 and $0.4 million for fiscal year ended 2019, for the potential payment of interest before income tax benefits. The Company does not expect any material changes in unrecognized tax benefits within the next 12 months.

At December 31, 2021, the Company remained subject to federal income tax examinations in the U.S. for the tax years 2018 through 2021. In addition, tax years 2016 through 2021 remain open to examination in states, local and foreign jurisdictions.

16. 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 2021, 2020 and 2019 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, 2021, 2020 and 2019, was $20.7 million, $17.7 million, and $16.8 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, 2021, 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 $5.0 million for the year ended December 31, 2021 and $5.1 million, $4.5 million for the years ended 2020 and 2019, respectively.

17. Related Party Transactions

During 2021, the Company identified certain purchases of goods and services from companies where the Chief Executive Officer of the Company serves 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 statement of income and cash flows for the year ended December 31, 2021.

18. 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, 2021, 2020 and 2019, respectively:

(in thousands) 2021	North America	Europe	Asia/ Pacific	Administrative & All Other	Total
Net sales	$ 1,362,941	$ 196,996	$ 13,280	$ —	$1,573,217
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, asset acquisition, and equity investments, net of cash acquired	45,817	2,403	603	988	49,811
Total assets	1,352,988	202,631	31,832	(103,326)	1,484,125

(in thousands) 2020	North America	Europe	Asia/ Pacific	Administrative & All Other	Total
Net sales	$ 1,101,891	$ 156,713	$ 9,341	$ —	$ 1,267,945
Sales to other segments *	2,554	5,576	25,320	—	33,450
Income (loss) from operations	249,252	8,396	308	(5,593)	252,363
Depreciation and amortization	30,218	5,856	1,709	984	38,767
Significant non-cash charges	6,929	1,226	376	4,975	13,506
Provision for income taxes	58,201	3,817	613	(67)	62,564
Capital expenditures, including purchases of intangible assets, and business combination, net of cash acquired	29,937	4,248	705	5,816	40,706
Total assets	1,001,168	198,647	32,754	—	1,232,569

(in thousands) 2019	North America	Europe	Asia/ Pacific	Administrative & All Other	Total
Net sales	$ 972,849	$ 155,144	$ 8,546	$ —	$ 1,136,539
Sales to other segments *	1,977	2,068	26,764	—	30,809
Income (loss) from operations	176,329	6,817	(731)	(1,161)	181,254
Depreciation and amortization	30,652	5,457	1,698	595	38,402
Significant non-cash charges	5,273	1,141	211	4,157	10,782
Provision for income taxes	40,452	1,934	577	1,412	44,375
Capital expenditures and business acquisitions, net of cash acquired	31,695	8,245	236	—	40,176
Total assets	1,269,545	169,785	30,055	(374,019)	1,095,366

* Sales to other segments are eliminated in consolidation.

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 $223.5 million, $199.8 million and $161.4 million as of December 31, 2021, 2020 and 2019, respectively. As of December 31, 2021, the Company had $75.8 million, or 25.2%, 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 the Etanco Group, refer to Note 19 " Subsequent Events," and loss on disposal of a business. 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, 2021, 2020 and 2019, respectively:

	2021		2020		2019	
(in thousands)	Net Sales	Long-Lived Assets	Net Sales	Long-Lived Assets	Net Sales	Long-Lived Assets
United States	$ 1,287,085	$ 228,623	$ 1,045,509	$ 215,082	$ 921,703	$ 210,349
Canada	70,401	2,861	52,889	3,059	47,948	1,181
United Kingdom	37,408	1,851	24,290	2,073	26,376	1,683
Germany	29,970	9,999	24,069	11,163	22,357	10,529
France	50,445	5,988	40,672	7,095	39,969	7,010
Poland	13,909	2,496	11,648	2,779	11,826	2,770
Sweden	17,003	2,664	15,241	2,986	13,792	1,762
Denmark	13,964	2,281	11,931	2,445	10,761	2,235
Norway	12,736	—	11,138	—	11,238	—
Switzerland	5,928	6,784	5,246	8,172	5,600	7,781
Australia	8,120	201	5,749	134	4,939	110
Belgium	6,818	2,349	5,311	2,268	5,605	1,913
The Netherlands	4,834	39	4,526	61	4,019	93
New Zealand	5,160	160	3,593	167	3,606	166
Chile	5,455	31	3,493	49	3,198	28
Other countries	3,981	8,463	2,640	9,797	3,602	10,647
	$ 1,573,217	$ 274,790	$ 1,267,945	$ 267,330	$ 1,136,539	$ 258,257

