



Notice of 2022 Annual Meeting of Stockholders, Proxy Statement, &

2021 ANNUAL REPORT



SAFETY • INTEGRITY • SUSTAINABILITY • INCLUSIVITY

LETTER FROM THE CHAIRMAN



To Our Valued Stakeholders:

In 2021, Summit Materials pursued the highest standards of governance and value creation as it launched its Elevate Summit Strategy. We believe that the unique combination of Summit's heavyside building materials business, with its presence in expanding rural and exurban markets, presents compelling opportunities for growth, and now Summit is positioned to lead for the long term.

As a Board, we're invigorated by the transformation brought about by the Elevate Summit Strategy and the exciting path ahead. During the first year of the Elevate Summit Strategy, the Company posted a 99.9% total shareholder return and redeemed \$300 million of 5.125% senior notes.

In 2021 we continued to pursue governance best practices by:

- De-classifying our Board,
- Eliminating supermajority voting requirements,
- Achieving Board and Executive gender parity with over 50% female membership of each,
- Receiving shareholder approval for an employee stock purchase plan, and
- Renaming and restructuring the charters of two Board committees to reflect an increased focus on Board oversight of environmental, social & governance (ESG) matters.

Specifically, we now have a Human Capital and Compensation Committee and Governance and Sustainability Committee and an expanded charter for our Audit Committee to more clearly reflect Board oversight of critical ESG matters and related disclosures, including diversity, equity and inclusion, talent acquisition, sustainability, and environmental risk.

We were delighted to add Tamla Oates-Forney to our Board of Directors in 2021. Ms. Oates-Forney brings important perspective on human capital, cultivated through her leadership roles at Waste

Management as well as at GE, where she was the highest ranking African American female executive. She joins Summit's Board at a time when an emphasis on hiring, retention and employee development is imperative to foster strategic growth and market leadership.

In summary, 2021 has been the most exciting and transformative year for Summit Materials since our IPO. We thank you for your continued support, and look forward to building on that success.

Sincerely,

A handwritten signature in black ink that reads "Howard Lance". The signature is fluid and cursive, written over a white background.

Howard Lance
Chairman of the Board of Directors
Summit Materials, Inc.

LETTER FROM THE CEO

To Our Valued Stakeholders:

2021 was a pivotal year for Summit Materials. The Company developed and launched its Elevate Summit Strategy, a dynamic and aggressive plan designed to drive the Company's next phase of growth and value creation. The Elevate Summit Strategy was shaped by feedback from customers, investors, and other key stakeholders, and strategic execution is off to an encouraging start as Summit posted record financial performance and a 99.9% total shareholder return in 2021. With these results, we are either on track or have already achieved our Elevate Summit Strategy Horizon One targets.

During 2021, we redeemed \$300 million of 5.125% senior notes and divested eight businesses for \$128.3M proceeds. We improved our leverage ratio from 3.2x to 2.5x Net Debt to EBITDA, which is the lowest in Company history and well below our Elevate goal of 3x.* We also improved our return on invested capital, or ROIC, from 8.0% in 2020 to 8.8% in 2021* and our Adjusted EBITDA margin from 22.6% to 23.3%.* In addition to our focus on portfolio optimization, commercial excellence and operational excellence initiatives throughout the Company helped facilitate these successes.

Summit's core values of safety, sustainability, integrity, and inclusivity are central to the Elevate Summit Strategy. Our environmental, social & governance (ESG) program has helped further our vision to be the most socially responsible, integrated construction materials solution provider. In 2021, the Company:

- Demonstrated year-over-year improvement in its recordable incident rate, continuing on its journey to a zero-harm culture,
- Formalized a dedicated ESG function,
- Published its 2020 baseline for water, waste and carbon emissions in a SASB-compliant report,
- Established specific 2030 and 2050 targets for social impact, land use and carbon emissions,
- Helped develop The Portland Cement Association's pledge to reach carbon neutrality in 2050, which we have signed, and
- Continued its focus on people through increased investment in



talent acquisition and retention, employee engagement and diversity initiatives.

We believe that making consistent, regular progress towards reducing our impacts and addressing climate change is essential to building a sustainable competitive advantage, and, beginning this year, all of our executives have specific ESG targets as a part of their incentive compensation.

In late 2021, we received the excellent news that the US Congress passed the Infrastructure Investment and Jobs Act (IIJA), which is expected to bring a much-needed expansion of federal funds available to support the repair, modernization and enhancement of America's infrastructure. With the continued migration to rural and exurban markets, we believe Summit is well positioned to help state and local governments pursue their economic development goals as we build the roads and infrastructure to support growing populations.

I want to close by thanking our nearly 5,500 employees who, despite the challenges and disruptions caused by the COVID-19 pandemic, worked tirelessly to keep Summit's employees, customers and communities safe and deliver such strong financial and strategic performance. Finally, I am grateful to our Board of Directors for their oversight and to all of our stakeholders for your ongoing commitment and support.

Sincerely,

A handwritten signature in black ink that reads "Anne P. Noonan". The signature is written in a cursive, flowing style.

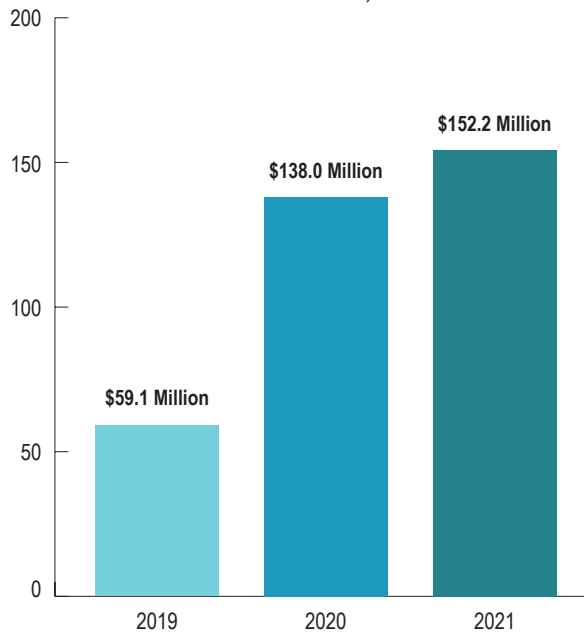
Anne P. Noonan
Chief Executive Officer
Summit Materials, Inc.

*This is a non-GAAP measure, please see the reconciliations at the back of this report.

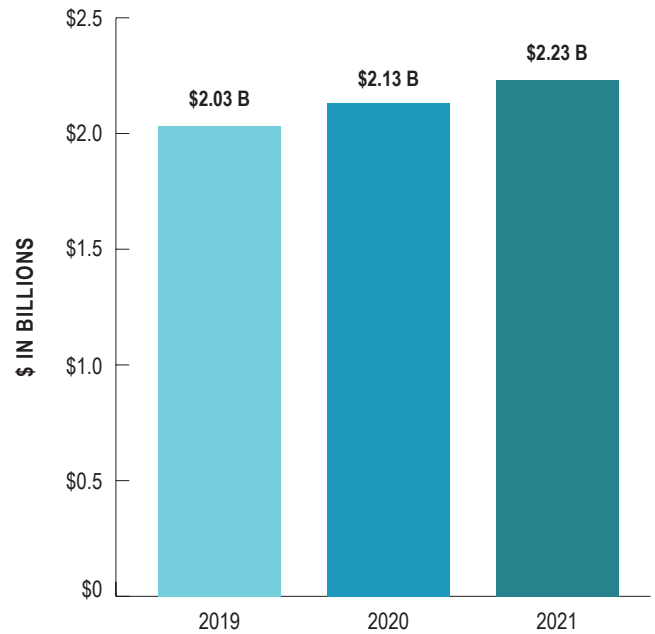
YEAR IN REVIEW

Financial Summary

NET INCOME ATTRIBUTABLE TO SUMMIT, INC.



NET REVENUE



**10.3% INCREASE
OVER 2020**

In net income attributable to Summit, Inc.

**4.6% INCREASE
OVER 2020**

In net revenue



OUR MISSION

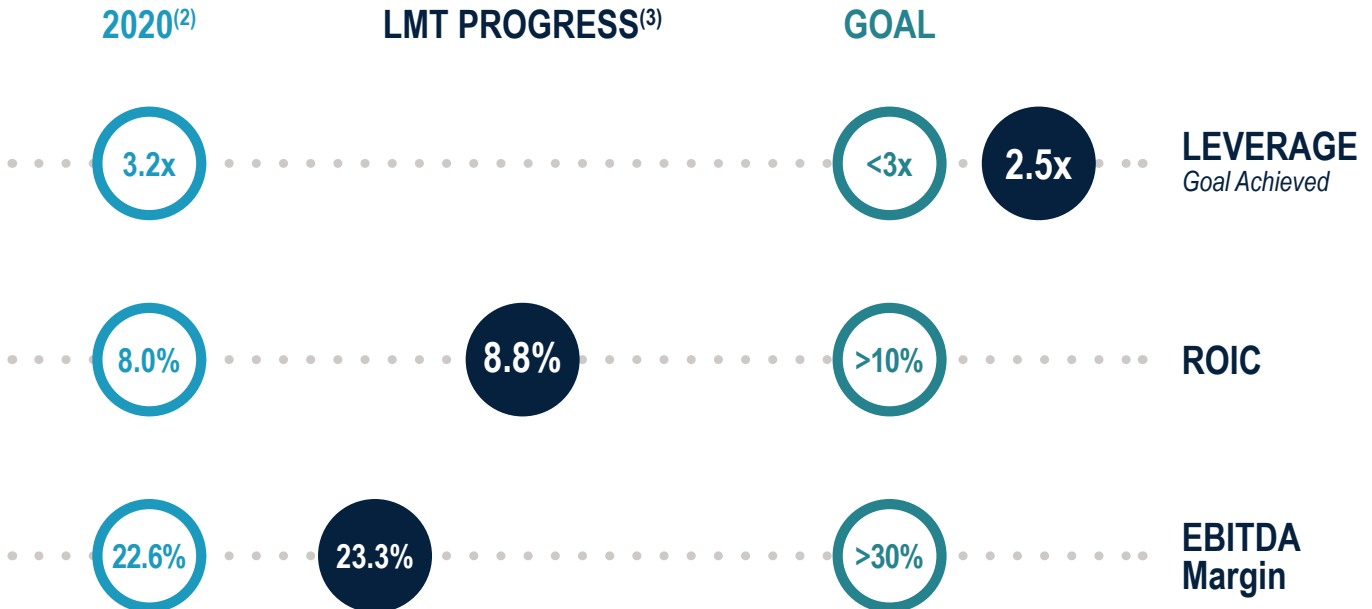
Summit's mission is to provide the foundation to connect our communities today and build a better tomorrow.



OUR VISION

Summit's vision is to be the most socially responsible, integrated construction materials solution provider, collaborating with stakeholders to deliver differentiated innovations and solve our customers' challenges.

Goal Progress¹



- Net leverage goal achieved at 2.5x
- Progressing Horizon 1 focus on strategic market development and asset light conversions
- Smart standardization and centers of excellence gaining traction
- Advancing social responsibility credentials and building innovation fundamentals

(1) These are non-GAAP financial metrics, please see the reconciliations at the back of this report.

(2) The 2020 values for ROIC and EBITDA margin on this chart are slightly lower than the values shown in the March 16, 2021 Elevate Summit Strategy Presentation due to modifications in Summit's reporting for transactions costs that resulted in a reclassification of our 2020 transactions costs.

(3) Reflects performance for the last 12 months ended January 1, 2022.



OUR VALUES

SAFETY We are committed to keeping our employees, customers, and communities safe in all that we do.

INTEGRITY We build trust by doing what's right and remaining accountable, even when no one is watching.

SUSTAINABILITY We answer to the impact of our actions and seek out opportunities to develop innovative practices and solutions.

INCLUSIVITY We act intentionally to bring together our local communities and drive equity for all stakeholders.

ELEVATING ESG



Published our first SASB-compliant report, which included our baseline for water, waste and carbon emissions.



Achieved Board and executive officer parity.

Established a dedicated ESG function and mitigation strategies were evaluated and approved.



Eliminated the supermajority voting requirement.



We have established specific 2030 and 2050 targets for social impact, land use and carbon emissions.



Declassified our Board



Launched an employee stock purchase plan.

SUMMIT MATERIALS

2022/ ***NOTICE OF
ANNUAL MEETING
& PROXY STATEMENT***



NOTICE OF 2022 ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON WEDNESDAY, MAY 18, 2022

The 2022 Annual Meeting of Stockholders (the “Annual Meeting”) of Summit Materials, Inc. (“Summit Materials” or the “Company”) will be held at 8:00 a.m., Central Time, on Wednesday, May 18, 2022, at The Post Oak Hotel at Uptown Houston, 1600 West Loop South, Houston, TX 77027. In addition, stockholders will have the opportunity to attend the Annual Meeting through a virtual web conference at www.virtualshareholdermeeting.com/SUM2022. The Annual Meeting is being held for the following purposes:

- 1** To elect the four nominees for director, named in the attached Proxy Statement (the “Proxy Statement”) to serve until the 2023 Annual Meeting of Stockholders and until their respective successors are elected and qualified;
- 2** To approve, on a nonbinding advisory basis, the compensation of our named executive officers (“NEOs”), as disclosed in the Proxy Statement;
- 3** To indicate, on a nonbinding advisory basis, whether a nonbinding advisory stockholder vote to approve the compensation of our NEOs should occur every one, two, or three years;
- 4** To ratify the appointment of KPMG LLP (“KPMG”) as our independent registered public accounting firm for our fiscal year ending December 31, 2022; and
- 5** To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement thereof.

The Board recommends you vote (i) “FOR” the election of each of the nominees to the Board; (ii) “FOR” the approval, on a nonbinding advisory basis, of the compensation of our NEOs, as disclosed in the Proxy Statement; (iii) for every “ONE YEAR” with respect to how frequently a non-binding advisory stockholder vote to approve the compensation of our NEOs should occur; and (iv) “FOR” the ratification of the appointment of KPMG as our independent registered public accounting firm.

The Board has fixed March 23, 2022 as the record date for determining stockholders entitled to receive notice of, and to vote at, the Annual Meeting or any adjournment or postponement thereof. Only stockholders of record at the close of business on that date will be entitled to notice of, and to vote at, the Annual Meeting. This Notice of 2022 Annual Meeting of Stockholders, Proxy Statement and form of proxy are being distributed and made available on or about April 1, 2022. As always, we encourage you to vote your shares prior to the Annual Meeting.

By Order of the Board of Directors



Christopher B. Gaskill
Executive Vice President, Chief Legal Officer and Secretary

Denver, Colorado
April 1, 2022

SUMMIT MATERIALS AT A GLANCE



WHO WE ARE

Summit Materials is an integrated supplier of heavy-side construction materials such as aggregates, cement, ready-mix concrete, and asphalt, as well as paving services.

We are vertically integrated and we offer our customers a single-source provider for construction materials and related downstream products. Our operations benefit from Summit's access to capital, IT resources, performance optimization practices and a highly-experienced management team. We believe this model allows us to realize the benefits of locally invested operators with the expertise and economies of scale of a larger entity.

We provide approximately 5,500 jobs, and we believe our people are our greatest asset. We support our employees with:

- Health and wellness programs
- Training and development programs with broad participation throughout all levels of the Company
- An excellent safety track record
- Robust community engagement including support for local STEM education projects

We value diversity, equity, and inclusion (“DE&I”):

- 28% of our workforce identifies as non-white
- 56% of our Board of Directors is female and 60% of our executive officers are female, including our Chief Executive Officer
- We have made conscious strides to address DE&I within our business
- We implemented an employee stock purchase plan in 2021 that allows employees to participate in our growth

Our geographic and end-user diversification and integration help us withstand market cycles:

- We operate in 21 states and one Canadian province
- Our end market base is roughly 36% state infrastructure-related and approximately 64% residential and non-residential (based on net revenues)

We focus on sustainability and community involvement to secure a stable and profitable future:

- At Summit, we recognize that robust environmental and social performance is not only the right thing to do but that it is key to achieving our vision to be the most socially responsible integrated construction materials solution provider. To guide us to our vision, our North Star principles were developed through a company-wide strategic assessment. Those principles include:

- **Human / Social Impact:** Ensuring people and their communities are valued and can thrive.
- **Land Reclamation:** Measuring every drop of water we consume and returning land better than when we found it.
- **Carbon Reduction:** Reducing CO₂ emissions to reach net zero by 2050.
- Environmental programs support sustainability and profitability:
 - We have established both 2030 and 2050 targets for each of the North Star Pillars. Target setting was completed hand-in-hand with the development of our Elevate strategy. We embedded ESG targets in the planning process to ensure business decisions are made with sustainability considerations in mind. Further details for each target are found within our 2021 ESG Report.
 - Recycled more than 388,000 tons of concrete and more than 11,000 tons of recycled materials including metals, plastics, paper and cardboard in 2021.
 - Recycled asphalt accounted for 13% of total tons produced in 2021.
 - On average, 39.8% of our cement plants' energy came from alternative fuel in 2021. This equates to the amount of power that an estimated 10,200 American homes use in one year. ⁽¹⁾
 - In 2021, our Davenport, Iowa Cement Plant's Wildlife Restoration Area was awarded Gold Tier Conservation Certification by the Wildlife Habitat Council.
- We remain focused on exploring new, innovative ways in which we can meaningfully reduce the environmental impact where we operate and are wholly in support of achieving carbon neutrality by 2050:
 - Continuing to expand our Green America Recycling facility to increase our use of alternative fuels.
 - Commercializing Portland Limestone Cement ("PLC"), a cement that requires less emissions to produce.
 - Piloting next generation low carbon concrete.
 - Partnering with universities in artificial intelligence solutions for ready-mix concrete optimization.
- We provide free Earth Sciences lesson plans that meet Rocks and Minerals Curriculum standards in North America.
- Our employees volunteered in several charity initiatives within their communities through company sponsored engagement, with organizations such as United Way and Feeding America.
- Our vendor code of conduct, human rights, and environmental policies govern our interactions with our stakeholders.
- Our sustainability website (summit-materials.com/sustainability/) includes our sustainability report, which aligns with the Sustainability Accounting Standards Board (SASB) Construction Materials Standard, and further describes our deep commitment to the environment and the communities in which we operate.

¹ According to the U.S. Energy Information Administration, in 2020, the average annual electricity consumption for a U.S. residential utility customer was 10,715 kilowatt hours (kWh), an average of about 893 kWh per month. <https://www.eia.gov/tools/faqs/faq.php?id=97&t=3>.

The Company's strong performance was reflected in net income of \$152 million.

2021 PERFORMANCE

In 2021, net revenue increased 4.6% over 2020, and we reported earnings of \$152.2 million, or \$1.29 per basic share.

Operating income increased 12.4% to \$253.1 million:

- Strong net revenue gains in our aggregates, ready-mix concrete, and cement lines of business
- Net revenue growth across all three reporting Segments
- Net income attributable to Summit of \$152.2 million, adjusted cash gross profit of \$673.3 million, adjusted EBITDA of \$520.1 million and free cash flow of \$161.6 million*
- We focused on sustainable growth with investments in greenfields while advancing strategic divestitures that enhanced our market leadership
- Reduced our leverage ratio to 2.5X Net Debt to Adjusted EBITDA (a non-GAAP financial measure) at year end 2021, the lowest debt ratio in the Company's history

* Adjusted cash gross profit, EBITDA and free cash flow are non-GAAP financial measures; see "Reconciliation of Non-GAAP Measures to GAAP" on Annex A.

OUR GOVERNANCE

- Separate independent Chairman and Chief Executive Officer
- 56% of Board members are female
- Age diversity on the Board; short average tenure; no over-boarded directors
- In 2021, the Board was declassified and the supermajority voting requirement necessary to amend certain provisions of the Company's charter and to remove a director was eliminated
- The Board includes senior operational and financial executives with materials, technology, supply chain and investor expertise

Letter from the Chairman

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In summary, 2021 has been the most exciting and transformative year for Summit Materials since our IPO. We thank you for your continued support, and look forward to building on that success.

Sincerely,

A handwritten signature in cursive script that reads "Howard Lance". The signature is written in dark ink and is positioned above the printed name and title.

Howard Lance
Chairman of the Board of Directors
Summit Materials, Inc.

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OUR BOARD OF DIRECTORS

ITEM 1 ELECTION OF DIRECTORS

The board of directors (the “Board”) of Summit Materials, Inc. (“Summit Materials” or the “Company”) currently has nine seats, divided into three classes: Class I, Class II and Class III.

- Our Class I directors are Joseph S. Cantie, Anne M. Cooney, Anne P. Noonan and Tamla Oates-Forney and their terms will expire at this Annual Meeting.
- Our Class II directors are John R. Murphy and Steven H. Wunning, and their terms will expire at the 2023 Annual Meeting.
- Our Class III directors are Howard L. Lance, Anne K. Wade and Susan A. Ellerbusch, and their terms will expire at the 2024 Annual Meeting.

At the Company’s 2021 Annual Meeting, the Company’s stockholders approved and adopted an amendment to the Company’s amended and restated Certificate of Incorporation (the “Charter”) to remove the three separate classes of directors of the Board and replace with one class of directors (the “Declassification Amendment”). As a result, (i) the current Class I directors will be elected at this Annual Meeting to serve for a term of one year, (ii) the current Class I and II directors will be elected at the 2023 Annual Meeting to serve for a term of one year, and (iii) the current Class I, II and III directors will be elected at the 2024 Annual Meeting to serve for a term of one year, at which time all directors will be elected to serve for one year terms at all subsequent Annual Meetings.

Accordingly, the Board proposes that Mr. Cantie and Mss. Cooney, Noonan and Oates-Forney be reelected to Class I for a one-year term expiring at the 2023 Annual Meeting. Each nominee for director will, if elected, continue in office until the 2023 Annual Meeting and until the director’s successor has been duly elected and qualified, or until the earlier of the director’s death, resignation or removal.

The proxy holders named on the proxy card intend to vote the proxy (if you are a stockholder of record) for the election of each of these nominees, unless you indicate on the proxy card that your vote should be withheld for any of the nominees. Under Securities and Exchange Commission (“SEC”) rules, proxies cannot be voted for a greater number of persons than the number of nominees named.

Each nominee has consented to be named as a nominee in this Proxy Statement and to serve if elected. If any nominee is not able to serve, proxies will be voted in favor of the other nominees and may be voted for a substitute nominee, unless the Board chooses to reduce the number of directors serving on the Board.

THE BOARD RECOMMENDS A VOTE “FOR” EACH NOMINEE

Who We Are

We, the members of your Board, take seriously our jobs of overseeing Summit Materials on your behalf and on behalf of our employees, customers, suppliers and other stakeholders, all of whom uniquely matter to us.

The Board has nominated four directors to be elected at the Annual Meeting to each serve for one-year terms ending with the 2023 Annual Meeting of Stockholders and until a successor is duly elected and qualified, or until the earlier of the director's death, resignation or removal. Each nominee is currently a director of the Company and has agreed to serve if elected. The age shown below for each director is as of May 18, 2022, which is the date of the Annual Meeting.

Directors Whose Terms Expire at the 2022 Annual Meeting



Joseph S. Cantie

Age: 58

Director since 2016

BOARD COMMITTEES

- Audit

OTHER BOARDS

- TopBuild Corp
- Howmet Aerospace Inc.