Net sales and long-lived assets, excluding intangible assets, 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, 2021, 2020 and 2019, respectively:

(in thousands)	2021	2020	2019
Wood Construction	$ 1,361,113	$ 1,082,877	$ 948,768
Concrete Construction	210,780	184,631	187,462
Other	1,324	437	309
Total	$ 1,573,217	$ 1,267,945	$ 1,136,539

No customers accounted for at least 10% of net sales for the years ended 2021, 2020 and 2019.

19. Subsequent Events

On January 20, 2022, the Company's Board of Directors declared a cash dividend of $0.25 per share of our common stock, estimated to be $10.8 million in total. The record date for the dividend will be April 7, 2022, and will be paid on April 28, 2022.

Effective January 20, 2022, Mike Olosky, the Company's Chief Operating Officer ("COO") was promoted to President and COO. Karen Colonias, who previously served as the Company's President and Chief Executive Officer ("CEO") will continue to serve as CEO.

On January 26, 2022, the Company signed a securities purchase agreement to acquire Etanco Group for a purchase price of $818 million[(1)] (€725 million). The acquisition is expected to close on April 1, 2022.

Footnotes

[(1)] Reflects EUR to USD exchange rate based on binding offer agreed upon as of December 22, 2021.

SCHEDULE II

Simpson Manufacturing Co., Inc. and Subsidiaries

VALUATION AND QUALIFYING ACCOUNTS
for the years ended December 31, 2021, 2020 and 2019

(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, 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
Year to date December 31, 2020					
Allowance for doubtful accounts	1,935	(98)	(273)	—	2,110
Allowance for sales discounts	4,748	(182)	—	—	4,566
Allowance for deferred tax assets	11,617	1,166	—	1,467	11,316
Year to date December 31, 2019					
Allowance for doubtful accounts	1,364	977	406	—	1,935
Allowance for sales discounts	3,317	1,431	—	—	4,748
Allowance for deferred tax assets	13,254	1,423	—	3,060	11,617

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, 2021, 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 Securities Exchange Act of 1934, as amended (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 Securities and Exchange Commission'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, 2021, 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, 2021.

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, 2021, 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 three months ended December 31, 2021, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information.

None.

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 2022 Annual Meeting of Stockholders to be held on Wednesday, May 4, 2022, to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2021, 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 2022 Annual Meeting of Stockholders to be held on Wednesday, May 4, 2022, to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2021, 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 2022 Annual Meeting of Stockholders to be held on Wednesday, May 4, 2022, to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2021, 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 2022 Annual Meeting of Stockholders to be held on Wednesday, May 4, 2022, to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2021, 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 2022 Annual Meeting of Stockholders to be held on Wednesday, May 4, 2022, to be filed with the SEC not later than 120 days following the end of the Company's fiscal year ended December 31, 2021, 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, 2021, and 2020

   Consolidated Statements of Operations for the years ended December 31, 2021, 2020 and 2019

   Consolidated Statements of Comprehensive Income for the years ended December 31, 2021, 2020 and 2019

   Consolidated Statements of Stockholders' Equity for the years ended December 31, 2021, 2020 and 2019

   Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019

   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, 2021, is filed as part of this Annual Report on Form 10-K:

Schedule II - Valuation and Qualifying Accounts-Years ended December 31, 2021, 2020 and 2019.

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. is incorporated by reference to Exhibit 3.1 of its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.

3.2 Certificate of Amendment of Certificate of Incorporation of Simpson Manufacturing Co., Inc. is incorporated by reference to Exhibit 3.1 of its Current Report on Form 8-K dated March 28, 2017.

3.3 Amended and Restated Bylaws of Simpson Manufacturing Co., Inc., as amended, are incorporated by reference to Exhibit 3.2 of its Current Report on Form 8-K dated March 28, 2017.

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 Credit Agreement, dated as of July 27, 2012 (the "2012 Credit Agreement"), among Simpson Manufacturing Co., Inc., as Borrower, Wells Fargo Bank, National Association ("Wells Fargo"), MUFG Union Bank, N.A. (f/k/a Union Bank, N.A.), HSBC Bank USA, N.A., and Bank of Montreal, as Lenders, Wells Fargo in its separate capacities as Swing Line Lender and L/C issuer and as Administrative Agent, and Simpson Strong-Tie Company Inc., and Simpson Strong-Tie International, Inc. as Guarantors, is incorporated by reference to Exhibit 10.1 of Simpson Manufacturing Co., Inc.'s Current Report on Form 8-K dated August 1, 2012.

10.3 Second Amendment to the 2012 Credit Agreement, dated as of July 25, 2016, among the Company, as Borrower, Wells Fargo Bank, National Association ("Wells Fargo"), MUFG Union Bank, N.A. (f/k/a Union Bank, N.A.), HSBC Bank USA, N.A., and Bank of Montreal, as Lenders, Wells Fargo in its separate capacities as Swing Line Lender and L/C issuer and as Administrative Agent, and Simpson Strong-Tie Company Inc., and Simpson Strong-Tie International, Inc. as Guarantors, which Second Amendment incorporates and supersedes the First Amendment to the Credit Agreement dated December 8, 2015, is incorporated by reference to Exhibit 10.1 of Simpson Manufacturing Co., Inc.'s Current Report on Form 8-K dated July 25, 2016.

10.4 Third Amendment to Credit Agreement, dated as of May 21, 2020, among the Company, as Borrower, Simpson Strong-Tie Company Inc. and Simpson Strong-Tie International, Inc., as Guarantors, the several financial institutions party to the Agreement, as Lenders, and Well Fargo Bank, National Association, in its separate capacities as Swing Line Lender and L/C Issuer and as Administrative Agent, is incorporated by reference to Exhibit 10.1 of Simpson Manufacturing Co., Inc.'s Current Report on Form 8-K dated May 21, 2020.

10.5 Fourth Amendment to Credit Agreement, dated as of July 12, 2021, among the Company, as Borrower, Simpson Strong-Tie Company Inc. and Simpson Strong-Tie International, Inc., as Guarantors, the several financial institutions party to the Agreement, as Lenders, and Well Fargo Bank, National Association, in its separate capacities as Swing Line Lender, L/C Issuer and as Administrative Agent is incorporated by reference to Exhibit 10.1 of Simpson Manufacturing Co., Inc.'s Current Report on Form 8-K dated July 12, 2021.

10.6* Simpson Manufacturing Co., Inc. Executive Officer Cash Profit Sharing Plan, as amended through March 17, 2017, is incorporated by reference to Exhibit 10.4 of its Annual Report on Form 10-K dated February 28, 2018.
*Management contract or compensatory plan or arrangement.

10.7* 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.

10.8* 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.

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

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

10.11* Form of Simpson Manufacturing Co., Inc. 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.

101 Financial statements from the annual report on Form 10-K of Simpson Manufacturing Co., Inc. for the year ended December 31, 2021, 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 25, 2022

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/Karen Colonias (Karen Colonias)	Chief Executive Officer and Director (principal executive officer)	February 25, 2022
Chief Financial Officer:		
/s/Brian J. Magstadt (Brian J. Magstadt)	Chief Financial Officer and Treasurer (principal accounting and financial officer)	February 25, 2022
Directors:		
/s/James S. Andrasick (James S. Andrasick)	Chairman of the Board and Director	February 25, 2022
/s/Kenneth D. Knight (Kenneth D. Knight)	Director	February 25, 2022
/s/Jennifer A. Chatman (Jennifer A. Chatman)	Director	February 25, 2022
/s/Gary M. Cusumano (Gary M. Cusumano)	Director	February 25, 2022
/s/Celeste Volz Ford (Celeste Volz Ford)	Director	February 25, 2022
/s/Robin G. MacGillivray (Robin G. MacGillivray)	Director	February 25, 2022
/s/Philip E. Donaldson (Philip E. Donaldson)	Director	February 25, 2022