Joseph S. Cantie is the former Executive Vice President and Chief Financial Officer of ZF TRW, a division of ZF Friedrichshafen AG, a global automotive supplier, a position he held from May 2015 until January 2016.

Career Highlights

- Executive Vice President and Chief Financial Officer, TRW Automotive Holdings Corp., which was acquired by ZF Industries in May 2015 (2003-2015)
 - Various executive positions at TRW Automotive Holdings Corp. (1999-2003)
 - Various executive positions, including Vice President and Controller of LucasVarity Plc (1996-1999)
-

Skills / Experience

- Financial and operating experience
 - Extensive knowledge of the industrial sector
-

Education

- BS, State University of New York at Buffalo
-

Also...

Mr. Cantie spent 10 years at KPMG and is a certified public accountant.



Anne M. Cooney

Age: 62

Director since 2018

BOARD COMMITTEES

- Human Capital and Compensation
- Governance and Sustainability (Chair)

OTHER BOARDS

- The Manitowoc Company, Inc.
- WESCO International, Inc.

Anne M. Cooney is the former President of the Process Industries and Drives Division of Siemens Industry, Inc., a division of Siemens AG, a multinational conglomerate primarily engaged in industrial engineering, electronics, energy, healthcare and infrastructure activities, a position she held from October 2014 until her retirement in December 2018.

Career Highlights

- President, Process Industries and Drives Division of Siemens Industry, Inc. (2014-2018)
 - Chief Operating Officer, Siemens Healthcare's Diagnostics division (2011-2014)
 - President, Drives Technologies Division, Siemens Industry, Inc. (2009-2011)
-

Skills / Experience

- Leadership experience
 - Management and operational experience
-

Education

- BS in Industrial Management, Gannon University
- MBA, Emory University



Anne P. Noonan

Age: 58

Director since 2020

BOARD COMMITTEES

- N/A

OTHER BOARDS

- CF Industries Holdings, Inc.

Anne P. Noonan was named the President and Chief Executive Officer of Summit Materials on September 1, 2020. Prior to joining Summit Materials, Ms. Noonan served as president and chief executive officer and as a director of OMNOVA Solutions Inc. ("OMNOVA"), a global provider of emulsion polymers, specialty chemicals, and engineered surfaces for a variety of commercial, industrial, and residential end uses, with manufacturing, technical, and other facilities located in North America, Europe, China, and Thailand, from December 2016 until April 1, 2020 when OMNOVA was acquired by Synthomer plc.

Career Highlights

- President and Chief Executive Officer, Summit Materials (September 2020-present)
 - President and Chief Executive Officer, OMNOVA (November 2016 -April 2020)
 - President, Performance Chemicals, OMNOVA (2014-November 2016)
-

Skills / Experience

- Public company governance experience
 - Operational expertise
 - Environmental and safety expertise
 - Extensive experience in risk management and accounting and finance
 - Corporate strategy, strategic initiative, and mergers & acquisitions expertise
 - Innovation and marketing
 - Advocacy and regulatory affairs
-

Education

- BS in Chemistry, University College Dublin, Ireland
 - MS in Organometallic Chemistry, University College Dublin, Ireland
-

Also...

Ms. Noonan spent 27 years at Chemtura Corporation, a global manufacturer of specialty chemicals.



Tamla Oates-Forney

Age: 50

Director since 2021

BOARD COMMITTEES

- Human Capital and Compensation

Tamla Oates-Forney is currently the Senior Vice President, Chief People Officer, at Waste Management, a Fortune 250 environmental services company.

Career Highlights

- Senior Vice President, Chief People Officer, at Waste Management (December 2018-present)
 - Various positions of increasing responsibility during a 20-year career at General Electric, including most recently as Vice President, Human Resources, GE Energy Connections, an electrification and automation business included in the General Electric Company multinational conglomerate from 2014 to April 2018
-

Skills / Experience

- Leadership experience
 - Extensive knowledge of the industrial sector
-

Education

- BS in Business Administration, University of North Carolina at Chapel Hill
-

Also...

- Ms. Oates-Forney serves on the board of advisors of the University of North Carolina Kenan—Flagler Business School.

Directors Whose Terms Expire at the 2023 Annual Meeting



John R. Murphy

Age: 71

Director since 2012

BOARD COMMITTEES

- Audit (Chair)
- Governance and Sustainability

OTHER BOARDS

- O'Reilly Automotive, Inc.
- Apria, Inc.

John R. Murphy served as Summit Materials' Interim Chief Financial Officer from January 2013 to May 2013 and from July 2013 to October 2013.

Career Highlights

- Senior Vice President and Chief Financial Officer of Smurfit-Stone Container Corporation (2009-2010)
 - Various senior management roles, including Chief Financial Officer and President and Chief Operating Officer and as President and Chief Executive Officer, of Accuride Corporation (1998-2008)
-

Skills / Experience

- Financial expertise
 - Management experience
-

Education

- BS in Accounting, Pennsylvania State University
 - MBA, University of Colorado
-

Also...

Mr. Murphy is a Certified Public Accountant.



Steven H. Wunning

Age: 71

Director since 2016

BOARD COMMITTEES

- Human Capital and Compensation (Chair)
- Governance and Sustainability

OTHER BOARDS

- The Sherwin Williams Company
- Kennametal Inc.
- Black & Veatch Holding Company

Steven H. Wunning served as Group President and Executive Office Member for Caterpillar Inc. ("Caterpillar") from January 2004 until his retirement in February 2015. He joined Caterpillar in 1973.

Career Highlights

- Group President and Executive Office Member for Caterpillar from January 2004 until his retirement in February 2015
 - Various executive positions at Caterpillar, including Vice President, Logistics Division from January 2000 to January 2004 and Vice President, Logistics & Product Services Division from November 1998 to January 2000
-

Skills / Experience

- Extensive board and management experience
 - Industrial and building products industry expertise
-

Education

- BS in Metallurgical Engineering from Missouri University of Science and Technology
 - MBA, University of Illinois Urbana-Champaign
-

Also...

Mr. Wunning serves on the Board of Trustees of Missouri University of Science and Technology.

Directors Whose Terms Expire at the 2024 Annual Meeting



Susan A. Ellerbusch

Age: 54

Director since 2018

BOARD COMMITTEES

- Audit

Ms. Ellerbusch is currently the Senior Vice President, Strategic Direction for the Americas of Air Liquide S.A., a world leader in gases, technologies and services for industry and health, with a presence in 80 countries and more than 3 million customers and patients.

Career Highlights

- Chief Executive Officer of Air Liquide North America LLC (September 2019-January 2022)
 - Chief Executive Officer of Air Liquide USA LLC (June 2017-September 2019)
 - President, Air Liquide Large Industries U.S. (September 2015-June 2017)
 - Various executive positions, including President, BP Biofuels North America from 2008 to 2015
-

Skills / Experience

- Management and operational experience
 - Extensive knowledge of chemicals and energy industries
-

Education

- BS in genetics, University of Illinois Urbana-Champaign
 - MBA, University of Illinois Chicago
-

Also...

As head of Air Liquide's operations in the U.S. and Canada, Ms. Ellerbusch led the company's Large Industries, Industrial Merchant, Health Care, Hydrogen Mobility and Electronics businesses.



Howard L. Lance

Age: 66

Director since 2012

Chairman since 2013

BOARD COMMITTEES

- Human Capital and Compensation
- Governance and Sustainability

OTHER BOARDS

- Change Healthcare, Inc.
- New Vista Acquisition Corp.

Howard L. Lance is the former President and Chief Executive Officer of Maxar Technologies Inc. and its predecessor MacDonald, Dettwiler and Associates Ltd., a global communications and information company, a position he held from May 2016 until January 2019.

Career Highlights

- President and Chief Executive Officer, Maxar Technologies Inc. (May 2016-January 2019)
- Executive Advisor to The Blackstone Group L.P. (2012-April 2016)
- President & CEO, Harris Corporation (2003-2011)

Skills / Experience

- Leadership experience
- Extensive management and operational experience

Education

- BS in Industrial Engineering, Bradley University
- MS in Management from the Krannert School of Management at Purdue University

Also...

Before joining Harris Corporation, Mr. Lance was co-president of NCR Corporation and Chief Operating Officer of its Retail and Financial Group. Previously, he spent 17 years with Emerson Electric Co., where he held senior management positions including Executive Vice President of its Electronics and Telecommunications segment, Chief Executive Officer and director of its Astec electronics subsidiary in Hong Kong, Group Vice President of its Climate Technologies segment and President of its Copeland Refrigeration division.



Anne K. Wade

Age: 50

Director since 2016

BOARD COMMITTEES

- Audit

OTHER BOARDS

- Man Group plc
- Big Society Capital Ltd.

Anne K. Wade is currently a partner at Leaders' Quest, an organization focused on culture, values, and driving social and financial impact in major corporations.

Career Highlights

- As part of Leaders' Quest, Co-Director of the Banking Futures initiative in the UK (2014-2017)
- Senior Vice President and Director, Capital International, a part of the Capital Group Companies (1995-2012)

Skills / Experience

- Financial and investing experience
- Extensive knowledge of infrastructure sectors

Education

- BA, *magna cum laude*, Harvard University
- MS, London School of Economics

Also...

Ms. Wade is a Member of the Board of Trustees of the Heron Foundation in New York.

Board Organization

Good corporate governance at Summit Materials starts at the top—with how we, as the Board, are governed. We believe our board governance incorporates best-practice standards as appropriate for our Company:

- We have an independent board Chairman
- All members of our committees are independent
- All of our non-employee directors are independent
- All directors may request that items be added to the Board's agenda or the agenda of any committee on which they serve

Our Board is currently divided into three classes. At the Board's recommendation, at the Company's 2021 Annual Meeting, the Company's stockholders approved and adopted the Declassification Amendment. Accordingly, (i) the current Class I directors will be elected at this Annual Meeting to serve for a term of one year, (ii) the current Class I and II directors will be elected at the 2023 Annual Meeting to serve for a term of one year, and (iii) the current Class I, II and III directors will be elected at the 2024 Annual Meeting to serve for a term of one year, at which time all directors will be elected to serve for one year terms at all subsequent Annual Meetings.

Director Independence Determination

Under our Corporate Governance Guidelines and the NYSE corporate governance rules for listed companies, a director is not independent unless the Board affirmatively determines that he or she does not have a direct or indirect material relationship with us or any of our subsidiaries. In addition, the director must meet the bright-line test for independence set forth by the NYSE rules. Our Corporate Governance Guidelines define independence in accordance with the independence definition in the current NYSE rules. Our Corporate Governance Guidelines require the Board to review the independence of all directors at least annually. In the event a director has a relationship with the Company that is relevant to his or her independence and is not addressed by the objective tests set forth in the NYSE independence definition, the Board will determine, considering all relevant facts and circumstances, whether such relationship is material.

Our Board has affirmatively determined that each of Messrs. Cantie, Lance, Murphy, and Wunning and each of Mss. Cooney, Ellerbusch, Oates-Forney, and Wade is independent, under the guidelines for director independence set forth in the Corporate Governance Guidelines and under all applicable NYSE rules, including with respect to applicable committee membership. Our Board also has determined that (i) each of the members of the Audit Committee, Messrs. Cantie and Murphy and Mss. Ellerbusch and Wade, is "independent" for purposes of Section 10A(m)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and "financially literate" as required by NYSE rules and (ii) each of Messrs. Cantie and Murphy qualify as a "financial expert" as defined by SEC regulations.

In making its independence and financial literacy determinations, the Board considered and reviewed all information known to it, including information identified through annual directors' questionnaires.

Board Leadership

The Board directs and oversees the management of the business and affairs of the Company in a manner consistent with the best interests of the Company. The Board's responsibility is one of oversight, and in performing its oversight role, the Board serves as the ultimate decision-making body of the Company, except for those matters reserved to or shared with our stockholders.

In accordance with the Company's belief that its long-term success includes being good stewards of the environment, the Board oversees and supports the Company's initiatives in these areas. In addition, the Board takes pride in supporting the Company's efforts to offer a safe work environment to its employees and being a good corporate citizen in its local communities. In addition and as discussed below, in 2021, the Company's Nominating and Corporate Governance Committee was renamed the Governance and Sustainability Committee to emphasize the Company's commitment to social responsibility.

In accordance with our Corporate Governance Guidelines, the Board selects the Company's Chairman and the Company's Chief Executive Officer in any way it considers in the best interests of the Company and, accordingly, does not have a policy on whether the roles of Chairman and Chief Executive Officer should be separate or combined and, if separate, whether the Chairman should be selected from the independent directors. We believe that the separation of the Chairman of the Board and Chief Executive Officer positions is appropriate corporate governance for us as this time. Accordingly, Mr. Lance serves as the Chairman of the Board while Ms. Noonan serves as our Chief Executive Officer. Our Board believes that this structure best encourages the free and open dialogue of differing views and provides for strong checks and balances.

Corporate Governance Documents

Our investor relations website at investors.summit-materials.com/govdocs, “Governance Documents,” has additional information on our board governance and corporate governance, including our Corporate Governance Guidelines, our Code of Business Conduct and Ethics; and the charters approved by the Board for the Audit Committee, the Human Capital and Compensation Committee, and the Governance and Sustainability Committee.

Board Meetings and Committees

The Board meets regularly during the year and holds special meetings and acts by unanimous written consent when circumstances require. During 2021, there were seven (7) meetings of the Board. Each director attended at least 75% of the aggregate of the total number of meetings of the Board (held during the period for which he or she was a director) and the total number of meetings held by all committees on which he or she served (during the periods that he or she served) during 2021. In addition, directors are expected to make every effort to attend any meetings of stockholders. All of our directors attended the 2021 Annual Meeting of Stockholders.

The Board has established an Audit Committee, a Human Capital and Compensation Committee, and a Governance and Sustainability Committee (collectively, the “Committees”). The Committees keep the Board informed of their actions and assist the Board in fulfilling its oversight responsibility to stockholders. The table below provides current membership information as well as meeting information for the last fiscal year.

Name	Audit Committee	Human Capital and Compensation Committee	Governance and Sustainability Committee
Anne P. Noonan			
Howard L. Lance*		•	•
Joseph S. Cantie	•		
Anne M. Cooney		•	Chair
Susan A. Ellerbusch	•		
John R. Murphy	Chair		•
Tamla Oates-Forney		•	
Anne K. Wade	•		
Steven H. Wunning		Chair	•
Total Meetings in 2021	8	6	4

* Independent Chairman of the Board.

The functions performed by these Committees, which are set forth in more detail in their charters, are summarized below.

Audit Committee

Our Audit Committee consists of Messrs. Murphy and Cantie and Mss. Ellerbusch and Wade, with Mr. Murphy serving as chair.

Our Audit Committee is responsible for, among other things:

- selecting and hiring our independent registered public accounting firm, and approving the audit and non-audit services to be performed by our independent registered public accounting firm;
- assisting the Board in evaluating the qualifications, performance and independence of our independent registered public accounting firm;
- assisting the Board in monitoring the quality and integrity of our financial statements and our accounting and financial reporting;
- assisting the Board in monitoring our compliance with legal and regulatory requirements;
- **oversee the Company’s environmental, social and governance (“ESG”) reporting and disclosures (quantitative and qualitative) and related processes and controls, including conformity to the Company’s ESG strategy;**
- reviewing the adequacy and effectiveness of our internal control over financial reporting;
- assisting the Board in monitoring the performance of our internal audit function;
- reviewing with management and our independent registered public accounting firm our annual and quarterly financial statements;

- establishing procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
- preparing the Audit Committee Report that the rules and regulations of the SEC require to be included in our annual proxy statement;
- review and discuss with management and our independent registered public accounting firm our guidelines and policies with respect to risk assessment and risk management, including the major financial risk exposures and the steps management has taken to monitor and control such exposures; and
- review our information technology security controls with our Head of Information Technology and evaluate the adequacy of our information technology security program, compliance and controls with the Head of Information Technology.

Audit Committee Member Independence; Financial Literacy; Financial Expert

	Independent under NYSE governance standards and Rule 10A-3 of Exchange Act	Financially Literate	Audit Committee Financial Expert
John R. Murphy (Chair)	✓	✓	✓
Joseph S. Cantie	✓	✓	✓
Susan A. Ellerbusch	✓	✓	
Anne K. Wade	✓	✓	

Human Capital and Compensation Committee

In 2021, the Company's Compensation Committee was renamed the Human Capital and Compensation Committee to emphasize the Company's commitment to (i) diversity, equity, and inclusion, (ii) talent management, and (iii) fostering employee engagement and strengthening the Company's culture. Our Human Capital and Compensation Committee consists of Messrs. Wunning and Lance and Mss. Cooney and Oates-Forney, with Mr. Wunning serving as chair.

Our Human Capital and Compensation Committee is responsible for, among other things:

- reviewing and approving or making recommendations to the Board with respect to corporate goals and objectives relevant to the compensation of our Chief Executive Officer, evaluating his/her performance in light of those goals and objectives and determining and approving his/her compensation level based on such evaluation;
- reviewing and approving, or making recommendations to the Board with respect to, the compensation of our other executive officers, including annual base salary, bonus, equity-based incentives and other benefits;
- reviewing and recommending the compensation of our directors;
- reviewing and discussing annually with management our "Compensation Discussion and Analysis" disclosure required by SEC rules;
- preparing the Compensation Committee Report required by the SEC to be included in our annual proxy statement;
- reviewing and making recommendations with respect to our equity compensation plans;
- **review, periodically, the Company's (i) talent management strategies, such as the Company's recruitment, development, promotion and retention programs; (ii) diversity and inclusion within the Company; and (iii) employee engagement and company culture;**
- **report to the Board with respect to the Company's human capital management;** and
- reviewing and discussing with our Chief Executive Officer the Company's succession plans for key positions at the senior officer level, including the qualifications, experience, and development priorities for these individuals.

Governance and Sustainability Committee

In 2021, the Company's Nominating and Corporate Governance Committee was renamed the Governance and Sustainability Committee to emphasize the Company's commitment to (i) being socially responsible and aligning such responsibility with the Company's overall business strategy and (ii) implementing policies and initiatives relating to the environment with respect to energy management, climate change, and sustainability. Our Governance and Sustainability Committee consists of Messrs. Lance, Murphy, and Wunning and Ms. Cooney, with Ms. Cooney serving as chair.

Our Governance and Sustainability Committee is responsible for, among other things:

- assisting our Board in identifying prospective director nominees and recommending nominees to the Board;
- overseeing the annual evaluation of management;
- overseeing the annual evaluation of the Board in conjunction with our Chairman's regular informal interviews with our current directors to ensure the Board is functioning properly;
- reviewing and advising the Board on developments in corporate governance practices;
- developing and recommending a set of corporate governance guidelines;
- recommending members for each committee of our Board; and
- **overseeing the Company's approach to social responsibility and policies and initiatives related thereto.**

Director Nominations

The Governance and Sustainability Committee identifies individuals believed to be qualified as candidates to serve on the Board and selects, or recommends that the Board select, the nominees for all directorships to be filled by the Board or by our stockholders at an annual or special meeting.

In identifying candidates for membership on the Board, the Committee takes into account all factors it considers appropriate, which may include:

- individual qualifications, including strength of character, mature judgment, familiarity with the Company's business and industry, independence of thought and an ability to work collegially; and
- all other factors the Committee considers appropriate, which may include age, diversity of background, existing commitments to other businesses, potential conflicts of interest with other pursuits, legal considerations such as antitrust issues, corporate governance background, relevant career experience, relevant technical skills, relevant business or government acumen, financial and accounting background, executive compensation background and the size, composition and combined expertise of the existing Board.

Although the Governance and Sustainability Committee considers diversity in all its forms, including diversity of viewpoints, background and experiences, the Company does not have a formal diversity policy. **The Board is proud of the gender diversity it has been able to accomplish over the last few years, which has resulted in the Board being comprised of 56% females and 44% males.** In addition, the Board made strides in 2021 in other forms of diversity, including racial and ethnic diversity, in connection with the appointment of Ms. Oates-Forney, who identifies as African American.

The Committee also may consider the extent to which the candidate would fill a present need on the Board. When evaluating whether to re-nominate existing directors, the Committee considers matters relating to the retirement of current directors, as well as the performance of such directors.

The Governance and Sustainability Committee evaluates director candidates recommended by stockholders on the same basis as it considers other nominees. Any recommendation submitted to the Chief Legal Officer and Secretary should be in writing and should include any supporting material the stockholder considers appropriate in support of that recommendation, but must include information that would be required under the rules of the SEC to be included in a proxy statement soliciting proxies for the election of such candidate and the written consent of the candidate to serve as one of our directors, if elected. Stockholders wishing to propose a candidate for consideration may do so by submitting the above information to the attention of the Chief Legal Officer and Secretary, Summit Materials, Inc., 1550 Wynkoop Street, 3rd Floor, Denver, Colorado 80202. All recommendations for nomination received by the Chief Legal Officer and Secretary that satisfy the requirements of our Second Amended and Restated Bylaws (the "Bylaws") relating to such director nominations will be presented to the Governance and Sustainability Committee for its consideration. Please see the section entitled "Future Shareholder Proposals and Nominations" for information regarding the advance notice provisions applicable to stockholder director nominations set forth in our Bylaws.

Compensation Committee Interlocks and Insider Participation

During 2021, the members of the Human Capital and Compensation Committee were Messrs. Wunning and Lance and Mss. Cooney and Oates-Forney (beginning in May 2021), none of whom was, during the fiscal year, an officer or employee of the Company and none of whom has ever served as an officer of the Company. During 2021, none of our executive officers served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity whose executive officers served on our Human Capital and Compensation Committee or the Board.

Board Operations

The Board believes that the practices it follows and the guidelines it adopts governing how it operates set an important tone at the top. Among other things the Board:

- meets regularly;
- meets periodically in executive session of its independent directors;
- has the authority to retain independent advisors;
- enables directors to have access to management;
- limits the number of public company boards on which directors may serve;
- expects its members as well as the Company's executives to satisfy the stock ownership guidelines; and
- prohibits its members and the Company's executives from taking specified hedging and pledging actions with the Company's stock.

Executive Sessions and Communications with Directors

The Board's independent directors meet at regularly scheduled executive sessions without management present. Mr. Lance presides at executive sessions of independent directors.

Stockholders and other interested parties may communicate with the Board by writing to the Chief Legal Officer and Secretary, Summit Materials, Inc., 1550 Wynkoop Street, 3rd Floor, Denver, Colorado 80202. Written communications may be addressed to the Chairman of the Board, the chairperson of any of the Audit, Governance and Sustainability, and Human Capital and Compensation Committees, or to the non-management or independent directors as a group. The Chief Legal Officer will forward such communications to the appropriate party.

Risk Oversight

The Board exercises direct oversight of strategic risks to the Company. The Audit Committee reviews guidelines and policies governing the process by which senior management assesses and manages the Company's exposure to risk, including the Company's major financial and operational risk exposures and the steps management takes to monitor and control such exposures. The Human Capital and Compensation Committee oversees risks relating to the Company's compensation and human capital management policies and practices. Each committee charged with risk oversight reports to the Board on those matters.

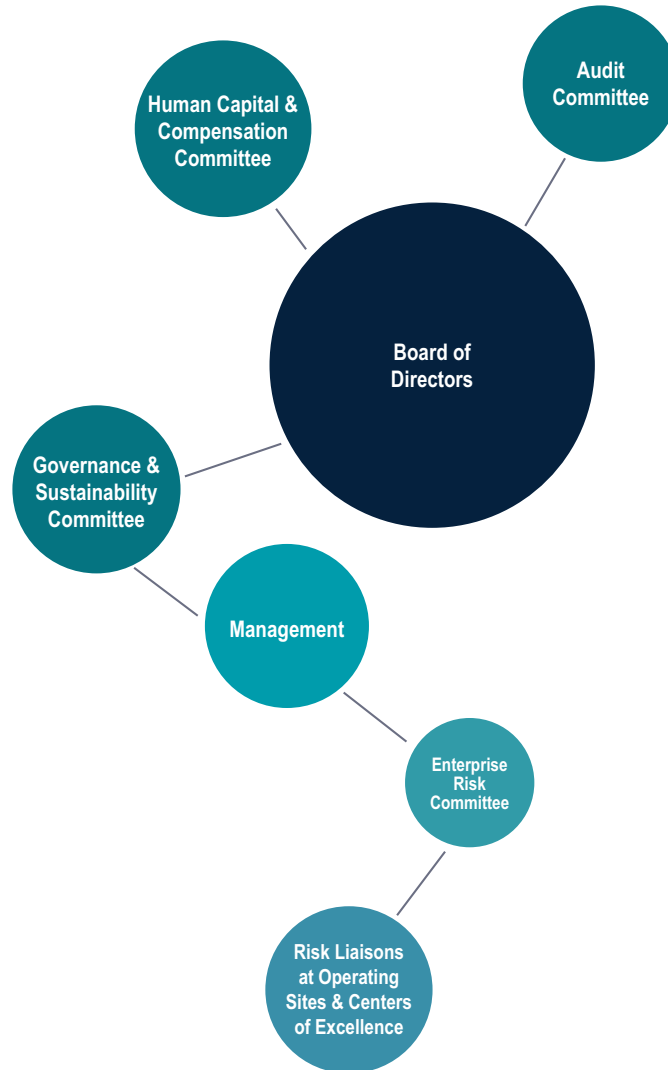
Cybersecurity Oversight

With respect to cybersecurity risk oversight, our Board and our Audit Committee receive updates from our information technology team to assess the primary cybersecurity risks facing the Company and the measures the Company is taking to mitigate such risks. In addition to such updates, our Board and our Audit Committee receive updates from management as to changes to the Company's cybersecurity risk profile or significant newly identified risks.

ESG Oversight

The Company recognizes that ESG performance is essential to the Company's long-term success and is an important issue to many of its stockholders. As a result, the Company has implemented the following oversight structure to ensure that the Company's performance in these areas is monitored appropriately:

ESG OVERSIGHT



In light of the importance of environmental and climate change matters to the Company, its shareholders, communities, customers, and employees, and the associated risks the Company faces, the full Board oversees environmental risk factors and receives regular updates from management and the Company's sustainability team on the Company's environmental risk profile and key risk mitigating initiatives. The Company's management functions involved in overseeing and managing climate risk include, but are not limited to, safety, sustainability, finance and internal audit, and legal. Furthermore, each of the Company's operations has personnel responsible for maintaining compliance with environmental rules and regulations.

In addition, the Company views sustainability as one of its core values and takes its responsibilities to the lands it operates on seriously. The Company has a dedicated Enterprise Risk Committee (the "ERC") that continually identifies and evaluates environmental and other risks, including the Company's compliance with environmental rules and regulations. The committee reports to the full Board. The ERC undertakes regular, systematized review of the environmental risks affecting the Company, including those associated with climate change, that may affect the Company's businesses and also meets with key leaders in the Company's operations to identify and address such risks.

The Company has established an Environmental Management System (the "EMS") called eVue to facilitate its ongoing compliance with environmental rules and regulations. The Company implemented this system across its operations in 2021.

With respect to abnormal weather and other physical effects of climate change, to which, as an outdoor business, the Company is acutely attuned, the Company is seeking to monitor and reduce its contribution to climate change. The Company's efforts include, but are not limited to, the following:

- Establishing clear 2030 and 2050 targets for carbon emissions reductions, including a strategy for achieving net zero emissions by 2050, land use improvement, and social impact;

- Reporting on its sustainability progress annually under the SASB Construction Materials Framework;
- Aligning with the United Nations Sustainable Development Goals to guide and influence the Company's programs and reporting;
- Membership in the UN Global Compact;
- Recycling of hazardous waste, and use of such waste as an alternative fuel source to power the Company's cement plants;
- Use of hybrid vehicles and equipment;
- Use of recycled materials, including recycled asphalt and recycled concrete;
- Managing and tracking the Company's fleet to optimize fuel efficiency and reduce unnecessary consumption;
- Managing and mitigating the Company's waste;
- Promoting progressive reclamation and biodiversity focused actions; and
- Tracking and managing the Company's water use, with a focus on areas of water scarcity.

The Company also continues to comprehensively focus on its energy inputs, CO₂ and other pollutant emissions from its cement plants. From an energy use standpoint, the Company's alternative fuel usage rate of 35% to 40% at its cement plants is notable in comparison to the average U.S. industry rate of 25% as reported by the U.S. Environmental Protection Agency in 2008. The Company has made advancements in recent years to (i) accept more diverse materials at its hazardous waste recycling business, (ii) increase its alternative fuel use, and (iii) divert thousands of pounds of waste from landfills. The Company has also developed a long-term strategy to address its CO₂ emissions from its cement operations that are fully discussed in its 2021 sustainability report.

With respect to emissions impacts, in 2021 the Company completed a comprehensive review of the Company's greenhouse gas ("GHG") emissions reporting capabilities across all of the Company's operations for 2020. This assessment focused on Scope 1 and Scope 2 emissions, which represent emissions from direct operations and indirect electricity purchases, respectively.

Now that the Company has implemented the appropriate reporting framework and controls, the Company has been able to establish goals related to emissions and other factors contributing to climate change. As the Company systematizes its approach to mitigating its climate impact, it will continue to pursue and expand upon the beneficial initiatives it is already implementing, such as the use of hybrid vehicles, a robust recycling and waste program, and sourcing alternative fuels to power its operations.

The Company also seeks to carry out progressive reclamation whenever possible, and it believes in the protection and restoration of areas of high biodiversity value. In 2014, the Company established a partnership with the Wildlife Habitat Council ("WHC"). We currently have seven sites certified by the WHC, covering approximately 2,300 acres across the country. In 2021, our Davenport, Iowa Cement Plant's Wildlife Restoration Area was awarded Gold Tier WHC Conversation Certification by the WHC. In addition, our reclamation efforts in Kansas, having been awarded the Governor's Mined Land Reclamation Award by the Kansas Department of Transportation, are an indicator of the Company's values in action. We remain focused on exploring new, innovative ways in which the Company can meaningfully reduce the environmental impact where we operate and are wholly in support of achieving carbon neutrality by 2050.

Finally, the Company values the communities in which it operates and offers engagement through STEM education programs to enhance local education programs, encourage transparency and outreach.

Code of Ethics

The Company's Code of Business Conduct and Ethics applies to all of its officers, directors and employees, including its principal executive officer, principal financial officer and principal accounting officer, or persons performing similar functions and is posted on our website. The Company's Code of Business Conduct and Ethics is a "code of ethics," as defined in Item 406(b) of Regulation S-K. The Company will make any legally required disclosures regarding amendments to, or waivers of, provisions of our Code of Business Conduct and Ethics on its website.

Short Sales and Hedging Policy

The Company's Securities Trading Policy prohibits directors, officers, and employees ("Summit Materials Personnel"), family members of Summit Materials Personnel and trusts, corporations and other entities controlled by any such persons (collectively, "Insiders") from trading in options, warrants, puts and calls or similar instruments on the Company's securities or selling such securities "short" (i.e., selling stock that is not owned and borrowing the shares to make delivery). In addition, Summit Materials Personnel are prohibited under the Securities Trading Policy from engaging in any transactions (including variable forward contracts, equity swaps, collars and exchange funds) that are designed to hedge or offset any decrease in the market value of the Company's equity securities.

Director Compensation

In 2021, all of the Company's non-employee directors received annual cash compensation of \$100,000. The independent chairperson of the Board received an additional \$150,000 in cash compensation. The respective chairpersons of the Audit Committee, Human Capital and Compensation Committee and Governance and Sustainability Committee (unless such chairperson is also the chairperson of the Board) received an additional \$15,000, \$10,000 and \$10,000, respectively. Directors who were not employed by us may also receive compensation, from time to time, for service on any special committees of the Board. The Company reimburses its directors for any reasonable expenses incurred by them in connection with services provided in such capacity.

In addition, during 2021, all of the Company's non-employee directors received an annual award of restricted stock units ("RSUs") valued at \$125,000, which amount differs from the grant date fair value of the RSUs. A grant of 4,374 RSUs was made to each of Messrs. Lance, Cantie, Murphy, and Wunning and Mss. Cooney, Ellerbusch, and Wade on March 30, 2021. A grant of 4,054 RSUs was made to Ms. Oates-Forney when she joined the Board on May 19, 2021. The RSUs were granted under the Summit Materials, Inc. Amended and Restated 2015 Omnibus Incentive Plan (the "Omnibus Incentive Plan"), and the terms thereof are outlined in the table below. Further, the RSU awards are subject to the Company's incentive clawback policies, as in effect from time to time.

Aon's Human Capital Solutions Practice, a division of Aon plc ("Aon"), the Company's independent compensation consultant (the "Independent Compensation Consultant"), performs a comprehensive competitive total compensation review for the Company's non-employee directors every other year. A competitive total compensation study was performed in November 2020, comparing the Company's total compensation structure and value to peer companies. The Company is currently competitively positioned. In the years the Independent Compensation Consultant does not perform a comprehensive review, they review broader U.S. market trends with the Human Capital and Compensation Committee.

Award Type	Vesting	Termination or Change in Control Provisions
RSUs	Vest on the first anniversary of the date of grant(1)	<ul style="list-style-type: none"> • Death or Disability / By the Company Without Cause: Unvested portion will immediately vest. • Retirement(2) / Declining to Stand for Re-election to Our Board(3): Prorated portion immediately vests; settled at such time as would have been settled according to the original vesting schedule. • Change in Control: Accelerated only if not continued, converted, assumed or replaced by the Company or successor entity. • By the Company For Cause: Vested and unvested portions are forfeited.

(1) Non-employee directors have the right to defer the settlement of annual awards of RSUs until the earlier of (i) the first business day in a year, specified by the director, that is after the date of vesting provided in the RSU award agreement and (ii) a specified period after the director's service on the Board ends.

(2) "Retirement" is defined in the director form of RSU award agreement as a director's resignation from service on our Board (other than due to death or disability or termination by the Company without cause), prior to the expiration of his or her term and on or after the date he or she attains age seventy.

(3) In each case, as of or after the regular annual meeting of stockholders for the calendar year which includes the date of grant.

Director Compensation Table

The table below summarizes the compensation paid to non-employee directors for the year ended January 1, 2022.

Name	Fees Earned or Paid in Cash	Stock Awards(1)(2)	Total Compensation
Howard L. Lance	\$250,000	\$129,033	\$379,033
Joseph S. Cantie	\$100,000	\$129,033	\$229,033
Anne M. Cooney	\$110,000	\$129,033	\$239,033
Susan A. Ellerbusch	\$100,000	\$129,033	\$229,033
John R. Murphy	\$115,000	\$129,033	\$244,033
Tamla Oates-Forney	\$100,000	\$128,998	\$228,998
Anne K. Wade	\$100,000	\$129,033	\$229,033
Steven H. Wunning	\$110,000	\$129,033	\$239,033

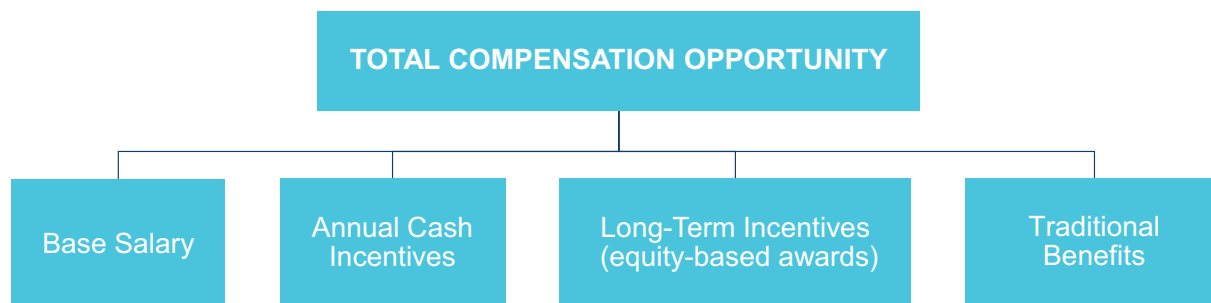
(1) The amounts reported in the Stock Awards column reflect the aggregate grant date fair value of RSUs granted in fiscal 2021, computed in accordance with ASC 718, utilizing the assumptions discussed in Note 13, *Stock-Based Compensation*, to our audited consolidated financial statements included in the 2021 Annual Report. As of January 1, 2022, each of our non-employee directors (other than Ms. Oates-Forney) held 4,374 RSUs and Ms. Oates-Forney held 4,054 RSUs. As noted above, our targeted equity value is \$125,000 annually. The value in this column does not necessarily match the \$125,000 target because we calculate

the number of RSUs to grant based on the 20-day average closing stock price immediately preceding the grant date in order to mitigate the potential impact of short-term stock price swings on our equity grants.

- (2) We did not make any option awards to directors in fiscal 2021. As of January 1, 2022, Messrs. Lance and Murphy held 81,611 and 10,220 time-vesting Leverage Restoration Options, respectively. Time-vesting Leverage Restoration Options held by our directors have the same vesting terms as those held by our NEOs and described in “Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Pre-IPO Long-Term Incentive Awards (Value From Modifications to Eliminate Misalignment Post-IPO).”

OUR PAY

Our “Say-on-Pay” Resolution Received 98% Support in 2021.



We believe our executive compensation structure is competitive, is aligned with current governance trends and contains stockholder-friendly features. These stockholder-friendly features include the following:

What We Do (Best Practice)

- ✓ Enforce strict insider trading, anti-hedging and anti-pledging policies
- ✓ Set robust stock ownership guidelines for executives and directors
- ✓ Provide provisions for recoupment (“clawback”) of equity incentive compensation in our award agreements and adopted a policy for clawback of annual cash bonuses and equity incentive compensation
- ✓ Disclose performance goals for incentive programs
- ✓ Set a maximum payout limit on our annual and long-term incentive programs for our NEOs
- ✓ Incorporate double-trigger change-in-control provisions that are consistent with market practice
- ✓ Retain an independent compensation consultant that reports directly to the Human Capital and Compensation Committee
- ✓ Perform an annual compensation program risk assessment to ensure that the Company’s compensation policies and practices are not reasonably likely to have a material adverse effect on the Company
- ✓ Strong alignment between pay and company performance
- ✓ Annual review of share utilization

What We Don’t Do / Don’t Allow

- ✗ No change-in-control severance multiple in excess of three times salary and target bonus
- ✗ No excise tax gross-ups upon a change in control
- ✗ No re-pricing or cash buyout of underwater stock options
- ✗ No enhanced retirement formulas
- ✗ No guaranteed compensation
- ✗ No market timing with granting of equity awards
- ✗ Substantially no perquisites for our NEOs
- ✗ No payment of dividends or dividend equivalents on unvested stock or unearned performance units

ITEM 2

NONBINDING ADVISORY VOTE ON THE COMPENSATION OF OUR NEOs

Under the Dodd-Frank Wall Street Reform Consumer Protection Act (the “Dodd-Frank Act”) and Section 14A of the Exchange Act, our stockholders are entitled to vote to approve, on a nonbinding advisory basis, the compensation of our NEOs, as disclosed in this Proxy Statement in accordance with SEC rules. The compensation of our NEOs subject to the vote is disclosed in the Compensation Discussion and Analysis, the compensation tables, and the related narrative disclosure contained in this Proxy Statement. The compensation of our NEOs is designed to enable us to attract and retain talented and experienced executives to lead us successfully in a competitive environment, while ensuring that our executives remain incentivized to accomplish the Company’s long-term business plan. As discussed in this Proxy Statement, the vast majority of each NEO’s pay is at-risk and largely tied to challenging performance goals. We believe that our compensation policies and decisions are strongly aligned with our stockholders’ interests.

The Board is asking our stockholders to indicate their support for the compensation of our NEOs as disclosed in this Proxy Statement by casting a nonbinding advisory vote “FOR” the following resolution:

“RESOLVED, that the compensation paid to our NEOs, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative disclosure, is hereby APPROVED.”

Because the vote to approve the compensation of our NEOs is advisory, it is not binding on the Board or the Company. Nevertheless, the views expressed by our stockholders, whether through this vote or otherwise, are important to management and the Board and, accordingly, the Board and the Human Capital and Compensation Committee intend to consider the results of this vote in making determinations in the future regarding executive compensation arrangements, as a part of its robust compensation review and assessment process. Nonbinding advisory approval of this proposal requires the vote of the holders of a majority of the voting power of the shares present in person or represented by proxy and entitled to vote on the matter at the Annual Meeting.

THE BOARD RECOMMENDS A VOTE “FOR” THE APPROVAL, ON A NONBINDING ADVISORY BASIS, OF THE COMPENSATION OF OUR NEOs, AS DISCLOSED IN THIS PROXY STATEMENT

ITEM 3

NONBINDING ADVISORY VOTE ON THE FREQUENCY OF SOLICITATION OF NONBINDING ADVISORY STOCKHOLDER APPROVAL OF THE COMPENSATION OF OUR NEOs

The Dodd-Frank Act and Section 14A of the Exchange Act enable our stockholders, at least once every six years, to indicate their preference regarding how frequently we should solicit a nonbinding advisory vote on the compensation of our NEOs as disclosed in our proxy statement. Accordingly, we are asking our stockholders to indicate whether they would prefer a nonbinding advisory vote every year, every two years, or every three years. Alternatively, stockholders may abstain from casting a vote. After considering the benefits and consequences of each alternative, the Board recommends that the nonbinding advisory vote on the compensation of our NEOs be submitted to our stockholders once every year.

The alternative among one year, two years, or three years (if any) that receives the votes of the holders of a majority of the voting power of the shares present in person or represented by proxy and entitled to vote on the matter at the Annual Meeting will be deemed to be the frequency preferred by our stockholders. While the Board believes that its recommendation is appropriate at this time, our stockholders are not voting to approve or disapprove that recommendation, but are instead being asked to indicate their preferences, on a nonbinding advisory basis, as to whether the nonbinding advisory vote on the approval of the compensation of our NEOs should be held every year, every two years, or every three years. The Board and the Human Capital and Compensation Committee value the opinions of our stockholders in this matter and, to the extent there is any significant vote in favor of one frequency over the other options, even if less than a majority, the Board will consider our stockholders' concerns and evaluate any appropriate next steps. However, because this vote is advisory and, therefore, not binding on the Board of Directors or the Company, the Board may decide that it is in the best interests of our stockholders that we hold a nonbinding advisory vote on the compensation of our NEOs more or less frequently than the option preferred by our stockholders. The vote will not be construed to create or imply any change or addition to the fiduciary duties of the Compensation Committee, the Board, or the Company.

THE BOARD RECOMMENDS A VOTE FOR “ONE YEAR” WITH RESPECT TO HOW FREQUENTLY A NONBINDING ADVISORY VOTE ON THE COMPENSATION OF THE COMPANY’S NEOs SHOULD OCCUR

Compensation Committee Report

The Human Capital and Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on this review and discussion, the Human Capital and Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included (incorporated by reference) in the Company's Annual Report on Form 10-K for the fiscal year ended January 1, 2022 and in this Proxy Statement.

Submitted by the Human Capital and Compensation Committee of the Board.

Steven H. Wunning, Chair
Anne M. Cooney
Tamla Oates-Forney
Howard L. Lance

Compensation Discussion and Analysis—Executive Summary

Named Executive Officers

The following Compensation Discussion and Analysis (“CD&A”) describes our 2021 executive compensation structure, earned by or paid to the following named executive officers (“NEOs”):

Anne P. Noonan	President and Chief Executive Officer
Brian J. Harris	Executive Vice President and Chief Financial Officer
Karli S. Anderson(1)	Executive Vice President, Chief Environmental, Social & Governance Officer and Head of Investor Relations
Christopher B. Gaskill(2)	Executive Vice President, Chief Legal Officer and Secretary
Deon MacMillan(3)	Executive Vice President, Chief People Officer and Head of Corporate Communications

(1) Ms. Anderson was promoted to Executive Vice President, Chief Environmental, Social & Governance Officer and Head of Investor Relations in March 2021.

(2) Mr. Gaskill was promoted to Executive Vice President, Chief Legal Officer and Secretary in March 2021.

(3) Ms. MacMillan joined the Company as its Executive Vice President, Chief People Officer and Head of Corporate Communications in March 2021.

2021 Financial Highlights

The Company launched its Elevate Summit strategy in March 2021. Elevate Summit has multiple aspects and horizons:

- become the market leader in advantaged exurban & markets where we invest and grow for a #1 or #2 market position;
- utilize asset light partnerships to maximize the pull through and reduce volatility in select markets while enhancing EBITDA margin and return on invested capital (“ROIC”);
- become the most socially responsible integrated construction materials solution provider; and
- develop innovative solutions to address tomorrow’s challenges.

Within these key themes, we specifically targeted a reduction in leverage below 3X EBITDA, increase in margins and optimization of our portfolio.

This allowed the Company to achieve the following in 2021:

- Strong net revenue gains in our aggregates, ready-mix concrete, and cement lines of business.
- Net revenue growth across all three reporting Segments, despite 8 divestitures during 2021, which resulted in cash proceeds received of \$128 million.
- Net income attributable to Summit of \$152.2 million, adjusted cash gross profit of \$673.3 million (a non-GAAP financial measure) of adjusted EBITDA of \$520.1 million (a non-GAAP financial measure) and free cash flow of \$161.6 million (a non-GAAP financial measure).
- The Company focused on sustainable growth with investments in greenfields while advancing strategic divestitures that enhanced our market leadership.
- The Company repaid \$300 million of Senior Notes due 2025 using existing cash on hand.
- Reduced our leverage ratio to 2.5X Net Debt to Adjusted EBITDA (a non-GAAP financial measure) at year end 2021, the lowest debt ratio in the Company’s history.

* See “Reconciliation of Non-GAAP Measures to GAAP” on Annex A.

Compensation Discussion and Analysis—What We Paid

In 2021, our executive compensation structure consisted of four primary components: base salary; annual cash incentives; long-term equity incentives and traditional health/welfare plans. We provide substantially no perquisites to our NEOs.