EXHIBIT 10.9

2022 DIRECTOR 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 2022 as determined by the Committee in its absolute discretion and as set forth on the Acceptance Page.**
Vesting Schedule (the "Vesting Schedule"):	**100% of the RSU Shares will vest on the Award Date.**

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 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. 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, 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 RSUs. 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) 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 (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. Vesting. Subject to the terms and conditions of this Agreement and the Plan and unless otherwise forfeited pursuant to section 3, the RSUs shall vest (that is, the Restricted Period with respect thereto shall terminate) pursuant to the Vesting Schedule. 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, the Recipient ceases to be an Outside Director,[1] 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. 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

[1] For example, pursuant to section 3, before the Award Date, (I) if the Recipient's engagement with the Company as an Outside Director is terminated by the Company or by the Recipient for any reason or for no 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.

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.

7. Change in Control. On a Change in Control, the RSUs shall be subject to the applicable provisions of section 9 of the Plan, as the Committee may determine.

8. 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.

9. 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.

10. No Right to Continued Employment. Nothing in this Agreement shall confer on the Recipient any right to continue in the engagement with, 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 engagement or service at any time.

11. 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.

12. 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.

13. 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.

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

15. 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.

16. Successors. Subject to section 15, 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.

17. 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.

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

19. 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.

20. 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”.

21. 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.

22. 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.

23. 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 10.10

2022 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")	**A three-year period beginning on January 1, 2022 and ending on December 31, 2024.**
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 2022 as determined by the Committee in its absolute discretion and as set forth on the Acceptance Page.**
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 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.

[1] For example, if the Award Date is determined by the Committee to be January 20, 2022 and the Vesting Date is determined by the Committee to be February 15, 2025, then the PSU Shares, if any (based on the Specific Performance Goals), will vest on February 15, 2025 and the Vesting Period will be from January 20, 2022 to February 15, 2025.

EXHIBIT 10.10

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

1. <u>Confirmation of Grant</u>.

(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 "<u>Vested Shares</u>"), 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(d), 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 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.

(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. <u>Specific Performance Goals</u>. 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 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)[2]),

(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,[3] or by the Recipient for a Good Reason,[4] in either case only in connection with or within 24 months following a Sale Event.[5]

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[2] 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.

[3] "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.

[4] 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.

[5] 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

(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,

(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(d) 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(d), shall terminate immediately and be forfeited in their entirety when and as provided in section 13(I) of the Plan.

6. 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.

7. 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.

8. 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.

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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.

9. 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.

10. 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

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

17. 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 15 does not restrict the sale, assignment, transfer, pledging, hypothecation or other encumbrance or disposal of Vested Shares.

18. Successors. Subject to section 15, 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.

19. 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.

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

21. 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.

22. 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”.

23. 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.

24. 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.

25. 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.

EXHIBIT 10.11

2022 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 2022 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 fourth of the RSU Shares will vest on each of the first, second, third, and fourth 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 fourth 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 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:

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[1] For example, if the Vesting Start Date is determined by the Committee to be February 15, 2022, then 1/4 of the RSU Shares will vest on each of (i) February 15, 2023, (ii) February 15, 2024, (iii) February 18, 2025 (because February 15, 2025 falls on a Saturday, the immediately following business day is February 18, 2025 and (iv) February 18, 2026 (because February 15, 2025 falls on a Sunday, the immediately following business day is February 18, 2026), and the Vesting Period will be from February 15, 2023 to February 18, 2026.

[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 Vested Shares, or as provided in this Section 1(d), by cash (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 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 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

[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 $185,000 for 2021).

cancellation of the vested RSUs (or any portion thereof), in an amount equal to the product of (A) the number of the Vested Shares under the cancelled RSUs and (B) the average closing price of a share of Common Stock of 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 (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. Vesting. Subject to the terms and conditions of this Agreement and the Plan and unless otherwise forfeited pursuant to section 3, 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 pro-rata based on the length of service from the Vesting Start Date to, (a) immediately preceding the effective date of the Recipient's Retirement as determined by the Committee in relation to the RSUs[4]: 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] The Recipient explicitly acknowledges and agrees that the granting or vesting of the RSUs as well as

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[4] For example, if the Vesting Start Date is February 15, 2022 and the effective date of the Recipient's Retirement is August 15, 2022, the Recipient will receive a pro-rata vesting of shares equivalent to 12.52% rounded down to the nearest whole share.