2021 Compensation at a Glance

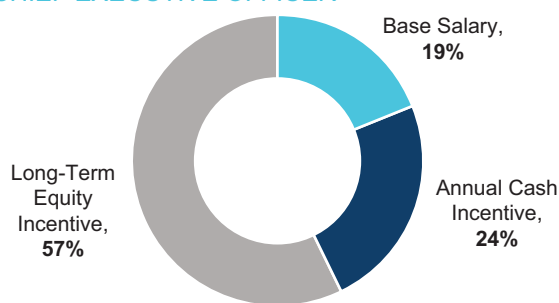
	Pay Element	Description	2021 Payout / Changes
Fixed	Base Salary	Fixed pay to recruit and retain executives	<p>Base salaries increased for our NEOs as follows: Ms. Noonan and Mr. Harris by 3%, which was our standard merit increase for corporate employees in 2021, consistent with competitive market practices, Ms. Anderson by 40%, and Mr. Gaskill by 28%.</p> <p>The base salary increases for Ms. Anderson and Mr. Gaskill reflected our standard merit increase and additional increases in connection with their promotions to Executive Vice President and to reflect competitive market practices for similar roles and responsibilities. Ms. Anderson's increase was approved in November 2021 and was retroactive as of March 29, 2021.</p>
	Variable	Annual Cash Bonus	<p>Annual cash incentives based on rigorous financial, operational and personal goals measured over one year:</p> <ul style="list-style-type: none"> • 50% Adjusted EBITDA • 20% Operating Cash Flows • 10% Safety • 20% Personal Objectives
Long-Term Equity Incentives		<p>Annual long-term equity awards align executives' interests with stockholders.</p> <p>50% Performance Units</p> <ul style="list-style-type: none"> • Vest 50% based on three-year relative total shareholder return ("TSR") compared to Materials and Capital Goods Companies (consisting of GICS industry groups 2010 and 1510) from the S&P 400 Midcap Index. • Capped at target if absolute TSR is negative. • Vest 50% based on the average three-year ROIC performance for three successive one-year periods. Maximum payout is capped at 200% of target. • Grants are based in the Company's Class A Common Stock. 	<p>For 2021, our NEO target Long-Term Equity Incentive opportunities were (i) the same as 2020 for Ms. Noonan and Mr. Harris and (ii) increased for Ms. Anderson and Mr. Gaskill in connection with their promotions to Executive Vice President and to reflect competitive market practice for their new roles.</p> <p>For the performance period January 1, 2019 through December 31, 2021, our Relative TSR ranked at the 97th percentile, resulting in a payout equal to 200% of target.</p> <p>Return on invested capital (ROIC) was added to our program structure in 2020. We believe ROIC performance has a direct alignment with share price and stockholders' interests.</p>
			<p>50% RSUs</p> <ul style="list-style-type: none"> • Vest ratably over 3 years. • Grants are based in the Company's Class A Common Stock.
Other	Traditional Benefits	Executive benefits are substantially similar to benefits offered to other employees.	No change

Pay Mix and Magnitude

The Human Capital and Compensation Committee believes that a significant majority of both the Chief Executive Officer's and other NEOs' pay should be at risk and not guaranteed. Compensation is tied to challenging performance objectives and this is illustrated in our pay mix. A large percentage of total target compensation is at risk through long-term equity awards and annual cash incentive awards. These awards are linked to performance measures that correlate with long-term stockholder value creation. The amounts actually realized by our NEOs with respect to these awards depend on a variety of factors, including the level of attainment of the relevant performance goals and the extent of vesting of performance units and RSUs and the value of our stock when performance units and RSUs vest.

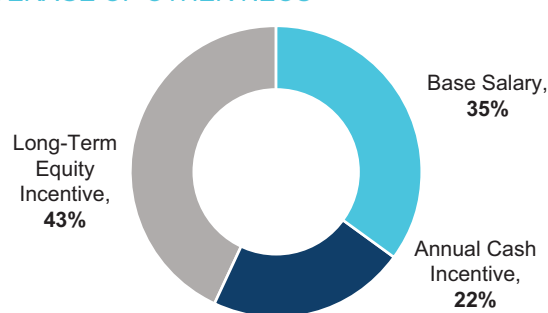
The target values of long-term equity incentive awards used in the charts below differ from the compensation reported in the Summary Compensation Table due to the use of the grant date fair value in the Summary Compensation Table which is calculated in accordance with ASC 718, utilizing the assumptions discussed in our audited consolidated financial statements included in the 2021 Annual Report. The mix of total direct compensation at target for 2021 for our Chief Executive Officer and the average of our other NEOs is shown in the charts below.

CHIEF EXECUTIVE OFFICER



At-Risk Performance-Based Pay: 81%

AVERAGE OF OTHER NEOs



At-Risk Performance-Based Pay: 65%

The Human Capital and Compensation Committee approved the following compensation targets for 2021:

	Base Salary	Annual Bonus Target as % of Base Salary	Long-Term Incentive Target as % of Base Salary
Anne P. Noonan	\$952,750	125%	305%
Brian J. Harris	\$619,030	75%	155%
Karli S. Anderson	\$375,000	60%	125%
Christopher B. Gaskill	\$420,000	60%	125%
Deon MacMillan	\$450,000	60%(1)	125%(2)

- (1) Pursuant to Ms. MacMillan's offer letter, her target annual cash bonus for 2021 was prorated for the period of time in which she was employed by the Company.
- (2) Pursuant to Ms. MacMillan's offer letter, she received an initial award of RSUs promptly following her start date with a value of \$450,000 (100% of base salary) that vest as follows: (i) \$150,000 to vest on the grant date, (ii) \$175,000 to vest on the first anniversary of the grant date, and (iii) \$125,000 to vest on the second anniversary of the grant date. Then, beginning in 2022, her annual target award is expected to have a grant date fair value of 125% of her annual base salary.

Elements of Pay: Base Salary

The Human Capital and Compensation Committee determines base salaries for the NEOs and other executives based on a number of factors, including but not limited to, the Human Capital and Compensation Committee's understanding of executive pay practices, individual performance, Company performance and management recommendations (except with respect to the Chief Executive Officer).

Base salaries increased for Ms. Noonan and Mr. Harris by 3%, which was our standard merit increase for corporate employees in 2021, Ms. Anderson by 40%, and Mr. Gaskill by 28%. The base salary increases for Ms. Anderson and Mr. Gaskill reflected our standard merit increase and additional increases in connection with their promotions to Executive Vice President. Ms. Anderson's base salary increase was approved in November 2021 and was retroactive as of March 29, 2021. These base salaries reflect a thorough review of competitive market data, internal alignment of total compensation opportunity, and are consistent with competitive market data provided by the Independent Compensation Consultant.

	2021 Target Base Salary	2020 to 2021 Increase
Anne P. Noonan	\$952,750	3.0%
Brian J. Harris	\$619,030	3.0%
Karli S. Anderson	\$375,000	40%(1)
Christopher B. Gaskill	\$420,000	28%(2)
Deon MacMillan	\$450,000	NA(3)

(1) Ms. Anderson was promoted to Executive Vice President, Chief Environmental, Social & Governance Officer and Head of Investor Relations in March 2021.

(2) Mr. Gaskill was promoted to Executive Vice President, Chief Legal Officer and Secretary in March 2021.

(3) Ms. MacMillan joined the Company as its Executive Vice President, Chief People Officer and Head of Corporate Communications in March 2021.

Elements of Pay: Annual Cash Incentives

2021 TARGET ANNUAL INCENTIVE AWARD OPPORTUNITIES

At the start of each fiscal year, the Board approves annual incentive compensation targets, as a percentage of target base salary, based on competitive market data provided by the Independent Compensation Consultant for our direct competitors and overall peer group, management's recommendations and other relevant factors. The 2021 annual incentive targets, as a percentage of target base salary, for our NEOs were unchanged from 2020 (other than Ms. Anderson and Mr. Gaskill whose targets were increased in connection with their promotions and Ms. MacMillan whose first day of employment with the Company was in March 2021) as follows:

	Target Bonus
Anne P. Noonan	125%
Brian J. Harris	75%
Karli S. Anderson	60%
Christopher B. Gaskill	60%
Deon MacMillan	60%

(1) For 2021, Ms. MacMillan's annual incentive award was prorated based on the number of days Ms. MacMillan was employed by the Company in 2021.

2021 ANNUAL INCENTIVE METRICS

The metrics underlying our annual incentive were selected as the strongest indicators of our success. Adjusted EBITDA and operating cash flow are among our most important financial measures, while safety goals ensure that we focus on sustainable performance. Personal objectives measure progress against key milestones that are important to long-term value creation. The Board has discretion to adjust the target financial metrics to reflect, among other things, mergers, acquisitions, divestitures and other non-routine activity both inside and outside of management's control during the fiscal year.

For 2021, performance metrics and weightings were as follows for our NEOs:

Metric and Weighting	Definition / Notes
Adjusted EBITDA (50%)	Net income (loss) before interest expense (income), income tax expense (benefit) and depreciation, depletion and amortization, adjusted to exclude accretion, loss on debt financings, transaction costs, non-cash compensation and certain other non-cash and non-operating items.
Operating Cash Flow (20%)	Annual cash flow in excess of capital transactions and acquisitions.
Safety (10%)(1)	Any employee work-related injury that requires medical treatment and results in a positive diagnosis of an injury, a prescription or work restrictions (per OSHA), divided by hours worked.
Recordable Incident Rate (RIR)	
Lost Time Incident Rate (LTIR)	Same as RIR but only includes injuries that result in at least one full day away from work.
Preventable Incident Rate (PVIR)	The number of preventable auto safety incidents, divided by miles driven.
Cost Per Man Hour (CPMH)	Based on the total incurred insurance-company-posted claim reserves on 12/31 of a given year for all workers compensation, general liability and auto liability claims divided by the hours worked in that same calendar year.
Personal Objectives (20%)	Varies by individual. See “Performance Targets and Payout Ranges—Personal Performance Goals.”

(1) Safety metrics included various metrics related to the frequency and severity of reported incidents. For 2021, the safety metrics (and the weightings assigned to each safety metric for each NEO) included RIR (4% total award payout), LTIR (1.5% total award payout), PVIR (3% total award payout), and CPMH (1.5% total award payout).

PERFORMANCE TARGETS AND PAYOUT RANGES

The achievement factor for each of the performance metrics was determined by multiplying the weight attributed to each performance metric by the applicable payout percentage for each metric. For corporate EBITDA and corporate cash flow payout percentages were determined by calculating actual achievement against the target amount based on a pre-established scale.

Financial Performance

For corporate EBITDA and corporate operating cash flow, payout percentages for actual performance between the specified threshold, target, and maximum performance levels is interpolated on a straight-line basis. The following table shows the payout percentages associated with various levels of achievement of corporate EBITDA and operating cash flow:

	2021 Payout Percentage		
	25% (Threshold)	100% (Target)	200% (Maximum)
2021 Corporate EBITDA (Performance as a Percentage of Target)	90%	100%	110%
	5% (Threshold)	100% (Target)	150% (Maximum)
2021 Corporate Operating Cash Flow (Performance as a Percentage of Target)	90%	100%	110%

Safety Performance Targets

The overall safety metric achievement factor equals the sum of each metric’s payout percentage multiplied by its weighting. The maximum payout opportunities for the safety metrics is 150% of target. For the safety metrics, payout percentages for actual achievement between the specified threshold, target and maximum levels were adjusted on a linear basis. For the safety metrics below, the lower the result, the stronger the performance. All safety targets, other than CPMH, required year-over-year improvement in performance.

	2021 Payout Percentage		
	0% (Threshold)	100% (Target)	150% (Maximum)
RIR—40% Safety	1.32	1.15	0.95
LTIR—15% Safety	0.174	0.15	0.08
PVIR—30% Safety	1.06	0.98	0.88
CPMH—15% Safety	0.21	0.17	0.155

Personal Performance Goals

Personal performance goals may be focused on any combination of corporate, business-unit, or role-specific accomplishments or behaviors that focus executives on accomplishing our long-term business plan. The maximum payout under the Personal Performance Goal portion of the annual incentive is 200% of target.

Anne P. Noonan

Ms. Noonan's personal performance goals included defining a comprehensive multi-year strategic roadmap for the Company in order to clearly define the Company's future. The roadmap was to focus on financial performance, optimizing the Company's portfolio for sustainable growth, improving ESG performance and a creating a disciplined capital allocation that maximizes shareholder value. In addition, Ms. Noonan was to create a set of core values for the Company in order to increase employee engagement, accountability, sense of community, diversity and inclusivity. Further, Ms. Noonan was to recruit a chief people officer, establish an upgraded enterprise risk management process, develop an information technology roadmap, and increase the overall effectiveness of her position.

Brian J. Harris

Mr. Harris's personal performance goals included completing a corporate strategic roadmap and creating strategic plans for the Company's finance and information technology functions. In addition, Mr. Harris, in conjunction with Ms. Anderson, was to complete a new investor relations communication package, attend 10-15 investor conferences and 7-12 non-deal roadshows, and potentially an investor day. Further, Mr. Harris was to analyze and improve the Company's capital structure, portfolio management, and finance department and perform benchmarking of finance and information technology functions against the Company's peers.

Karli S. Anderson

Ms. Anderson's personal performance goals included developing and implementing a strategic roadmap to position the Company to lead its industry in social responsibility. Ms. Anderson was expected to quantify and deliver a SASB (Sustainability Accounting Standards Board) compliant baseline study encompassing social impact, land use and GhG emissions and to resource the function. She was also expected to improve ESG awareness and engagement throughout the business, evaluate current product initiatives, initiate strategic alliances and partnerships, and identify sustainable innovation opportunities to align with evolving customer and stakeholder needs.

In addition, Ms. Anderson was to standardize the Environmental, Health and Safety function across the business with regard to goals, reporting, document retention and planning as well as to integrate the functions into a single technology platform and begin to drive a culture of zero harm throughout the business. Further, Ms. Anderson was to complete a new investor relations communication package, deliver an investment day that effectively communicated Summit's strategy, solicit continuous feedback loop with investors, and, in conjunction with Mr. Harris, attend 10-15 investor conferences and 7-12 non-deal roadshows.

Christopher B. Gaskill

Mr. Gaskill's personal performance goals included defining a comprehensive multi-year strategic roadmap for the Company in order to clearly define the Company's future. In addition, Mr. Gaskill was to lead certain corporate governance objectives, including de-staggering the Company's board, eliminating the supermajority voting requirement, reflecting ESG oversight responsibilities in the Company's governance documents, and implementing an employee stock purchase plan. Further, Mr. Gaskill was to create a strategic roadmap for the legal department and to implement appropriate employee covenants to reduce the Company's risk profile. Finally, Mr. Gaskill was to improve compliance training and procedures to support the Company's core values and work to improve the legal department's efficiencies.

Deon MacMillan

Ms. MacMillan's personal performance goals included creating a roadmap setting forth the Company's human resources function. In addition, Ms. MacMillan was to create a request for proposal for the Company's benefits programs. Further, Ms. MacMillan was to work with the legal department to implement appropriate employee covenants to reduce the Company's risk profile.

2021 ACTUAL PERFORMANCE AND PAYOUTS

The initial targets shown in the below table are based on the performance goals and funding scales approved in the first quarter of 2021. However, the targets for corporate EBITDA and corporate operating cash were modestly decreased and increased, respectively, to account for acquisitions and dispositions during the year. The actual results for the 2021 annual incentive plan were certified by the Human Capital and Compensation Committee as shown in the below table.

	Initial Target	Adjusted Target	Actual Results(1)	Payout Percentage	Weight	Weighted Payout Percentage
Corporate EBITDA (\$ Millions)	\$518	\$512.3	\$516.8	107%	50%	53.5%
Corporate Operating Cash Flow (\$ Millions)	\$314	\$315.1	\$253.3	0%	20%	0%

(1) See "Reconciliation of Non-GAAP Measures to GAAP" on Annex A.

With respect to the corporate operating cash flow metric, which represented 20% of the total opportunity, the Human Capital and Compensation Committee conducted a qualitative evaluation of the performance of the NEOs. The Human Capital and Compensation Committee took note of an important factor that substantially affected corporate operating cash flow that was outside management's control: adverse weather events and conditions across the Company's geographic markets in October and November that led to delayed sales until December. Though operating cash flow had been substantially ahead of the budgeted target through the third quarter of 2021, the weather-related timing delays substantially affected collections timing within fiscal 2021, a key component of operating cash flow, and caused the full year result to be below the threshold level. Had the typical timing pattern of sales early in the fourth quarter of 2021 and collections within the quarter held, the change in net working capital would have been substantially higher and corporate operating cash flow would have exceeded target for 2021.

The NEOs drove strong performance and improvement in working capital management, as evidenced by multiple metrics (e.g. working capital to revenue percentage). And the Company introduced its Elevate Summit strategy and began its implementation, including divestitures, which enabled debt paydowns and interest savings. These contributing factors led to a strong increase in the stock price. Taking all of these factors into account and giving due consideration to the NEOs' strong performance in all phases within their control, the Human Capital and Compensation Committee determined to recognize achievement at the target level for this 20% metric.

Corporate safety (10% weight): Overall performance was 50% of target, resulting in a weighted payout of 5% for each NEO.

Financial and safety performance achievement for 2021 yielded an actual incentive earned of 78.5% of target for each NEO compared to the 80% weighted target. The remainder of each NEO's 2021 actual incentive earned is based on Personal Performance Goal performance (20% weight).

	2021 Base Salary	Target Incentive as a Percentage of Base Salary	Actual Incentive Earned as a Percentage of Base Salary	Annual Cash Incentive Earned
Anne P. Noonan	\$952,750	125%	148%	1,411,299
Brian J. Harris	\$619,030	75%	79%	489,807
Karli S. Anderson	\$375,000	60%	63%	237,918
Christopher B. Gaskill	\$420,000	60%	67%	282,910
Deon MacMillan(1)	\$450,000	60%	48%	214,880

(1) For 2021, Ms. MacMillan's annual cash incentive was prorated based on the number of days she was employed by the Company in 2021.

Elements of Pay: Long-Term Equity Incentives

Our long-term equity incentives for NEOs in 2021 consisted of a balance of performance units (50%) and RSUs (50%). The Human Capital and Compensation Committee uses competitive market data from our annual total compensation study to assist with targeted long-term incentive value. In addition, the Human Capital and Compensation Committee considers individual performance, potential future contributions to our business, internal equity and management's recommendations except in the case of the Chief Executive Officer.

Award Type	Weighting	Vesting	Value Tied To
Performance Units	50%	At the end of three years based 50% on relative TSR performance and 50% on ROIC performance	Three-year TSR ranking compared to companies in the S&P 400 Midcap Materials and Capital Goods Companies, and ROIC performance compared to targeted performance criteria
RSUs	50%	Vest over three years in equal annual installments on each anniversary of the grant date	Stock price performance

Performance Units Granted in 2021

The 2021 performance units focus our executives on the long-term performance of the Company relative to industry peers and predetermined financial targets. The performance metrics are weighted 50% on three-year relative TSR and 50% on the average of three one-year performance periods for return on invested capital ("ROIC").

The peer group for determining our relative TSR is separate and distinct from the peer group used to evaluate and set NEO compensation levels discussed under “—Compensation Decision Process—Role of Peer Companies and Competitive Market Data.” The Relative TSR peer group represents a broader array (typically near 65 to 70 companies) of industry peers competing for stockholders and investors.

ROIC is determined for the performance period by dividing (i) the arithmetic mean of the following for each fiscal year during the performance period: the Company’s Adjusted EBITDA (as reported on the Company’s audited financial statements) for each such fiscal year, reduced by depreciation, depletion and amortization charges for such fiscal year by (ii) the arithmetic mean of the following for each fiscal year during the performance period: the sum of the Company’s total outstanding long-term debt, stockholders’ equity, retained earnings and accumulated other comprehensive income, in each case, as reported on the Company’s audited financial statements for such fiscal year. The Compensation Committee believes that including ROIC as a performance metric incentivizes management to maximize efficiency of capital deployed for the benefit of the Company’s stockholders.

The performance period for the performance units granted in March 2021 began on January 1, 2021 and ends on December 31, 2023 and are earned based on performance against the target below. Beginning in 2021, the performance units are measured using the average three-year performance against one-year ROIC goals. The changes to the design of the performance units were the result of the following:

- The Company’s new leadership team embarking on a new strategy;
- Allows realistic performance targets to be set when management and the committee have the most current information;
- Allows stronger shareholder alignment with the most realistic ROIC stretch targets; and
- Provides more realistic targets in a highly uncertain environment due to COVID-19 and economic forces;

Earned amounts will be interpolated on a straight line basis for performance between threshold, target, and maximum performance requirements. Financial goals are established based on a review of historical and strategic forward-looking performance criteria and are established at reasonable but stretch performance requirements for threshold, target, and maximum payout opportunities. We will proactively disclose the ROIC performance requirements and performance attainment at the completion of the three-year performance period.

Threshold and maximum performance levels for relative TSR and ROIC earn payments of 50% of target and 200% of target, respectively. The following chart summarizes relative three-year TSR performance requirements.

	TSR Level of Achievement				
	Below Threshold	Threshold	Target	Maximum	Cap (if applicable)
Relative TSR Position	< 25 th percentile	25 th percentile	50 th percentile	75 th percentile	Capped at 100% if Company TSR is negative over performance period, regardless of ranking
Achievement Percentage	0%	50% of target	100% target	200% of target	

See “—Treatment of Long-Term Incentive Awards Upon Termination or Change in Control” for a description of the potential vesting of the NEOs’ equity awards that may occur in connection with certain termination events and a change in control.

For 2021, the Human Capital and Compensation Committee set the target pay levels and made the grants set forth in the table below.

	2021 Target Long-Term Incentive as % of Base Salary	2021 Target Long-Term Incentive(1)	Performance Units Granted (#)	Restricted Stock Units Granted (#)
Anne P. Noonan	305%	\$2,905,888	50,838	50,838
Brian J. Harris	155%	\$ 959,497	16,786	16,786
Karli S. Anderson	125%	\$ 468,750	7,107	7,107
Christopher B. Gaskill	125%	\$ 525,000	9,185	9,185
Deon MacMillan(2)	100%	\$ 450,000	—	14,926

(1) The target award values shown vary from the values listed in the 2021 Grants of Plan-Based Awards Table for two reasons. First, the 2021 Grants of Plan-Based Awards Table uses the Monte Carlo valuation method, which determines the accounting expense for our performance units because 50% is based on Relative TSR. This generated an expense value approximately 160% higher than the actual value on the grant date for the awards issued on March 30, 2021 to each of our NEOs (other than Ms. MacMillan), and an expense value approximately 160% higher than the actual value on the grant date for the awards issued on March 10, 2021 to Ms. MacMillan. However, we do not believe the Monte Carlo accounting model is appropriate for purposes of setting total compensation opportunity. Second, to mitigate the potential impact of short-term stock price swings on our equity grants, we use the 20-day average closing stock price immediately preceding the grant date to determine the grant size, rather than the closing stock price on the actual grant date as shown in the 2021 Grants of Plan-Based Awards Table.

(2) Pursuant to Ms. MacMillan's offer letter, she received an initial equity award of RSUs having a value of \$450,000.

Performance Units Earned for the Performance Period 2019—2021

Performance units were granted to our NEOs then employed by the Company that were subject to Relative TSR performance for the three-year performance period beginning January 1, 2019 and ending December 31, 2021. The Relative TSR peer group was companies in the S&P 400 Midcap Materials and Capital Goods companies (67 companies at the start of the performance period). Relative TSR performance was based on dividends plus beginning and ending stock prices based on the trailing 20-day average closing price. During the performance period, our Relative TSR ranked at the 97th percentile, resulting in a payout equal to 200% of target.

Performance Units Achievement for the First Year of the Performance Period 2021—2023

Performance units were granted to our NEOs then employed by the Company that were subject to Relative TSR and ROIC performance for the three-year performance period beginning January 1, 2021 and ending December 31, 2023. The Relative TSR peer group was companies in the S&P 400 Midcap Materials and Capital Goods companies. Relative TSR performance was based on dividends plus beginning and ending stock prices based on the trailing 20-day average closing price. During the first year of the performance period, our Relative TSR ranked at the 77th percentile and our ROIC exceeded our target performance criteria.

Retirement, Perquisites, and Other Benefits

We have a tax-qualified contributory retirement plan established to qualify as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code of 1986, as amended (the "Code"). The plan covers all U.S. employees, including our NEOs, who are limited to their annual tax deferred contribution limit as allowed by the Internal Revenue Service (the "IRS"). We provide for matching contributions to the plan, including 100% of pre-tax employee contributions, up to 4% of eligible compensation. Employer contributions vest immediately.

The Company also offers the members of a select group of management or highly compensated employees, including the NEOs, the opportunity to supplement their retirement savings through the Summit Materials Deferred Compensation Plan (the "DCP"). An eligible participant in the DCP may elect to defer up to 50% of such participant's base salary compensation and up to 100% of such participant's designated discretionary bonus award compensation and annual incentive award compensation. The DCP also permits Company-provided credits to participants' accounts, but no such credits are currently being made. Additional information about the DCP is reflected in "—2021 Non-Qualified Deferred Compensation" below.

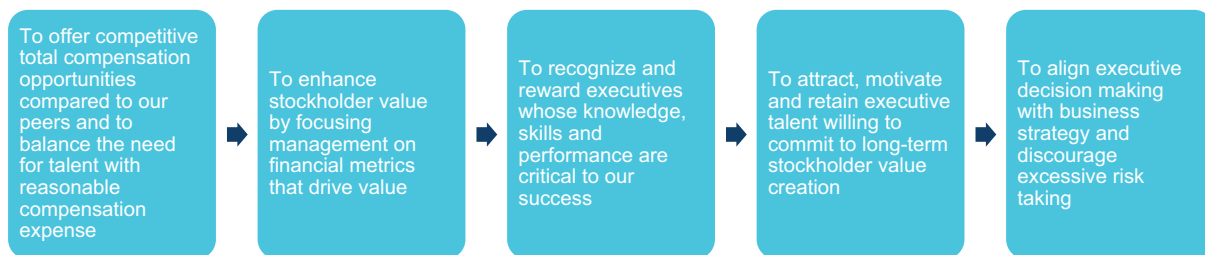
In alignment with a health and safety culture, the Company offers an Executive Health Program through the Mayo Clinic for the CEO and the executive team, including all the NEOs. The Human Capital and Compensation Committee approved this program in the Fall of 2021 and the use of this benefit is voluntary and not all executives will utilize it annually. The value of the program will not exceed \$10,000 annually for each eligible executive.

Compensation Discussion and Analysis—How We Paid

Our Compensation Philosophy

Our executive compensation program is intended to attract, motivate and retain executive officers and to align the interests of our executive officers with stockholders' interests.

The Board's objectives for our program include, but are not limited to, the following:



Say-on-Pay Votes

In 2021, the Human Capital and Compensation Committee considered the outcome of the stockholder advisory vote on 2020 executive compensation when making decisions relating to the compensation of our NEOs and our executive compensation program and policies. Our stockholders voted at our 2021 annual meeting, in a nonbinding advisory vote, on the 2020 compensation paid to our NEOs. Our stockholders overwhelmingly (98%) approved the compensation of our NEOs. Based on the level of support, the Human Capital and Compensation Committee determined that stockholders generally support our compensation practices. The Company has determined to hold this advisory, say-on-pay vote annually, consistent with the stated preferences of our stockholders and with the results of our 2016 Annual Meeting of Stockholders where the majority of the votes cast were in favor of an annual advisory vote.

In addition, the Company continued its efforts to reach out to investors for feedback in 2021. During the year, the Company's investor relations and legal departments contacted many of the Company's largest investors and engaged in conversations with a significant portion of the investor base. The feedback received in these conversations was generally positive in regard to the Company's compensation programs. The Human Capital and Compensation Committee intends to continue to consider the views of our stockholders when designing, reviewing and administering the Company's compensation programs and policies.

Compensation Decision Process

Role of the Human Capital and Compensation Committee

The Human Capital and Compensation Committee is responsible to our Board for oversight of our executive compensation program. The Human Capital and Compensation Committee is responsible for the review and approval of all aspects of our program.

Among its duties, the Human Capital and Compensation Committee is responsible for:

- Assessing competitive market data from the Independent Compensation Consultant
- Reviewing each NEO's performance in conjunction with competitive market data and, accordingly, approving compensation recommendations including, but not limited to, base salary, annual bonus, long-term incentives, and benefits/perquisites
- Considering, recommending and approving incentive plan goals, achievement levels, and program structure
- Incorporating meaningful input from our stockholders, if applicable

Role of Management

For each NEO excluding herself, our Chief Executive Officer recommends to the Human Capital and Compensation Committee compensation levels for NEOs based on a review of market data and individual performance. The Human Capital and Compensation Committee reviews and discusses all recommendations prior to approval, then submits all recommendations to the Board for approval.

For the Chief Executive Officer, during executive session without the Chief Executive Officer present, the Human Capital and Compensation Committee is solely responsible for assessing performance and making compensation recommendations to the Board for approval. Management does not make compensation-related recommendations for the Chief Executive Officer.

Role of the Independent Compensation Consultant

In 2021, the Human Capital and Compensation Committee retained the Independent Compensation Consultant in accordance with the Human Capital and Compensation Committee's charter. The Independent Compensation Consultant reports directly to the Human Capital and Compensation Committee. The Human Capital and Compensation Committee retains sole authority to hire or terminate the Independent Compensation Consultant, approve its fees, determine the nature and scope of services and evaluate the Independent Compensation Consultant's performance.

A representative of the Independent Compensation Consultant attends Human Capital and Compensation Committee meetings, as requested, and communicates with the Human Capital and Compensation Committee chair between meetings. The Human Capital and Compensation Committee makes all final decisions and recommendations.

The Independent Compensation Consultant's roles include, but are not limited to, the following:

- Advising the Human Capital and Compensation Committee on executive compensation trends and regulatory developments;
- Developing a peer group of companies for determining competitive compensation amounts and practices;
- Providing a total compensation study for executives against peer companies;
- Providing advice to the Human Capital and Compensation Committee on governance best practices, as well as any other areas of concern or risk; and
- Reviewing and commenting on proxy disclosure items, including the CD&A.

The Human Capital and Compensation Committee has assessed the independence of the Independent Compensation Consultant, considering all relevant factors, including those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Exchange Act. Based on this review, the Human Capital and Compensation Committee concluded that there are no conflicts of interest raised by the work performed by the Independent Compensation Consultant and that the Independent Compensation Consultant is independent.

Role of Peer Companies and Competitive Market Data

In the Fall of 2020, to assist with 2021 compensation decisions, the Independent Compensation Consultant performed a competitive pay study. To develop competitive market values for the NEOs, the Independent Compensation Consultant developed, and the Human Capital and Compensation Committee approved, a peer group of 16 companies, which were the same companies used in the prior year.

The peer group development criteria included:

- *Industry:* Companies in the building products, construction materials, forest products, and mining industries
- *Company size:* Approximately 0.4x to 3x times our annual revenues (primary factor), with market capitalization reviewed as a secondary factor
- *ISS:* Companies considered by Institutional Shareholder Services ("ISS") to be the Company's compensation peers and used in ISS' annual report regarding the Company
- *Peers of Peers:* Companies used in the peer groups of potential peer companies
- *Consistency:* Companies contained in the peer group in the prior year

The approved peer group had annual revenues which ranged from approximately \$894 million to \$4.9 billion, with average / median annual revenue of approximately \$2.4 billion and \$1.8 billion, respectively. For our Fall 2020 total compensation study, our annual revenues were estimated at approximately \$2.3 billion. The Independent Compensation Consultant developed size adjusted market values (regression analysis) for each position using our annual revenue.

The 50th percentile for total compensation is a key reference point for the Human Capital and Compensation Committee; however, the Human Capital and Compensation Committee also considers other factors, including, experience, performance and expected future contributions. For positions where peer company proxy data was not available, the Independent Compensation Consultant utilized published and private compensation survey sources.

PEER GROUP

- Armstrong World Industries, Inc.
- Boise Cascade Company
- Compass Minerals International, Inc.
- CONSOL Energy Inc.
- Cornerstone Building Brands, Inc.
- Dycom Industries, Inc.
- Eagle Materials Inc.
- Gibraltar Industries, Inc.
- Granite Construction Inc.
- Louisiana-Pacific Corp.
- Martin Marietta Materials, Inc.
- Masonite International Corporation
- Quanex Building Products Corp.
- Simpson Manufacturing Company
- US Concrete Inc.
- Vulcan Materials Company

TIMING OF COMPENSATION DECISIONS

Pay recommendations for our executives, including the NEOs, are typically made by the Human Capital and Compensation Committee at its first scheduled meeting of the fiscal year, typically held in February around the same time we report our fourth quarter and year-end financial results for the preceding fiscal year and provide our financial guidance for the upcoming year (the “first meeting”). This timing allows the Human Capital and Compensation Committee to have a complete financial performance picture prior to making compensation decisions.

Decisions with respect to prior year performance, as well as annual equity awards, base salary increases and target performance levels for the current year are typically made at the first meeting. Any equity awards recommended by the Human Capital and Compensation Committee at this meeting are reviewed by the Board and, if approved, are dated on the date approved by the Board either at a subsequent board meeting or via written consent. As such, the Human Capital and Compensation Committee does not time the grants of equity incentives to the release of material non-public information.

The exceptions are grants to executives who are promoted or hired from outside the Company during the year, and discretionary grants made throughout the year for retention and extraordinary purposes. These executives may receive compensation changes or equity grants effective or dated, as applicable, as of the date of their promotion, hiring date, or other Board approval date.

DETERMINATION OF CHIEF EXECUTIVE OFFICER COMPENSATION

At the first meeting of each fiscal year, in executive session without the Chief Executive Officer present, the Human Capital and Compensation Committee also reviews and evaluates Chief Executive Officer performance, and determines performance achievement levels, for the prior fiscal year. The Human Capital and Compensation Committee also reviews competitive compensation data from the peer group companies. The Human Capital and Compensation Committee typically approves, or presents, pay recommendations for the Chief Executive Officer to the Board, excluding the Chief Executive Officer, for approval. If applicable, during executive session, the Board conducts its own review and evaluation of the Chief Executive Officer’s performance taking into consideration the recommendations of the Human Capital and Compensation Committee.

EQUITY PLAN

The Company maintains the Omnibus Incentive Plan which allows for grants of equity-based awards in the form of stock options, stock appreciation rights, restricted stock and RSUs, performance units, undivided fractional limited partnership interests in Summit Holdings and other stock-based awards.

Governance of Executive Compensation

STOCK OWNERSHIP GUIDELINES

We have established stock ownership guidelines for our Chief Executive Officer, officers reporting to the Chief Executive Officer, and directors. The approved guidelines are as follows:

- Chief Executive Officer: 6x base salary
- Section 16 Officers reporting to the Chief Executive Officer: 2.5x base salary
- Directors: 4x annual cash retainer

Participants are expected to comply with the ownership requirements within five years of the later of (a) December 12, 2015 and (b) an appointment to a qualified position. Once the ownership requirements have been satisfied, future declines in share price will not affect compliance so long as the participant holds the number of equity interests he or she had at the time he or she achieved the expected ownership level. As of February 15, 2022, all of our executive officers have met or exceeded the ownership expectations under the guidelines.

The following components satisfy the ownership guidelines: Equity interests owned directly or indirectly (e.g., by or with a spouse or held in trust for the individual or one or more family members of the individual), equity interests, including limited partnership interests (the “LP Units”) and unvested RSUs, held in qualified or nonqualified savings, profit sharing, or deferred compensation accounts, value of in-the-money spread of shares underlying vested but unexercised stock options and value of in-the-money spread of shares underlying vested but unexercised warrants. At least annually, the Human Capital and Compensation Committee monitors participants’ compliance with these guidelines.

INCENTIVE COMPENSATION RECOUPMENT (“INCENTIVE CLAWBACK”) POLICIES

Our Board adopted a Policy for Clawback of Incentive Compensation (the “Policy”) because it believes that it is in the best interests of the Company and its stockholders to create and maintain a culture that emphasizes integrity and accountability and that reinforces the Company’s pay-for-performance compensation philosophy. This policy applies to any current and former “officer” of the Company, as such term is defined under Rule 16a-1(f) of the Exchange Act (the “Covered Executives”). The Policy applies to annual cash bonuses and equity incentive compensation (“Incentive Compensation”). Under the Policy, if the Company is required to prepare an accounting restatement of the reported financial results of the Company or any of its segments due to (a) the material non-compliance of the Company with any financial reporting requirement (unless due to a change in accounting policy or applicable law) and (b) intentional misconduct by a Covered Executive, then the Human Capital and Compensation Committee may require any Covered Executive to repay to the Company any “Excess Compensation.” Excess Compensation means that part of the Incentive Compensation received by a Covered Executive during the one-year period preceding the publication of the restated financial statement that the Committee determines was in excess of the amount that such Covered Executive would have received had such Incentive Compensation been calculated based on the financial results reported in the restated financial statement.

In addition, each of the RSU, stock option and performance unit award agreements under the Omnibus Incentive Plan generally provides that if a restrictive covenant violation occurs or the Company discovers after a termination of employment or services that grounds existed for “cause” (as defined in the Omnibus Incentive Plan) at the time thereof, then the participant shall be required, in addition to any other remedy available (on a non-exclusive basis), to pay to the Company, within ten business days of the Company’s request to the participant therefor, an amount equal to the aggregate after-tax proceeds (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment) the participant received upon the sale or other disposition of, or distributions in respect of, the equity award thereunder and any shares issued in respect thereof (minus, in the case of options, the aggregate cost (if any) of the shares). Without limiting the foregoing, all awards are subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with applicable law. Our policy will be updated to comply with the SEC’s final regulations as part of the Dodd-Frank Act.

Compensation Risk Assessment

Our governance policies and compensation structure are not reasonably likely to have a material adverse effect on the Company. The Independent Compensation Consultant and management delivered a compensation risk assessment report to the Human Capital and Compensation Committee in 2021. The following features of our program mitigate risk:

- ✓ The Human Capital and Compensation Committee consults with the Independent Compensation Consultant to assist with annual compensation decisions
- ✓ The Human Capital and Compensation Committee approves the annual incentive plan’s financial goals at the start of the fiscal year, and approves the performance achievement level and final payments earned at the end of the fiscal year
- ✓ The Human Capital and Compensation Committee benchmarks total compensation opportunity for executive positions using multiple survey sources and has discretion over payout calculations and oversight of compensation plans for our executives
- ✓ We utilize a mix of cash and equity variable incentive programs, with a balanced mix of RSUs and performance units, which are subject to multi-year vesting
- ✓ Our performance units payout opportunities are capped at 200% of the target total opportunity

- ✓ We utilize competitive change-in-control severance programs to help ensure executives continue to work towards our stockholders' best interests in light of potential employment uncertainty
- ✓ Executive officers are subject to minimum stock ownership guidelines
- ✓ Incentive clawback policies that permit the Company to recoup annual cash bonuses and equity incentive compensation paid on the basis of financial results that are subsequently restated

Compensation Tables

Summary Compensation Table

The following table sets forth the compensation of our NEOs for the fiscal years ended 2021, 2020 and 2019, and their respective titles as of January 1, 2022.

Name and Principal Position	Year	Salary (\$)	Bonus \$(1)	Stock Awards \$(2)	Option Awards (\$)	Non-Equity Incentive Plan Compensation \$(3)	All Other Compensation \$(4)	Total (\$)
Anne P. Noonan President and Chief Executive Officer, Director	2021	952,750	—	3,906,392	—	1,411,299	25,663	6,296,104
	2020	418,931	100,000	2,660,726	—	665,480	132,583	3,977,720
Brian J. Harris Executive Vice President, Chief Financial Officer	2021	619,030	—	1,289,836	—	489,807	14,668	2,413,341
	2020	601,000	—	1,289,485	—	599,159	16,364	2,506,008
	2019	583,495	—	1,272,672	—	442,982	15,964	2,315,113
Karli S. Anderson Executive Vice President, Chief Environmental, Social & Governance Officer and Head of Investor Relations	2021	349,365	—	546,102	—	237,918	13,129	1,146,514
Christopher B. Gaskill Executive Vice President, Chief Legal Officer and Secretary	2021	397,904	—	705,775	—	282,910	13,837	1,400,426
Deon MacMillan Executive Vice President, Chief People Officer and Head of Corporate Communications	2021	363,587	300,000	\$512,903	—	214,880	12,771	1,404,141

- (1) The amount reported in the Bonus column for 2021 reflects the one-time cash sign-on bonus of \$300,000 paid to Ms. MacMillan pursuant to her offer letter. The amount reported in the Bonus column for 2020 reflects the one-time cash sign-on bonus of \$100,000 paid to Ms. Noonan pursuant to her offer letter.
- (2) The amounts reported in the Stock Awards column for 2021 reflect the aggregate grant date fair value of stock awards granted in fiscal 2021, calculated in accordance with ASC 718, utilizing the assumptions discussed in Note 13, *Stock-Based Compensation*, to our audited consolidated financial statements included in the 2021 Annual Report. The fiscal 2021 awards consist of time-vesting RSUs and performance units. As the performance units vest according to Relative TSR, they are subject to market conditions, and not performance conditions, as defined under ASC 718, and therefore have no maximum grant date fair values that differ from the grant date fair values presented in the table.
- (3) Reflects non-equity incentive plan compensation awards for services rendered during the fiscal year presented. For more information, see "Compensation Discussion and Analysis—Compensation Elements—Annual Cash Incentives."
- (4) All Other Compensation includes the following items for 2021: (a) amounts contributed by Summit LLC under the Summit Materials, LLC Retirement Plan, (b) payments for term life and/or disability insurance, (c) amounts contributed by the Company to Health Savings Accounts ("HSAs"), and (d) amounts paid by the Company for the Executive Health Program. Amounts contributed to the Summit Materials, LLC Retirement Plan are matching contributions up to 4% of eligible compensation subject to IRS limits. In 2021, Mss. Noonan, Anderson, and MacMillan and Messrs. Harris and Gaskill each received a matching contribution of \$11,600. Matching contributions are immediately vested. For more information, see "Compensation Discussion and Analysis—Compensation Elements—Retirement, Perquisites, and Other Benefits." Payments for term life and/or disability insurance in 2021 were as follows: Ms. Noonan, \$14,063; Mr. Harris, \$1,868; Ms. Anderson, \$1,529; Mr. Gaskill, \$1,637; and Ms. MacMillan, \$1,171. Amounts contributed to HSAs in 2021 were as follows: Mr. Harris, \$1,200, and Mr. Gaskill, \$600. No amounts were paid by the Company for the Executive Health Program in 2021.

2021 Grants of Plan-Based Awards

The following table provides supplemental information relating to grants of plan-based awards to help explain information provided above in our Summary Compensation Table.

Name	Award Type	Grant Date	Estimated Possible Payouts under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts under Equity Incentive Plan Awards(2)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	Grant Date Fair Value of Stock Awards \$(4)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Anne P. Noonan	Annual Cash Incentive	—	14,291	1,190,938	2,203,234	—	—	—	—	
	Performance Units	3/30/2021	—	—	—	25,419	50,838	101,676	—	2,406,671
	RSUs	3/30/2021	—	—	—	—	—	—	50,838	1,499,721
Brian J. Harris	Annual Cash Incentive	—	5,571	464,273	858,904	—	—	—	—	—
	Performance Units	3/30/2021	—	—	—	8,393	16,786	33,572	—	794,649
	RSUs	3/30/2021	—	—	—	—	—	—	16,786	495,187
Karli S. Anderson	Annual Cash Incentive	—	2,700	225,000	416,250	—	—	—	—	—
	Performance Units	3/30/2021	—	—	—	3,554	7,107	14,214	—	336,445
	RSUs	3/30/2021	—	—	—	—	—	—	7,107	209,657
Christopher B. Gaskill	Annual Cash Incentive	—	3,024	252,000	466,200	—	—	—	—	—
	Performance Units	3/30/2021	—	—	—	4,593	9,185	18,370	—	434,818
	RSUs	3/30/2021	—	—	—	—	—	—	9,185	270,958
Deon MacMillan(5)	Annual Cash Incentive	—	2,618	218,152	403,581	—	—	—	—	—
	RSUs	3/10/2021	—	—	—	—	—	—	16,822	512,903

- (1) Reflects the possible payouts of cash incentive compensation under the Non-Equity Incentive Plan. Amounts reported in the "Threshold" column assume that there is no payout under the EBITDA, operating cash flow, or personal objectives components of the annual cash incentive program and that each NEO only earns the minimum payout for the one safety metric that has been assigned the lowest weighting. The actual amounts paid are described in the "Non-Equity Incentive Plan Compensation" column of the "Summary Compensation Table."
- (2) Reflects the performance units granted in 2021, which have a three-year performance period ending December 31, 2023, and vest based on Relative TSR and ROIC performance. Threshold assumes that 50% of the total performance units awarded vest and maximum assumes that 200% of the total performance units awarded vest.
- (3) Reflects the RSUs granted in 2021.
- (4) Represents the grant date fair value of the performance units and RSUs granted in 2021 with respect to the NEOs. The assumptions applied in determining the fair value of the awards are discussed in Note 13, *Stock-Based Compensation*, to our audited consolidated financial statements included in the 2021 Annual Report.
- (5) For 2021, Ms. MacMillan's annual cash incentive was prorated based on the number of days she was employed by the Company in 2021.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

Offers of Employment and Employment Arrangements

Ms. Anderson, MacMillan, and Noonan and Mr. Gaskill each has a signed offer of employment, and Mr. Harris has an employment agreement. The offers of employment and employment agreement provide for base salary subject to annual adjustment by the Board, an annual incentive award, participation in Company-sponsored broad-based and executive benefit plans and such other compensation as may be approved by the Board. In connection with implementing the Executive Severance Plan (the "Severance Plan"), Mr. Harris waived the provisions in his employment agreements that would have applied under the conditions set forth in the Severance Plan, other than any provisions in his employment agreements which were intended to survive the termination of his employment agreement.

Pursuant to Ms. MacMillan's offer letter, her target annual cash bonus for 2021 was prorated for the period of time in which she was employed by the Company. In addition, Ms. MacMillan's offer letter provided that Ms. MacMillan would receive a one-time cash sign-on bonus of \$300,000 that is subject to recoupment upon termination by the Company for cause or resignation by Ms. MacMillan within twenty-four months of March 9, 2021. Ms. MacMillan's offer letter also provided that she would receive an initial award of RSUs promptly following her start date. The RSUs had a value of \$450,000 and vest as follows: (i) \$150,000 to vest on the grant date, (ii) \$175,000 to vest on the first anniversary of the grant date, and (iii) \$125,000 to vest on the second anniversary of the grant date. Then, beginning in 2022, her annual target award will have a grant date fair value of 125% of her annual base salary.

Pre-IPO Long-Term Incentive Awards (Value From Modifications to Eliminate Misalignment Post-IPO)

Prior to the Company's initial public offering ("IPO") in March 2015, the equity-based long-term incentive program consisted of Class D interests. In connection with the Company's IPO in March 2015, the limited partnership agreement of Summit Holdings was amended and restated to, among other things, modify its capital structure by creating LP Units (the "Reclassification"). Immediately following the Reclassification, the LP Units were reclassified from previously issued Class A-1, Class B-1, Class C, Class D-1 and Class D-2 interests.