[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'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 Vested Shares are subject, or (c) the disposition of the RSUs 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.

5. 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 RSUs in accordance with this Agreement, will be duly authorized, validly issued, fully paid and non-assessable.

6. 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.

7. 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.

8. 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.

9. No Rights as Stockholder. Neither the granting or vesting of the RSUs 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.

10. 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

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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.

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.

11. 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.

12. 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.

13. 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.

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

15. 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 15 does not restrict the sale, assignment, transfer, pledging, hypothecation or other encumbrance or disposal of Vested Shares.

16. Successors. Subject to section 15, 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.

17. 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.

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

19. 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.

20. Order of Precedence and Construction. This Agreement and the RSUs 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".

21. 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.

22. 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 Vested 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.

23. 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 25, 2022

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 Strong-Tie Sp. z.o.o., a Polish corporation
10. Simpson France SCI, a French corporation
11. Simpson Strong-Tie Australia Pty Limited, an Australian corporation
12. Simpson Strong-Tie Asia Limited, a Hong Kong company
13. Simpson Strong-Tie Asia Holding Limited, a Hong Kong company
14. Simpson Strong-Tie (Zhangjiagang) Co., Ltd., a Chinese company
15. Simpson Strong-Tie (New Zealand) Limited, a New Zealand company
16. Simpson Strong-Tie Switzerland GmbH, a Switzerland company
17. S&P Clever Reinforcement Company AG, a Switzerland company
18. S&P Clever Reinforcement GmbH, a Germany company
19. S&P Clever Reinforcement Company Benelux B.V., a Dutch company
20. S&P Polska Sp. z.o.o., a Polish corporation
21. Clever Reinforcement Iberica - Materiais de Construção, Lda., a Portugal company
22. S&P Reinforcement France SAS, a French company
23. Simpson Strong-Tie Vietnam Company Limited, a Vietnam company
24. Simpson Strong-Tie South Africa (PTY) Ltd, a South Africa company
25. Simpson Strong-Tie Chile Limitada, a Chile company
26. S&P Reinforcement Nordic ApS, a Danish company
27. Simpson Strong-Tie Structural Connectors Ireland Ltd, an Ireland company
28. Multi Services Dêcoupe S.A., a Belgium company
29. CG Visions, LLC, an Indiana corporation
30. Gbo Fastening Systems AB, a Swedish corporation
31. Christiania Spigerverk AS, a Norwegian company
32. Simpson LotSpec, LLC, a Delware Company
33. D.P.P. B.V Limited, a Dutch Company
34. Sabrefix (UK) Limited, a UK Company
35. S&P Reinforcement Spain S.L., a Spanish company
36. Holz Holdings, LLC, a Utah limited liability company (18% ownership)
37. S&P Reinforcement Nordic AB, a Swedish company

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We have issued our reports dated February 25, 2022, 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, 2021. We consent to the incorporation by reference of said reports in the Registration Statements of Simpson Manufacturing Co., Inc. on Forms S-8 (File Nos. 033-90964, 333-37325, 333-40858, 333-97313, 333-97315, 333-173811, and 033-85662) and Forms S-3 (File Nos. 333-44603 and 333-102910).

/s/ Grant Thornton LLP
San Francisco, California
February 25, 2022

Exhibit 31.1

Simpson Manufacturing Co., Inc. and Subsidiaries
Rule 13a-14(a)/15d-14(a) Certifications

I, Karen Colonias, 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 25, 2022

By /s/Karen Colonias
Karen Colonias
Chief Executive Officer

Exhibit 31.2

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 25, 2022

By /s/Brian J. Magstadt
Brian J. Magstadt
Chief Financial Officer

Exhibit 32

Simpson Manufacturing Co., Inc. and Subsidiaries
Section 1350 Certifications

The undersigned, Karen Colonias 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, 2021, 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 25, 2022

By /s/Karen Colonias
Karen Colonias
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.

Simpson Manufacturing Co., Inc.
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