In addition, in substitution for part of the economic benefit of the Class C and Class D interests that was not reflected in the conversion of such interests to LP Units, warrants were issued to holders of Class C interests to purchase shares of Class A Common Stock, and options were issued to holders of Class D interests to purchase shares of Class A Common Stock ("Leverage Restoration Options") under the Omnibus Incentive Plan.

All outstanding equity grants associated with the Reclassification and subsequent modifications are summarized in the table titled "Outstanding Equity Awards at 2021 Fiscal Year-End."

Outstanding Equity Awards at 2021 Fiscal Year-End

A summary of the outstanding equity awards for each NEO as of January 1, 2022 is as follows in the below table.

Name	Grant Date	Option Awards				Stock Awards				
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (\$)	Option Expiration Date(1)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(2)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(2)
Anne P. Noonan	7/20/2020	—	—	—	—	—	42,577(3)	1,709,041	—	—
	7/20/2020	—	—	—	—	—	—	—	139,046(4)	5,581,306
	3/30/2021	—	—	—	—	—	50,838(3)	1,499,721	—	—
	3/30/2021	—	—	—	—	—	—	—	101,676(5)	4,081,275
Brian J. Harris	2/28/2017	19,216(6)	—	—	23.89	2/28/2027	—	—	—	—
	2/28/2019	—	—	—	—	—	9,820(3)	394,175	—	—
	2/28/2020	—	—	—	—	—	13,270(3)	532,658	—	—
	2/28/2020	—	—	—	—	—	—	—	39,810(4)	1,597,973
	7/30/2020	—	—	—	—	—	13,238(7)	531,373	—	—
	3/30/2021	—	—	—	—	—	16,786(3)	673,790	—	—
	3/30/2021	—	—	—	—	—	—	—	33,572(5)	1,347,580
Karli S. Anderson	9/30/2019	—	—	—	—	—	1,000(3)	40,140	—	—
	2/28/2020	—	—	—	—	—	4,402(3)	176,696	—	—
	7/30/2020	—	—	—	—	—	5,710(7)	229,199	—	—
	3/30/2021	—	—	—	—	—	7,107(3)	285,275	—	—
	3/30/2021	—	—	—	—	—	—	—	14,214(5)	570,550
Christopher B. Gaskill	2/28/2019	—	—	—	—	—	2,236(3)	89,753	—	—
	2/28/2020	—	—	—	—	—	5,384(3)	216,114	—	—
	7/30/2020	—	—	—	—	—	6,985(7)	280,378	—	—
	3/30/2021	—	—	—	—	—	9,185(3)	368,686	—	—
	3/30/2021	—	—	—	—	—	—	—	18,370(5)	737,372
Deon MacMillan	3/10/2021	—	—	—	—	—	11,215(8)	450,170	—	—

- (1) Reflects the expiration date of the Leverage Restoration Options and stock options which is ten years from the date of grant. See "Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Pre IPO Long-Term Incentive Awards" for a description of these equity awards.
- (2) Amounts reported are based on the closing price of our Class A Common Stock on December 31, 2021 (\$40.14), the last trading day of the fiscal year.
- (3) Reflects RSUs which vest over three years in equal annual installments on the anniversary of the grant date.
- (4) Reflects performance units which vest according to Relative TSR and ROIC performance at the end of a three-year performance period. In the table above, the number and market value of units that vest based on Relative TSR and ROIC performance reflect maximum performance, because actual performance during the performance periods that have elapsed through January 1, 2022 were above target performance. The actual numbers of shares that will be distributed with respect to the 2020 performance units are not yet determinable.
- (5) Reflects performance units which vest according to Relative TSR and ROIC performance at the end of a three-year performance period. In the table above, the number and market value of units that vest based on Relative TSR and ROIC performance reflect maximum performance, because actual performance during the performance periods that have elapsed through January 1, 2022 were above target performance. The actual numbers of shares that will be distributed with respect to the 2021 performance units are not yet determinable.
- (6) Reflects stock options which vest over three years in equal annual installments on the anniversary of the grant date.
- (7) Reflects RSUs which vest over two years in equal annual installments on the anniversary of the grant date.
- (8) Reflects RSUs which vest as follows: (a) 58.33% vest on March 9, 2022, and (b) the remaining vest on March 9, 2023.

2021 Option Exercises and Stock Vested

The following table provides information regarding the amounts recognized by our NEOs upon the vesting of stock awards during 2021. Our NEOs did not exercise any stock options during 2021.

Name	Stock Awards	
	Number of Shares Acquired on Vesting #(1)	Value Realized on Vesting \$(2)
Anne P. Noonan	21,289	684,228
Brian J. Harris	34,459	1,033,361
Karli S. Anderson	8,912	285,799
Christopher B. Gaskill	28,248	938,800
Deon MacMillan	5,607	170,957

(1) Represents time-vesting RSUs and performance units.

(2) The value realized on vesting is based on the closing market price of our Class A common stock on the applicable vesting date.

2021 Non-Qualified Deferred Compensation

The following table provides information regarding contributions, earnings and balances for our NEOs with respect to our DCP, the only defined contribution or other plan that provides for the deferral of compensation on a basis that is not tax-qualified.

Name	Executive Contributions in Last FY(1) (\$)	Registrant Contributions in Last FY (\$)	Aggregate Earnings in Last FY(2) (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE(3) (\$)
Brian J. Harris	\$309,515	—	\$388,618	—	\$2,571,833

(1) These amounts are also reported in the "Salary" column for 2021 in the "Summary Compensation Table."

(2) Amounts in this column are not reported as compensation for fiscal 2021 in the "Summary Compensation Table" since they do not reflect above-market or preferential earnings.

(3) Mr. Harris commenced participation in the DCP in fiscal 2016 and 300,500 was previously reported in the "Salary" column for 2020 and \$291,748 was previously reported in the "Salary" column for 2019 in the "Summary Compensation Table."

Pursuant to the DCP, an eligible participant may elect to defer up to 50% of such participant's base salary compensation (in 5% increments) and up to 100% of such participant's designated discretionary bonus award compensation and annual incentive award compensation (in 5% increments). Deferral elections are generally made by participants prior to the close of the taxable year preceding the taxable year for which the applicable compensation is earned. The DCP also permits Company-provided credits to participants' accounts, but no such credits are currently being made. Participants are permitted to make individual investment elections that will determine the rate of return on their deferral amounts under the DCP and may change their investment elections at any time. Deferrals are only deemed to be invested in the investment options selected. Participants have no ownership interest in any of the funds as investment elections are used solely to measure the amounts of investment earnings or losses that will be credited or debited to the participants' accounts on the Company's books and records. Investment funds are valued each day that the NYSE is open for trading. Participant deferrals under the DCP and the earnings thereon are always 100% vested.

The table below shows the funds in which our NEOs invested during 2021, and their rate of return from January 1, 2021 through December 31, 2021.

Name of Investment Fund	Rate of Return %
Alger Capital Appreciation Z	17.93%
American Century Real Estate R	41.82%
American Funds New World R6	17.93%
Columbia Dividend Income Y	26.45%
Fidelity Advisor International	11.26%
Janus Triton N	7.21%
Pioneer Bond K	0.96%
Undiscovered Managers Behavioral Val R6	34.50%
Vanguard 500 Index Admiral	28.66%
Vanguard Mid Cap Index Admiral	24.51%
Vanguard Small Cap Index Admiral	17.73%

A DCP participant may elect, at the time of such participant's deferral elections, to receive benefit distributions upon (i) separation from service with the Company or (ii) following the earlier of (a) a specified date that occurs no earlier than at least three years from the end of the calendar year in which the deferred compensation is credited or (b) separation from service with the Company. Additionally, a DCP participant may elect, at the time of such participant's deferral elections, to receive benefit distributions in the form of (i) a single lump sum payment or (ii) for distributions following retirement, annual installments with an installment term of between two and 15 years. A participant may elect to change the benefit distribution date and/or form under certain circumstances specified in the DCP. In addition, in the event of certain unforeseeable emergencies, a participant may apply for immediate distribution in an amount necessary to satisfy such financial hardship and the tax liability attributable to such distribution. In the event of a participant's death or disability, the entire value of such participant's account will be distributed in a single lump sum.

Potential Payments Upon Termination or Change in Control

EXECUTIVE SEVERANCE PLAN

The Board, upon the recommendation of the Human Capital and Compensation Committee, adopted the Severance Plan in December 2017, which provides severance benefits to certain executive officers of the Company and its affiliates in the event that an eligible employee experiences a termination of employment by the Company without "cause" (and other than due to death or disability) or by the employee as a result of a "constructive termination" (as such terms are defined in the Severance Plan) (each, a "Qualifying Termination"). In the event that a Qualifying Termination occurs during the two-year period beginning on the date of a change in control (each such termination, a "Qualifying Change in Control Termination"), the Severance Plan provides enhanced severance benefits. In connection with implementing the Severance Plan, all participants in the Severance Plan waived the provisions of any applicable employment agreement that would have applied under the conditions set forth under the Severance Plan, other than any provisions in such employment agreements which were intended to survive the termination of such employment agreement.

Each participant in the Severance Plan (a "Participant") is designated as a Tier 1 Participant or Tier 2 Participant. Tier 1 Participants are limited to the Chief Executive Officer. Tier 2 Participants are limited to Executive Vice Presidents. Accordingly, Ms. Noonan is a Tier 1 Participant and Mess. Anderson and MacMillan and Messrs. Gaskill and Harris are each Tier 2 Participants.

In the event of a Qualifying Termination, Participants are provided with the following payments and benefits:

- a pro-rata payment representing the amount otherwise payable under the annual bonus program for the fiscal year in which termination of the Participant's employment occurs, based on actual performance and payable concurrently with cash bonus payments to other employees (but in all events on or about March 15 of the immediately following fiscal year) (a "Pro-Rata Bonus"), and to the extent not previously paid, the amount otherwise payable under the annual bonus program for the immediately preceding fiscal year, payable concurrently with cash bonus payments to other employees (a "Prior Year Bonus");
- a cash payment (i) for a Tier 1 Participant, of 2.5 times the Participant's annual base salary, payable over a period of 30 months, and (ii) for a Tier 2 Participant, of 2 times the Participant's annual base salary, payable over a period of 24 months; and
- a cash payment, payable monthly in accordance with the Company's payroll practices, (i) for a Tier 1 Participant, for up to 30 months, and (ii) for a Tier 2 Participant, for up to 24 months, in each case in an amount equal to the total amount of the monthly COBRA insurance premiums for participation in the life, health, dental and disability benefit programs of the Company in which the Participant participated as of the date of termination (the "COBRA Benefits").

In the event of a Qualifying Change in Control Termination, Participants are provided with the following payments and benefits:

- a Pro-Rata Bonus, and, if applicable, a Prior Year Bonus;
- a cash payment of (i) for a Tier 1 Participant, 2.5 times the sum of the Participant's annual base salary and target annual bonus, and (ii) for a Tier 2 Participant, 2 times the sum of the Participant's annual base salary and target annual bonus, in each case of (i) and (ii), payable in a lump sum no later than the 60th day following the date of termination; and
- the COBRA Benefits.

The payments and benefits provided under the Severance Plan are subject to each Participant's execution and delivery of a release of claims and each Participant's compliance with non-competition, non-disparagement, non-solicitation and confidentiality covenants applicable pursuant to each Participant's Participation Notice and Agreement under the Severance Plan. The non-disparagement and confidentiality covenants each have an indefinite term and the non-competition and non-solicitation covenants each have a term of 24 months following the Participant's date of termination. Additionally, the Severance Plan provides that if a Participant is subject to an excise tax under Section 4999 of the Code, then the payments and benefits the Participant receives may be reduced so that the excise tax does not apply; however, such reduction will only occur if it results in the receipt of a greater after-tax severance than would otherwise be provided.

Treatment of Long-Term Incentive Awards Upon Termination or Change in Control

Each of the RSUs and performance units granted in 2021 is subject to restrictive covenants related to post-employment (i) employee, client and consultant non-solicitation and (ii) non-competition, in each case for 12 months following any termination of employment and indefinite covenants covering confidentiality and non-disparagement (participant only). Further, the equity awards and all proceeds therefrom are generally subject to the Company's incentive clawback policies, as in effect from time to time, to the extent the participant is a director or "officer" as defined under Rule 16a-1(f) of the Exchange Act. Additional provisions regarding the treatment of the equity awards upon a termination of employment are outlined in the table below.

Award Type	Termination or Change in Control Provisions
Stock Options ⁽¹⁾	<ul style="list-style-type: none"> • Death or Disability: Unvested portion will immediately vest; vested stock options remain exercisable for one year thereafter.⁽²⁾ • Retirement⁽³⁾: Unvested portion will continue to vest according to the original vesting schedule; vested stock options remain exercisable for five years after the later of (i) the termination date and (ii) the date the option becomes vested and exercisable. • Constructive Termination⁽⁴⁾ / By the Company Without Cause: Prorated portion of the number of options that would otherwise vest on the next applicable vesting date will immediately vest⁽⁵⁾; vested stock options remain exercisable for three months thereafter. • Change in Control: Accelerated only if (i) not continued, converted, assumed, or replaced by the Company or successor entity or (ii) employment is terminated by the Company or successor entity without cause or by the participant as a result of a "constructive termination" during the two-year period following a change in control; vested stock options remain exercisable for three months thereafter. • By the Company For Cause / by Participant When Grounds for Cause Exist: Vested and unvested portions are forfeited.
RSUs	<ul style="list-style-type: none"> • Death or Disability: Unvested portion will immediately vest. • Retirement: Unvested portion will continue to vest according to the original vesting schedule (solely if such retirement occurs on or following the first anniversary of the vesting start date). • Constructive Termination / By the Company Without Cause: Prorated portion of the number of RSUs that would otherwise vest on the next applicable vesting date will immediately vest. • Change in Control: Accelerated only if (i) not continued, converted, assumed, or replaced by the Company or successor entity or (ii) employment is terminated by the Company or successor entity without cause or by the participant as a result of a "constructive termination" during the two-year period following a change in control. • By the Company For Cause: Vested and unvested portions are forfeited.
Performance Units	<ul style="list-style-type: none"> • Death or Disability⁽⁶⁾: Prorated portion will vest at the end of the performance period, based on actual performance. • Retirement: Prorated portion will vest at the end of the performance period, based on actual performance (solely if such retirement occurs on or following the first day of the performance period). • Constructive Termination / By the Company Without Cause: Prorated portion will vest at the end of the performance period, based on actual performance. • Change in Control: (i) Full vesting at target only if not continued, converted, assumed, or replaced by the Company or successor entity and (ii) pro-rata vesting at target if employment is terminated by the Company or successor entity without cause or by the participant as a result of a "constructive termination" during the two-year period following a change in control. • By the Company For Cause: Vested and unvested portions are forfeited.

(1) All outstanding stock options are fully vested.

(2) Stock options do not remain exercisable past the original expiration date. In addition, the exercisability period expires immediately upon the occurrence of a "restrictive covenant violation" (as defined in the award agreement).

(3) "Retirement" is generally defined in the equity awards as termination of employment, other than for cause or while grounds for cause exist, and other than due to the participant's death or disability, following the date on which (i) the participant attains age 62 and (ii) the number of completed years of employment with the Company and its affiliates is at least five. For stock options and RSUs, continuation of vesting after termination of employment is subject to the non-occurrence of a "restrictive covenant violation."

- (4) “Constructive termination” is generally defined in the equity awards as (i) having the meaning set forth in any employment agreement entered into by and between the participant and the Company or an affiliate, or (ii) if no such agreement exists, any of the following, without the participant’s prior written consent: (a) a material reduction in base salary or, to the extent applicable, target bonus opportunity (other than in connection with an across-the-board reduction in compensation of similarly-situated employees of, on an individual-by-individual basis, less than 10%), (b) a material diminution of authority, duties, or responsibilities, (c) a relocation of the participant’s primary place of business by more than 50 miles from its then-current location, or (d) any material breach by the Company of any written agreement relating to the participant’s compensation (including any equity awards). “Constructive termination” provisions are limited to the Chief Executive Officer and her direct reports and other Section 16 officers.
- (5) Prorated based on the number of days in the applicable year or in the performance period, as applicable, that have elapsed prior to termination of employment.
- (6) Vesting of the prorated portion at the end of the performance period is subject to the non-occurrence of a “restrictive covenant violation,” in the case of each applicable termination scenario.

TERMINATION BENEFITS TABLE

The following table describes the potential payments and benefits under the Company’s Severance Plan and equity award agreements to which the NEOs would have been entitled assuming an eligible termination of employment or change in control occurred on December 31, 2021, the last business day of fiscal 2021. A description of the provisions governing such payments under our agreements and any material conditions or obligations applicable to the receipt of payments are described above under “Executive Severance Plan” and “Treatment of Long-Term Incentive Awards Upon Termination or Change in Control.”

The amounts shown in the table do not include payments and benefits to the extent they are provided generally to all salaried employees upon termination of employment and do not discriminate in scope, terms or operation in favor of the NEOs. These include accrued but unpaid salary and distributions of vested plan balances under our 401(k) savings plans.

Named Executive Officer	Cash Severance Payment (\$)(1)	Pro-rata Bonus (\$)(2)	COBRA Benefit (\$)(3)	Acceleration of Long-Term Incentive Awards				Total (\$)
				RSUs (\$)	Stock Options (\$)(*)	Performance Units (\$)(4)		
Anne P. Noonan								
Qualifying Termination	2,381,875	1,244,530	—	922,894	—	—		4,549,299
Qualifying Change in Control Termination	5,359,219	1,244,530	—	3,749,678	—	4,831,291		15,184,718
Change in Control	—	—	—	3,749,678	—	4,831,291		8,580,969
Termination Upon Death or Disability	—	—	—	3,749,678	—	—		3,749,678
Brian J. Harris								
Qualifying Termination	1,238,060	485,165	39,186	960,494	—	—		2,722,905
Qualifying Change in Control Termination	2,166,605	485,165	39,186	2,135,609	—	3,837,826		8,664,391
Change in Control	—	—	—	2,135,609	—	3,837,826		5,973,435
Termination Upon Death or Disability	—	—	—	2,135,609	—	—		2,135,609
Karli S. Anderson								
Qualifying Termination	750,000	219,052	70,629	261,746	—	—		1,301,427
Qualifying Change in Control Termination	1,200,000	219,052	70,629	731,311	—	285,275		2,506,267
Change in Control	—	—	—	731,311	—	285,275		1,016,586
Termination Upon Death or Disability	—	—	—	731,311	—	—		731,311
Christopher B. Gaskill								
Qualifying Termination	840,000	249,486	19,103	384,078	—	—		1,492,667
Qualifying Change in Control Termination	1,344,000	249,486	19,103	954,931	—	368,686		2,936,206
Change in Control	—	—	—	954,931	—	368,686		1,323,617
Termination Upon Death or Disability	—	—	—	954,931	—	—		954,931
Deon MacMillan								
Qualifying Termination	900,000	227,969	—	125,047	—	—		1,253,016
Qualifying Change in Control Termination	1,440,000	227,969	—	450,170	—	—		2,118,139
Change in Control	—	—	—	450,170	—	—		450,170
Termination Upon Death or Disability	—	—	—	450,170	—	—		450,170

- (*) As of December 31, 2021, all outstanding stock options were fully vested.
- (1) In the event of a “constructive termination” or termination by the Company without “cause” (each term as defined in the Severance Plan), the cash severance payment includes the following:
- Ms. Noonan—a cash payment of 2.5 times her annual base salary, payable over a period of 30 months.
 - Messrs. Harris and Gaskill and Mss. Anderson and MacMillan—a cash payment of 2 times each NEO’s annual base salary, payable over a period of 24 months.
- In the event of a constructive termination or termination by the Company without cause during the two-year period beginning on the date of a change in control of the Company, the cash severance payment includes the following:
- Ms. Noonan—a cash payment payable in a lump sum no later than the 60th day following the date of termination equal to 2.5 times the sum of her annual base salary and target annual bonus for 2021.
 - Messrs. Harris and Gaskill and Mss. Anderson and MacMillan—a cash payment payable in a lump sum no later than the 60th day following the date of termination equal to 2 times the sum of each NEOs annual base salary and target annual bonus for 2021.
- (2) Pro-rata bonus represents the amount otherwise payable under the annual bonus program for the fiscal year in which termination of the Participant’s employment occurs, based on actual performance and payable concurrently with cash bonus payments to other employees (but in all events prior to March 15 of the immediately following fiscal year).
- (3) COBRA benefit represents a cash payment in an amount equal to the total amount of the monthly COBRA insurance premiums for participation in the life, health, dental and disability benefit programs of the Company in which the NEO participated as of the date of termination, payable monthly in accordance with the Company’s payroll practices. The terms of these payments are the following:
- Ms. Noonan—for up to 30 months.
 - Messrs. Harris and Gaskill and Mss. Anderson and MacMillan—for up to 24 months.
- (4) In the event of a Qualifying Change in Control Termination or a Change in Control, the amount reported assumes performance units are not continued, converted, assumed, or replaced by the Company or successor entity and therefore reflects full vesting at target. In addition, the amount reported assumes that the Compensation Committee had not yet certified the performance of the performance units with a performance period of 2019—2021, which subsequently resulted in a payout equal to 200% of target.

Chief Executive Officer Pay Ratio

The Chief Executive Officer pay ratio figure below is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K under the Exchange Act. Last year, we identified our median employee using our global employee population as of December 31, 2020. There was no significant change in our employee population or compensation arrangement in 2021, and there have been no changes in the median employee’s circumstances during 2021, that we reasonably believe would result in a significant change in our pay ratio disclosure. Accordingly, we have used the same median employee we identified last year for purposes of calculating our CEO pay ratio for 2021. To determine our median employee pay last year, we chose taxable wages as our consistently applied compensation measure in order to identify our median employee as of December 31, 2020.

We calculated the median employee’s annual total compensation for 2021 in accordance with the requirements of the Summary Compensation Table. For 2021, the median employee’s annual total compensation was \$40,006 and the annual total compensation of our CEO was \$6,296,104. Accordingly, for 2021, the ratio of CEO pay to median employee pay was 157:1.

This pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules and the methodology described above. The SEC rules for identifying the median compensated employee and calculating the pay ratio based on such employee’s annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices. As such, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates and assumptions in calculating their own pay ratios.

OUR AUDITORS

ITEM 4 RATIFICATION OF APPOINTMENT OF KPMG LLP

Under the rules and regulations of the SEC, the NYSE and the Public Company Accounting Oversight Board (the “PCAOB”), the Audit Committee is directly responsible for the appointment, compensation, retention and oversight of our independent registered public accounting firm. In addition, the Audit Committee considers the independence of our independent registered public accounting firm and participates in the selection of the independent registered public accounting firm’s lead engagement partner. The Audit Committee has appointed, and, as a matter of good corporate governance, is requesting ratification by our stockholders of the appointment of, the registered public accounting firm of KPMG to serve as independent registered public accounting firm for the fiscal year ending December 31, 2022. KPMG has served as our independent registered public accounting firm since 2012.

The Board and the Audit Committee believe that the continued retention of KPMG as the Company’s independent registered public accounting firm is in the best interests of the Company and its stockholders. If stockholders do not ratify the selection of KPMG, the Audit Committee will evaluate the stockholder vote when considering the selection of a registered public accounting firm for the audit engagement for the 2021 fiscal year. In addition, even if stockholders ratify the selection of KPMG as independent registered public accounting firm, the Audit Committee may nevertheless periodically request proposals from the major registered public accounting firms and as a result of such process may select KPMG or another registered public accounting firm as our independent registered public accounting firm.

**THE BOARD RECOMMENDS A VOTE “FOR” RATIFICATION
OF THE APPOINTMENT OF KPMG AS OUR INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL
YEAR ENDING DECEMBER 31, 2022.**

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Representatives of KPMG are expected to attend the Annual Meeting and will have an opportunity to make a statement and to respond to appropriate questions from stockholders.

Consistent with SEC and PCAOB requirements regarding auditor independence, the Audit Committee has responsibility for appointing, setting compensation for and overseeing the work of, the independent registered public accounting firm. In recognition of this responsibility, the Audit Committee has established a policy to pre-approve all audit and permissible non-audit services provided by the independent registered public accounting firm.

Prior to engagement of the independent registered public accounting firm for the next year's audit, management will submit to the Audit Committee for approval a list of services and related fees expected to be rendered during that year within each of the following four categories of services:

- Audit services include audit work performed on the financial statements and internal control over financial reporting, as well as work that generally only the independent registered public accounting firm can reasonably be expected to provide, including comfort letters, statutory audits and discussions surrounding the proper application of financial accounting and/or reporting standards.
- Audit-Related services are for assurance and related services that are traditionally performed by the independent registered public accounting firm, including due diligence related to mergers and acquisitions, employee benefit plan audits and special procedures required to meet certain regulatory requirements.
- Tax services include all services, except those services specifically related to the financial statements, performed by the independent registered public accounting firm's tax personnel, including tax analysis; assisting with coordination of execution of tax-related activities, primarily in the area of corporate development; supporting other tax-related regulatory requirements; tax planning; and tax compliance and reporting.
- All Other services are those services not captured in the Audit, Audit-Related or Tax categories.

Prior to engagement, the Audit Committee pre-approves independent registered public accounting firm services within each category and the fees of each category are budgeted. The Audit Committee requires the independent registered public accounting firm and management to report actual fees versus the budget periodically throughout the year by category of service. During the year, circumstances may arise when it may become necessary to engage the independent registered public accounting firm for additional services not contemplated in the original pre-approval categories. In those instances, the Audit Committee requires specific pre-approval before engaging the independent registered public accounting firm.

The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting. All of the services in the table below were pre-approved by the Audit Committee.

(in thousands)	2021	2020
Audit Fees(1)	\$3,640	\$3,750
Tax Fees	—	—
Audit-Related Fees	—	—
All Other Fees	—	—
Total	\$3,640	\$3,750

- (1) Represents the aggregate fees billed for professional services by KPMG for the audit of our financial statements, reviews of our quarterly financial statements and services associated with other SEC filings, including registration statements. Fees related to regulatory filings and comfort letters totaled 24,860 in 2021 and fees related to registration statement totaled \$99,460 in 2020.

AUDIT COMMITTEE REPORT

The Audit Committee reviews the Company's financial reporting process on behalf of the Board. Management has the primary responsibility for establishing and maintaining adequate internal control over financial reporting, for preparing the financial statements, and for the reporting process. The Audit Committee members do not serve as professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of management and the independent registered public accounting firm. The Company's independent registered public accounting firm is engaged to audit and report on the conformity of the Company's financial statements to accounting principles generally accepted in the United States and the effectiveness of the Company's internal control over financial reporting.

In this context, the Audit Committee reviewed and discussed with management and the independent registered public accounting firm the audited financial statements for the year ended January 1, 2022 (the "Audited Financial Statements"), management's assessment of the effectiveness of the Company's internal control over financial reporting, and the independent registered public accounting firm's evaluation of the Company's system of internal control over financial reporting. The Audit Committee has discussed with the independent registered public accounting firm the matters required to be discussed by Public Company Accounting Oversight Board (the "PCAOB") Auditing Standard No. 1301, *Communications with Audit Committees*. In addition, the Audit Committee has received the written disclosures and the letter from the independent registered public accounting firm required by applicable requirements of the PCAOB regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm its independence.

Based upon the reviews and discussions referred to above, the Audit Committee recommended to the Board that the Audited Financial Statements be included in the Company's Annual Report on Form 10-K for the year ended January 1, 2022, for filing with the Securities and Exchange Commission.

The Audit Committee

Joseph S. Cantie
Susan A. Ellerbusch
John R. Murphy, Chair
Anne K. Wade

OUR RELATIONSHIPS

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Exchange Agreement

In connection with the IPO, we entered into an Exchange Agreement with the holders of LP Units pursuant to which each holder of LP Units (and certain permitted transferees thereof) may, subject to the terms of the Exchange Agreement, exchange their LP Units for shares of Class A Common Stock on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends and reclassifications. The Exchange Agreement also provides that a holder of LP Units will not have the right to exchange LP Units if the Company determines that such exchange would be prohibited by law or regulation or would violate other agreements with the Company or its subsidiaries to which such holder may be subject. The Company may impose additional restrictions on exchange that it determines to be necessary or advisable so that Summit Holdings is not treated as a “publicly traded partnership” for U.S. federal income tax purposes. As a holder exchanges LP Units for shares of Class A Common Stock, the number of LP Units held by the Company is correspondingly increased as it acquires the exchanged LP Units. In accordance with the Exchange Agreement, any holder who surrenders all of its LP Units for exchange must concurrently surrender all shares of Class B Common Stock held by it (including fractions thereof) to the Company.

Tax Receivable Agreement

In connection with the IPO, we entered into a tax receivable agreement with the holders of LP Units that provides for the payment to exchanging holders of LP Units of 85% of the benefits, if any, that the Company is deemed to realize as a result of the increases in tax basis resulting from exchanges of LP Units and certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement. Certain current and former holders of LP Units, who include certain of our executive officers and directors, are expected to receive payments under the tax receivable agreement in the future. The increases in tax basis as a result of an exchange of LP Units for shares of Class A Common Stock, as well as the amount and timing of any payments under the tax receivable agreement, are difficult to accurately estimate as they will vary depending upon a number of factors, including:

- **the timing of exchanges**—for instance, the increase in any tax deductions will vary depending on the fair market value, which may fluctuate over time, of the depreciable or amortizable assets of Summit Holdings at the time of each exchange;
- **the price of shares of our Class A Common Stock at the time of the exchange**—the increase in any tax deductions, as well as the tax basis increase in other assets, of Summit Holdings, is directly proportional to the price of shares of our Class A Common Stock at the time of the exchange;
- **the extent to which such exchanges are taxable**—if an exchange is not taxable for any reason, increased deductions will not be available;
- **the amount and timing of our income**—the Company is required to pay 85% of the cash tax savings as and when realized, if any. If the Company does not have taxable income, the Company is not required (absent a change of control or circumstances requiring an early termination payment) to make payments under the tax receivable agreement for that taxable year because no cash tax savings will have been realized. However, any tax attributes that do not result in realized benefits in a given tax year will likely generate tax attributes that may be utilized to generate benefits in previous or future tax years. The utilization of such tax attributes will result in cash tax savings that will result in payments under the tax receivable agreement; and
- **the effective tax rate**—the benefit that the Company realizes is dependent on the tax rate in effect at the time taxable income is generated.

We anticipate funding payments under the tax receivable agreement from cash flows from operations, available cash and available borrowings under our senior secured revolving credit facilities. As of January 1, 2022, we had accrued \$326.5 million as a tax receivable agreement liability. The tax receivable agreement liability is a long-term liability as no additional payments are expected in the next twelve months.

In addition, the tax receivable agreement provides that upon certain changes of control, the Company's (or its successor's) obligations would be based on certain assumptions, including that the Company would have sufficient taxable income to fully utilize the deductions arising from the tax deductions, tax basis and other tax attributes subject to the tax receivable agreement. With respect to our obligations under the tax receivable agreement relating to previously exchanged or acquired LP Units and certain net operating losses, we would be required to make a payment equal to the present value (at a discount rate equal to one year LIBOR plus 100 basis points) of the anticipated future tax benefits determined using assumptions (ii) through (v) of the following paragraph.

Furthermore, the Company may elect to terminate the tax receivable agreement early by making an immediate payment equal to the present value of the anticipated future cash tax savings. In determining such anticipated future cash tax savings, the tax receivable agreement includes several assumptions, including that (i) any LP Units that have not been exchanged are deemed exchanged for the market value of the shares of Class A Common Stock at the time of termination, (ii) the Company will have sufficient taxable income in each future taxable year to fully realize all potential tax savings, (iii) the Company will have sufficient taxable income to fully utilize any remaining net operating losses subject to the tax receivable agreement on a straight line basis over the shorter of the statutory expiration period for such net operating losses or the five-year period after the early termination or change of control, (iv) the tax rates for future years will be those specified in the law as in effect at the time of termination and (v) certain non-amortizable assets are deemed disposed of within specified time periods. In addition, the present value of such anticipated future cash tax savings is discounted at a rate equal to LIBOR plus 100 basis points.

Under the terms of the tax receivable agreement, the Company can terminate the tax receivable agreement at any time, which would trigger a cash payment to the pre-IPO owners. Based upon a \$40.14 per share price of our Class A common stock, the closing price of our stock on December 31, 2021 (the last business day of our fiscal year) and a contractually defined discount rate of 1.58%, the Company estimates that if it were to exercise its right to terminate the tax receivable agreement, the aggregate amount required to settle the tax receivable agreement would be approximately \$312 million.

Summit Materials Holdings L.P. Amended and Restated Limited Partnership Agreement

The Company holds LP Units in Summit Holdings and is the sole general partner of Summit Holdings. Accordingly, the Company operates and controls all of the business and affairs of Summit Holdings and, through Summit Holdings and its operating entity subsidiaries, conducts our business.

Pursuant to the limited partnership agreement of Summit Holdings, the Company has the right to determine when distributions will be made to holders of LP Units and the amount of any such distributions. If a distribution is authorized, such distribution will be made to the holders of LP Units pro rata in accordance with the percentages of their respective limited partnership interests. The holders of LP Units, including the Company, incur U.S. federal, state and local income taxes on their share of any taxable income of Summit Holdings. The limited partnership agreement of Summit Holdings provides for tax distributions to the holders of the LP Units in an amount generally calculated to provide each holder of LP Units with sufficient cash to cover its tax liability in respect of the LP Units. These tax distributions are generally only paid to the extent that other distributions made by Summit Holdings were otherwise insufficient to cover the estimated tax liabilities of all holders of LP Units. In general, these tax distributions are computed based on our estimate of the net taxable income allocated to the Company multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate applicable to a corporate resident in New York, New York. In the year ended January 1, 2022, Summit LLC did not make any distributions to Summit Holdings.

The limited partnership agreement of Summit Holdings also provides that substantially all expenses incurred by or attributable to the Company, but excluding obligations incurred under the tax receivable agreement by the Company, income tax expenses of the Company and payments on indebtedness incurred by the Company, will be borne by Summit Holdings.

The Company as the general partner may (i) at any time, require all holders of LP Units, other than holders who are current employees or service providers, to exchange their units for shares of our common stock or (ii) with the consent of partners in Summit Holdings whose vested interests exceed 66 2/3% of the aggregate vested interests in Summit Holdings, require all holders of interests in Summit Holdings to transfer their interests, provided that the prior written consent of each holder that is an affiliate of Blackstone affected by any such proposed transfer will be required. These provisions are designed to ensure that the general partner can, in the context of a sale of the Company, sell Summit Holdings as a wholly-owned entity subject to the approval of the holders thereof.

Indemnification Agreements

We have entered into indemnification agreements with our directors and executive officers. These agreements require us to indemnify these individuals to the fullest extent permitted by Delaware law against liabilities that may arise by reason of their service

to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors or executive officers, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Statement of Policy Regarding Transactions with Related Persons

We have adopted a written statement of policy regarding transactions with related persons, which we refer to as our “related person policy.” Our related person policy requires that a “related person” (as defined in paragraph (a) of Item 404 of Regulation S-K) must promptly disclose to our Chief Legal Officer any “related person transaction” (defined as any transaction that is anticipated would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds \$120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. The Chief Legal Officer will then promptly communicate that information to our Board. No related person transaction will be executed without the approval or ratification of an approving body that shall be composed solely of independent directors who are disinterested in the transaction. Currently, our Board has designated the members of the Audit Committee as the approving body. It is our policy that directors interested in a related person transaction will recuse themselves from any vote on a related person transaction in which they have an interest.

OUR STOCKHOLDERS

HOLDINGS OF MAJOR STOCKHOLDERS

The following table sets forth the beneficial ownership of shares of our Class A Common Stock and LP Units by (1) each person known to us to beneficially own more than 5% of any class of the outstanding voting securities of the Company, (2) each of our directors and NEOs and (3) all of our directors and executive officers as a group as of March 21, 2022.

Stockholder Name	Class A Common Stock(1)		LP Units(1)		Combined Voting Power(2)	
	Number	Percent	Number	Percent	Number	Percent
The Vanguard Group, Inc.(3)	11,145,582	9.3	—	—	11,145,582	9.2
BlackRock, Inc.(4)	8,974,433	7.5	—	—	8,974,433	7.4
T. Rowe Price Associates, Inc. (5)	8,886,942	7.4	—	—	8,886,942	7.4
FMR LLC(6)	7,951,538	6.7	—	—	7,951,538	6.6
Capital International Investors(7)	6,384,589	5.3	—	—	6,384,589	5.3
Anne P. Noonan (8)	93,197	*	—	—	93,197	*
Howard L. Lance(9)	89,979	*	45,772	*	135,751	*
Joseph S. Cantie(10)	35,763	*	—	—	35,763	*
Anne M. Cooney(11)	22,996	*	—	—	22,926	*
Susan A. Ellerbusch(12)	22,996	*	—	—	22,996	*
John R. Murphy(13)	23,436	*	4,274	*	27,710	*
Anne K. Wade(14)	23,014	*	—	—	23,014	*
Steven H. Wunning(15)	30,640	*	—	—	30,640	*
Tamala Oates-Forney(16)	4,054	*	—	—	4,054	*
Brian J. Harris(17)	203,059	*	332,699	*	535,758	*
Karli S. Anderson(18)	10,033	*	—	—	10,033	*
Christopher B. Gaskill(19)	25,537	*	—	—	25,537	*
Deon MacMillan(20)	10,163	*	—	—	10,163	*
All Directors and Executive Officers as a Group (13 persons)(21)	594,867	*	382,745	*	977,612	*

Anne P. Noonan

Brian J. Harris

Karli S. Anderson

Christopher B. Gaskill

Deon MacMillan

* Less than 1%.

The percentage of beneficial ownership of (1) Class A Common Stock is based upon 119,548,709 shares issued and outstanding and (2) LP Units is based upon 120,862,715 LP Units outstanding (including 119,548,709 LP Units held by the Company), in each case as of March 21, 2022. Percentage of combined voting power is based upon 120,862,715 votes represented by outstanding securities, consisting of (1) 119,548,709 shares of Class A Common Stock issued and outstanding and (2) 1,314,006 LP Units outstanding and eligible to vote, excluding LP Units held by the Company, in each case as of March 21, 2022. The Company is the general partner of Summit Holdings, which indirectly owns 100% of the limited liability interests of Summit Materials, LLC ("Summit LLC"). Except as otherwise noted, (i) the information is as of March 21, 2022, and (ii) the address of each beneficial owner is c/o Summit Materials, Inc., 1550 Wynkoop Street, 3rd floor, Denver, Colorado 80202. Beneficial ownership is determined in accordance with the rules and regulations of the SEC.

- (1) Subject to the terms of the Exchange Agreement, LP Units are exchangeable for shares of our Class A Common Stock on a one-for-one basis. See "Certain Relationships and Related Person Transactions — Exchange Agreement." Beneficial ownership of LP Units reflected in this table is not reflected as beneficial ownership of shares of our Class A Common Stock for which such units may be exchanged. See "Executive Compensation — Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table — Pre-IPO Long-Term Incentive Awards (Value From Modifications to Eliminate Misalignment Post-IPO)" for a description of the LP Units.
- (2) Represents percentage of voting power of the Class A Common Stock and Class B Common Stock of the Company voting together as a single class and gives effect to voting power of the Class B Common Stock, excluding options that are vested or will vest within 60 days as well as outstanding warrants. The Class B Common Stock provides holders who also hold LP Units with a number of votes that is equal to the aggregate number of LP Units held by such holders. As of March 21, 2022, holders of the LP Units held all of the issued shares of our Class B Common Stock that were outstanding and the total number of votes that were represented by the Class B Common Stock was 1,314,006.
- (3) The number of shares held was obtained from the holder's Schedule 13G/A filing with the SEC on February 10, 2022, which reports ownership as of December 31, 2021. The Schedule 13G/A filing indicates that the holder, The Vanguard Group, Inc. ("Vanguard") has shared power to vote or direct the vote of 96,388 shares of our Class A Common Stock, sole power to dispose or direct the disposition of 10,944,138 shares of our Class A Common Stock, and shared power to dispose or direct the disposition of 201,444 shares of our Class A Common Stock. The address of Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.
- (4) The number of shares held was obtained from the holder's Schedule 13G/A filing with the SEC on February 3, 2022, which reports ownership as of December 31, 2021. The Schedule 13G/A filing indicates that the holder, BlackRock, Inc. ("BlackRock") had sole power to vote or direct the vote of 8,640,952 shares of our Class A Common Stock and sole power to dispose or to direct the disposition of 8,974,433 shares of our Class A Common Stock. The address of BlackRock is 55 East 52nd Street, New York, NY 10055.
- (5) The number of shares held was obtained from the Schedule 13G/A filing made by T. Rowe Price Associates, Inc. ("T. Rowe Price") with the SEC on February 14, 2022, which reports ownership as of December 31, 2021. The Schedule 13G/A indicates that T. Rowe Price has sole power to vote or direct the vote of 3,381,175 shares of our Class A Common Stock and sole power to dispose or direct the disposition of 8,886,942 shares of our Class A Common Stock. The address of T. Rowe Price is 100 E. Pratt Street, Baltimore, Maryland 21202.
- (6) The number of shares held was obtained from the Schedule 13G/A filing made by FMR LLC ("FMR") and Abigail P. Johnson with the SEC on February 9, 2022, which reports ownership as of December 31, 2021. The Schedule 13G/A indicates that FMR has sole power to vote or direct the vote of 2,776,161 shares of our Class A Common Stock and sole power to dispose or direct the disposition of 7,951,538 shares of our Class A Common Stock. The Schedule 13G/A indicates that Ms. Johnson has sole power to dispose or direct the disposition of 7,951,538 shares of our Class A Common Stock. Members of the Johnson family, including Ms. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940 (the "Investment Act"), to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies registered under the Investment Company Act ("Fidelity Funds") advised by Fidelity Management & Research Company ("FMR Co"), a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. FMR Co carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees. The address of FMR is 245 Summer Street, Boston, Massachusetts 02210.
- (7) The number of shares held was obtained from the Schedule 13G filing made by Capital International Investors ("Capital") with the SEC on February 11, 2022, which reports ownership as of December 31, 2021. The Schedule 13G indicates that Capital has sole power to vote or direct the vote of 6,384,589 shares of our Class A Common Stock and sole power to dispose or direct the disposition of 6,384,589 shares of our Class A Common Stock. The address of Capital is 333 South Hope Street, 55th Fl, Los Angeles, CA 90071.
- (8) Includes 93,197 shares of our Class A Common Stock owned by Ms. Noonan.
- (9) Includes (i) 81,611 options issued to Mr. Lance that are vested or will vest within 60 days, (ii) 45,772 LP Units held by Mr. Lance, and (iii) 8,368 shares of our Class A Common Stock held by Mr. Lance.
- (10) Includes (i) 30,663 shares of our Class A Common Stock owned by Mr. Cantie directly and (ii) 5,100 shares of our Class A Common Stock held by a trust for the benefit of Mr. Cantie, for which Mr. Cantie and his spouse serve as trustees.
- (11) Includes (i) 9,716 restricted stock units that are vested and the reporting person has elected to defer settlement and (ii) 13,280 shares of our Class A Common Stock owned by Ms. Cooney.
- (12) Includes 22,996 shares of our Class A Common Stock owned by Ms. Ellerbusch.
- (13) Includes (i) 10,220 options issued to Mr. Murphy that are vested or will vest within 60 days, (ii) 4,274 LP Units held by Mr. Murphy and (iii) 13,216 shares of our Class A Common Stock owned by Mr. Murphy.
- (14) Includes (i) 4,374 restricted stock units that are vested and the reporting person has elected to defer settlement and (ii) 18,640 shares of our Class A Common Stock owned by Ms. Wade.
- (15) Includes 30,640 shares of our Class A Common Stock owned by Mr. Wunning.
- (16) Includes 4,054 restricted stock units that will vest within 60 days owned by Ms. Oates-Forney.
- (17) Includes (i) 19,216 options issued to Mr. Harris that are vested or will vest within 60 days, (ii) 183,843 shares of our Class A Common Stock owned by Mr. Harris, and (iii) 332,699 LP Units held by The Harris Family 2014 Trust fbo Michael J. Harris and The Harris Family 2014 Trust fbo Cameron I.J. Harris, trusts for which Mr. Harris' spouse serves as trustee and as to which Mr. Harris could be deemed to have beneficial ownership.
- (18) Includes 10,033 shares of our Class A Common Stock owned by Ms. Anderson.
- (19) Includes (i) 1,536 options that are vested or will vest within 60 days and (ii) 24,001 shares of our Class A Common Stock owned by Mr. Gaskill.
- (20) Includes (i) 6,452 restricted stock units that will vest within 60 days and (ii) 3,711 shares of our Class A Common Stock owned by Ms. MacMillan.
- (21) Includes (i) 112,583 options that are vested or will vest within 60 days, (ii) 10,506 restricted stock units that will vest within 60 days, (iii) 382,745 LP Units, (iv) 14,090 restricted stock units that are vested and the reporting person has elected to defer settlement and (v) 457,688 shares of our Class A Common Stock.

USERS' GUIDE

Information Referenced in This Proxy Statement

The content of the websites referred to in this proxy statement are not deemed to be part of, and are not incorporated by reference into, this proxy statement.

Attending the Annual Meeting of Stockholders

WHO CAN ATTEND THE ANNUAL MEETING?

You are entitled to attend the Annual Meeting on Wednesday, May 18, 2022 only if you were a Summit Materials stockholder at the close of business on March 23, 2022, or you hold a valid proxy. No cameras, recording equipment, laptops, tablets, cellular telephones, smartphones, or other similar equipment, electronic devices, large bags, briefcases or packages will be permitted, and security measures will be in effect to provide for the safety of attendees.

HOW CAN I ATTEND THE ANNUAL MEETING?

To attend the Annual Meeting physically, you will need proof of ownership of Summit Materials stock to enter the meeting. If your shares are in the name of your broker or bank or you received your materials electronically, you will need to bring evidence of your stock ownership, such as your most recent brokerage statement and a "legal proxy" from the bank, brokerage firm or other nominee that hold your shares, in order to enter the meeting. Everyone will be required to present a valid picture ID in order to enter the meeting.

To attend the Annual Meeting via the virtual web conference, please go to www.virtualshareholdermeeting.com/SUM2022 and enter the control number found on your proxy card, voting instruction form or notice you received.

As always, we encourage you to vote your shares prior to the Annual Meeting. We have designed our hybrid format to enhance stockholder access, participation and communication. During the live Q&A session of the Annual Meeting, we may answer questions as they come in, to the extent relevant to the business of the Annual Meeting, as time permits. If you encounter any difficulties accessing the virtual web conference of the Annual Meeting, please call the numbers listed on the login page. Technical support will be available beginning 15 minutes before the start of the meeting and through the conclusion of the Annual Meeting.

HOW CAN I ACCESS THE ANNUAL MEETING VOTING WEBSITE?

All stockholders can visit the Annual Meeting voting website at www.proxyvote.com. On our Annual Meeting voting website, you can vote your proxy, access copies of our Proxy Statement and Annual Report and other information about Summit Materials, and elect to view future proxy statements and annual reports online instead of receiving paper copies in the mail.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SUMMIT MATERIALS, INC.

ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON WEDNESDAY, MAY 18, 2022

THIS NOTICE, OUR PROXY STATEMENT, AND OUR COMBINED ANNUAL REPORT AND ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED JANUARY 1, 2022 ARE AVAILABLE AT WWW.PROXYVOTE.COM.

Who Can Vote and How

WHO IS ENTITLED TO VOTE?

You are entitled to vote at the Annual Meeting on Wednesday, May 18, 2022 only if you were a Summit Materials stockholder of record of our Class A Common Stock and Class B Common Stock (each such designation having par value \$0.01 per share) at the close of business on March 23, 2022.

On March 23, 2022, we had 119,548,726 shares of Class A Common Stock outstanding and entitled to vote and 99 shares of Class B Common Stock outstanding and entitled to vote. Holders of shares of our Class A Common Stock and Class B Common Stock vote together as a single class on all matters on which stockholders are entitled to vote generally (except as may be required by law).

Each share of Class A Common Stock is entitled to one vote for each director nominee and one vote for each other item to be voted on at the Annual Meeting. All of the shares of our outstanding Class B Common Stock are currently held by our pre-IPO investors, including certain members of management or their family trusts that directly hold LP Units. A holder of Class B Common Stock is entitled, without regard to the number of shares of Class B Common Stock held by such holder, to a number of votes that is equal to the aggregate number of LP Units held by such holder. As of the record date, the total number of LP Units to which the voting power of the Class B Common Stock relates was 1,314,006.

A majority of the voting power of Class A Common Stock and Class B Common Stock entitled to vote, present in person or represented by proxy, constitutes a quorum for the transaction of business at the Annual Meeting. Abstentions and broker non-votes will be included in determining the presence of a quorum at the Annual Meeting.

HOW DO I VOTE?

We encourage you to vote your shares in advance of the Annual Meeting, even if you plan on attending the Annual Meeting. If you have already voted prior to the Annual Meeting, you may nevertheless change or revoke your vote at the Annual Meeting.

Vote your shares as follows. In all cases, have your Notice of Internet Availability of Proxy Materials, proxy card or voting instruction form in hand and follow the instructions.

- **Vote by Internet.** Visit www.proxyvote.com 24/7 to vote by internet using your computer.
- **Vote by Telephone.** Stockholders of record can call toll-free 800-690-6903 24/7 to vote. For beneficial stockholders, please see the voting instruction form 24/7 to vote.
- **Vote by Mail.** If you elected to receive a hard copy of your proxy materials, fill out the enclosed proxy card, date and sign it, and return it in the enclosed postage paid envelope.
- **Vote During the Annual Meeting via the Internet.** You may attend the Annual Meeting via the Internet and vote during the meeting. Go to www.virtualshareholdermeeting.com/SUM2022, enter the control number found on your proxy card, voting instruction form or notice you received, and follow the instructions available on the meeting website during the meeting.

We encourage you to register to receive all future stockholder communications electronically, instead of in print. This means that, after you register, access to the annual report, proxy statement, and other correspondence will be delivered to you via e-mail.

CAN I CHANGE MY VOTE?

If you own common stock of record, you may change your vote at any time before the polls close at the Annual Meeting. You can do this by:

- Voting again by Internet or telephone prior to 11:59 p.m. Eastern Time on May 17, 2022;
- Signing another proxy card with a later date and returning it prior to the Annual Meeting; or
- Voting again during the Annual Meeting.

A stockholder owning common stock in street name may revoke or change voting instructions by contacting the bank, brokerage firm or other nominee holding the shares or by obtaining a legal proxy from such institution and voting in person at the Annual Meeting.

WHO COUNTS THE VOTES?

We have hired Broadridge Financial Solutions, Inc. to count the votes represented by proxies and cast by ballot, and Broadridge Financial Solutions, Inc. has been appointed to act as Inspector of Election.

WHEN WILL THE VOTING RESULTS BE ANNOUNCED?

We will announce the preliminary voting results during the Annual Meeting. We will report the final results on our website and in a Current Report on Form 8-K filed with the SEC within four days following the meeting.

WILL MY VOTE BE CONFIDENTIAL?

All stockholder proxies, ballots and tabulations that identify stockholders will be maintained in confidence. No such document will be available for examination, and the identity and vote of any stockholder will not be disclosed, except as necessary to meet legal requirements and to allow the inspectors of election to certify the results of the vote.

Business Taking Place at the Annual Meeting

WHICH PROPOSALS ARE BEING VOTED ON AT THE ANNUAL MEETING?

- The election of each of the three nominees to the Board named herein;
- The approval, on a nonbinding advisory basis, of the compensation of our NEOs, as disclosed herein; and
- The approval, on a nonbinding advisory basis, as to whether the nonbinding advisory vote on the approval of the compensation of our NEOs should be held every year, every two years, or every three years; and
- The ratification of the appointment of KPMG as our independent registered public accounting firm.

WHICH PROPOSALS ARE “ROUTINE” AND WHICH ARE “NON-ROUTINE”?

The ratification of KPMG LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2022 is the only routine matter to be presented at the Annual Meeting. The other two matters are non-routine and brokers will not be allowed to vote on these proposals without specific voting instructions from beneficial owners. We do not expect any additional matters will be brought before the Annual Meeting. However, if other matters are properly presented, the persons named as proxies in the proxy card or their substitutes will vote in their discretion.

HOW MANY VOTES ARE NEEDED TO APPROVE EACH PROPOSAL?

With respect to the election of directors, a nominee for director shall be elected to the Board by a plurality of the votes cast in respect of the shares of common stock present in person or represented by proxy at the Annual Meeting and entitled to vote on the election of directors. A plurality vote requirement means that the director nominees with the greatest number of votes cast “FOR”, even if it is less than a majority, will be elected. You may vote “FOR” or “WITHHOLD” with respect to each nominee. A withhold vote in the election of directors will have the same effect as an abstention. Neither a withhold vote nor a broker non-vote will affect the outcome of the election of directors.

The affirmative vote of a majority of the voting power of common stock present in person or represented by proxy and entitled to vote on the matter is required to (i) ratify the appointment of KPMG as our independent registered public accounting firm and (ii) approve, on a nonbinding advisory basis, the compensation of our NEOs, as disclosed in this Proxy Statement. You may vote “FOR,” “AGAINST,” or “ABSTAIN” with respect to these matters. For these matters, abstentions are not counted as affirmative votes but are counted as present at the Annual Meeting and entitled to vote and will have the effect of a vote “against” the matter. Broker non-votes, if any, will have no effect on the outcome of these matters. With respect to the frequency of a nonbinding advisory stockholder vote on the compensation of our NEOs (Item 4), you may vote “ONE YEAR”, “TWO YEARS”, “THREE YEARS”, or “ABSTAIN”. Abstentions and broker non-votes, if any, will have no effect on the outcome of this matter.

Proxies

WHO IS SOLICITING MY PROXY?

The Board of Summit Materials is soliciting your proxy to vote at the 2022 Annual Meeting of Stockholders.

HOW CAN I REVOKE MY PROXY?

You can revoke your proxy by sending written notice of revocation to our Chief Legal Officer & Secretary at Summit Materials, Inc., 1550 Wynkoop Street, 3rd Floor, Denver, Colorado 80202, by May 17, 2022.

WHAT IS THE COST OF THIS PROXY SOLICITATION?

The Company will pay the costs of preparing, printing, assembling, and mailing the proxy materials used in the solicitation of proxies. Solicitation may be made by our directors, officers, and employees by mail, email, telephone, or in person. Those individuals

will receive no additional compensation for solicitation activities. We have hired Innisfree M&A Incorporated to assist in the solicitation of proxies, who will receive a fee of \$20,000, plus reasonable out of pocket costs and expenses, for its services. Broadridge will distribute proxy materials to banks, brokers, and other nominees for forwarding to beneficial owners and will request brokerage houses and other custodians, nominees, and fiduciaries to forward soliciting material to the beneficial owners of the common stock held on the record date by such persons. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for their expenses in forwarding solicitation materials.

Getting Our Proxy Statement and Annual Report

HOW CAN I ACCESS PROXY MATERIALS ONLINE?

This Proxy Statement, the accompanying proxy card, and our 2021 Annual Report are being made available to stockholders online at www.proxyvote.com.

Instead of mailing printed copies of these materials, we will send some of our stockholders a Notice of Internet Availability of Proxy Materials ("Notice"). If you received a Notice and would prefer to receive a paper copy of our proxy materials, follow the instructions included in the Notice to update your preferences. If you elect to receive our future proxy materials electronically, you will receive access to those materials via e-mail unless and until you elect otherwise.

WHY DID MY HOUSEHOLD RECEIVE A SINGLE SET OF PROXY MATERIALS?

SEC rules permit us to deliver a single copy of our 2021 Annual Report and Proxy Statement to any household at which two or more stockholders reside if we believe the stockholders are members of the same family. This practice benefits both you and Summit Materials, as it eliminates duplicate mailings and reduces our printing and mailing costs. Each stockholder will continue to receive a separate proxy card or voting instruction card.

Your household may have received a single set of proxy materials this year. If you prefer to receive your own copy now or in future years, please request a duplicate set by phone at 1-866-540-7095, online at www.proxyvote.com, or by writing to Summit Materials, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

If you hold your stock in street name, you may receive some duplicate mailings. Certain brokers will eliminate duplicate account mailings on request. You may need to contact your broker directly if you want to discontinue duplicate mailings to your household. You can also register to receive all future stockholder communications electronically, instead of in print. This means that links to the annual report, proxy statement, and other correspondence will be delivered to you via e-mail. Holders in street name can register for electronic delivery directly with their bank, brokerage firm, or other nominee. Electronic delivery of stockholder communications helps save the Company money by reducing printing and postage costs.

Future Shareholder Proposals and Nominations

RULE 14A-8 SHAREHOLDER PROPOSAL

Under SEC rules, if you want us to include a proposal in our proxy statement for the 2022 Annual Meeting of Stockholders, you must submit it in writing to our Chief Legal Officer & Secretary at Summit Materials, Inc., 1550 Wynkoop Street, 3rd Floor, Denver, Colorado 80202, by December 2, 2022. Any such proposal should comply with the requirements of Rule 14a-8 promulgated under the Securities Exchange Act. The submission of a shareholder proposal does not guarantee that it will be included in our proxy statement.

PROXY ACCESS NOMINATIONS AND OTHER PROPOSALS/NOMINATIONS

Under our Bylaws, a stockholder wishing to bring director nominations or other business before an annual meeting is required to provide advance written notice to the Chief Legal Officer & Secretary of Summit Materials regarding such nominations or other business and provide the information and satisfy the other requirements set forth in the Bylaws. To be timely, a stockholder who intends to present nominations or a proposal at the 2022 Annual Meeting other than pursuant to Rule 14a-8 must provide the information set forth in the Bylaws no earlier than January 18, 2023 and no later than February 17, 2023. However, if we hold the 2022 Annual Meeting more than 30 days before, or more than 70 days after, the anniversary of the 2022 Annual Meeting date, then the information must be received no earlier than the 120th day prior to the 2023 Annual Meeting date, and not later than the close of business on the later of the 90th day prior to the 2023 Annual Meeting date or the tenth day after public announcement of the 2023 Annual Meeting date. These advance notice provisions do not apply if the stockholder only seeks to include such matters in the proxy statement pursuant to Rule 14a-8.

If a stockholder fails to meet these deadlines and fails to satisfy the requirements of Rule 14a-4 under the Securities Exchange Act, we may exercise discretionary voting authority under proxies we solicit to vote on any such proposal as we determine appropriate. We also reserve the right to reject, rule out of order, or take other appropriate action with respect to any nomination or proposal that does not comply with these and other applicable requirements.

ANNEX A

RECONCILIATION OF NON-GAAP MEASURES TO GAAP

The following table reconciles our net income to Adjusted EBITDA for the year ended January 1, 2022.

	Year ended January 1, 2022
Reconciliation of Net Income (Loss) to Adjusted EBITDA	
(\$ in thousands)	
Net income (loss)	\$154,281
Interest (income) expense	92,240
Income tax expense	44,356
Depreciation, depletion and amortization	226,442
EBITDA	\$517,319
Accretion	2,924
Loss on debt financings	6,016
Tax receivable agreement benefit	(6,779)
Gain on sale of businesses	(20,011)
Non-cash compensation	19,705
Other	908
Adjusted EBITDA	\$520,082

The following table reconciles net cash provided by operating activities to free cash flow for year ended January 1, 2022.

	Year ended January 1, 2022
(\$ in thousands)	
Net income	\$ 154,281
Non-cash items	253,976
Net income adjusted for non-cash items	408,257
Change in working capital accounts	(46,328)
Net cash provided by operating activities	361,929
Capital expenditures, net of asset sales	(200,308)
Free cash flow	\$ 161,621

The table below reconciles our Adjusted EBITDA to Further Adjusted EBITDA and our calculation of Net Debt to arrive at our Net Leverage Ratio for the year ended January 1, 2022.

	Year ended January 1, 2022
(\$ in thousands)	
Adjusted EBITDA	\$520
EBITDA for certain acquisitions / divestitures(1)	(3)
Transaction costs	3
Further Adjusted EBITDA(2)	\$520
Long-term debt, including current portion	\$1,610
Acquisition related liabilities	46.5
Finance leases and other	32.6
Less: Cash and cash equivalents	381
Net Debt	\$1,308.1
Net Leverage Ratio(3)	2.5x

(1) Under the terms of our credit facilities, we include EBITDA from our acquisitions, net of dispositions, in each fiscal year for periods prior to acquisition.

(2) Further Adjusted EBITDA is defined as Adjusted EBITDA plus the EBITDA contribution for certain recent acquisitions.

(3) Net Leverage Ratio is defined as Net Debt divided by Further Adjusted EBITDA.

SUMMIT MATERIALS

2021 / *FORM*
10-K



**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 January 1, 2022

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 numbers:

001-36873 (Summit Materials, Inc.)

333-187556 (Summit Materials, LLC)

SUMMIT MATERIALS, INC.

SUMMIT MATERIALS, LLC

(exact name of registrants as specified in their charters)

Delaware (Summit Materials, Inc.)

Delaware (Summit Materials, LLC)

(State or other jurisdiction of incorporation or organization)

1550 Wynkoop Street, 3rd Floor

Denver, Colorado

(Address of principal executive offices)

47-1984212

26-4138486

(I.R.S. Employer Identification No.)

80202

(Zip Code)

Registrants' telephone number, including area code: (303) 893-0012

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock (par value \$.01 per share)	SUM	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Summit Materials, Inc. Yes No Summit Materials, LLC Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Summit Materials, Inc. Yes No Summit Materials, LLC 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.

Summit Materials, Inc. Yes No Summit Materials, LLC 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).

Summit Materials, Inc. Yes No Summit Materials, LLC Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Summit Materials, Inc.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

Summit Materials, LLC

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

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.

Summit Materials, Inc. Yes No Summit Materials, LLC Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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

Summit Materials, Inc. Yes No Summit Materials, LLC Yes No

The aggregate market value of the Summit Materials, Inc. voting stock held by non-affiliates of the Registrants as of July 3, 2021 was approximately \$4.1 billion.

As of February 21, 2022, the number of shares of Summit Materials, Inc.'s outstanding Class A and Class B common stock, par value \$0.01 per share for each class, was 118,730,256 and 99, respectively.

As of February 21, 2022, 100% of Summit Materials, LLC's outstanding limited liability company interests were held by Summit Materials Intermediate Holdings, LLC, its sole member and an indirect subsidiary of Summit Materials, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required by Items 10, 11, 12, 13 and 14 of Part III incorporate information by reference from Summit Materials, Inc.'s definitive proxy statement relating to its 2022 annual meeting of stockholders to be filed with the Securities and Exchange Commission within 120 days after the close of Summit Materials, Inc.'s most recent fiscal year.

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EXPLANATORY NOTE

This annual report on Form 10-K (this “report”) is a combined annual report being filed separately by two registrants: Summit Materials, Inc. and Summit Materials, LLC. Each registrant hereto is filing on its own behalf all of the information contained in this report that relates to such registrant. Each registrant hereto is not filing any information that does not relate to such registrant, and therefore makes no representation as to any such information. We believe that combining the annual reports on Form 10-K of Summit Materials, Inc. and Summit Materials, LLC into this single report eliminates duplicative and potentially confusing disclosure and provides a more streamlined presentation since a substantial amount of the disclosure applies to both registrants.

Unless stated otherwise or the context requires otherwise, references to “Summit Inc.” mean Summit Materials, Inc., a Delaware corporation, and references to “Summit LLC” mean Summit Materials, LLC, a Delaware limited liability company. The references to Summit Inc. and Summit LLC are used in cases where it is important to distinguish between them. We use the terms “we,” “our,” “Summit Materials” or “the Company” to refer to Summit Inc. and Summit LLC together with their respective subsidiaries, unless otherwise noted or the context otherwise requires.

Summit Inc. was formed on September 23, 2014 to be a holding company. As of January 1, 2022, its sole material asset was a 98.9% economic interest in Summit Materials Holdings L.P. (“Summit Holdings”). Summit Inc. has 100% of the voting rights of Summit Holdings, which is the indirect parent of Summit LLC. Summit LLC is a co-issuer of our outstanding 6 1/2 % senior notes due 2027 (“2027 Notes”) and our 5 1/4% senior notes due 2029 (“2029 Notes” and collectively with the 2027 Notes, the “Senior Notes”). Summit Inc.’s only revenue for the year ended January 1, 2022 is that generated by Summit LLC and its consolidated subsidiaries. Summit Inc. controls all of the business and affairs of Summit Holdings and, in turn, Summit LLC.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements” within the meaning of the federal securities laws, which involve risks and uncertainties. Forward-looking statements include all statements that do not relate solely to historical or current facts, and you can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “intends,” “trends,” “plans,” “estimates,” “projects” or “anticipates” or similar expressions that concern our strategy, plans, expectations or intentions. All statements made relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results are forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, it is very difficult to predict the effect of known factors, and, of course, it is impossible to anticipate all factors that could affect our actual results.

Some of the important factors that could cause actual results to differ materially from our expectations are disclosed under “Risk Factors” and elsewhere in this report. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

CERTAIN DEFINITIONS

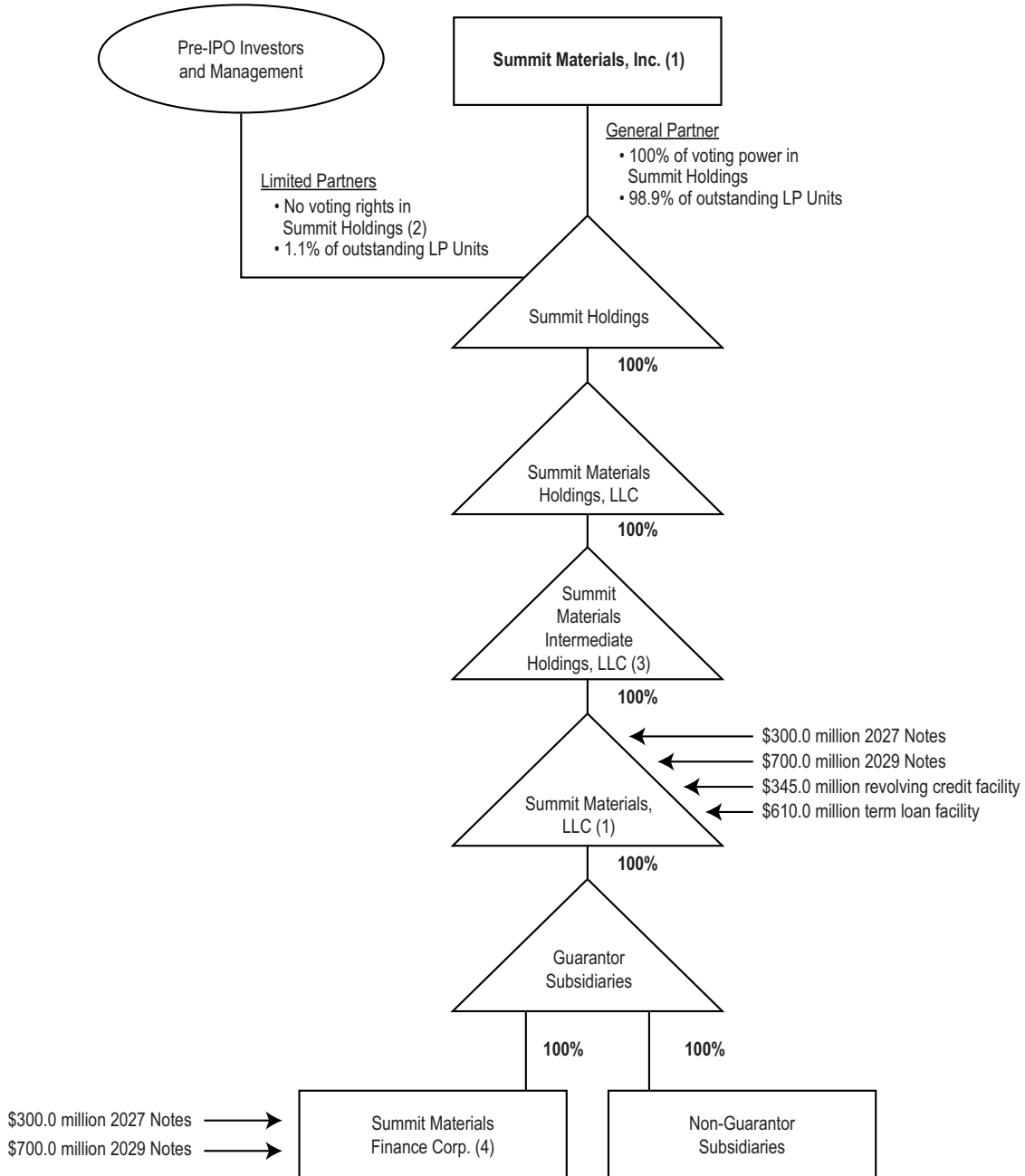
As used in this report, unless otherwise noted or the context otherwise requires:

- “Continental Cement” refers to Continental Cement Company, L.L.C.;
- “EBITDA” refers to net income (loss) before interest expense, income tax expense (benefit), depreciation, depletion and amortization expense;
- “Finance Corp.” refers to Summit Materials Finance Corp., an indirect wholly-owned subsidiary of Summit LLC and the co-issuer of the Senior Notes;
- “Issuers” refers to Summit LLC and Finance Corp. as co-issuers of the Senior Notes;

- “LP Units” refers to the Class A limited partnership units of Summit Holdings;
- “Mainland” refers to Mainland Construction Materials ULC, which is the surviving entity from the acquisition of Rock Head Holdings Ltd., B.I.M. Holdings Ltd., Carlson Ventures Ltd., Mainland Sand and Gravel Ltd. and Jamieson Quarries Ltd.;
- “TRA” refers to a tax receivable agreement between Summit Inc. and holders of LP Units.

Corporate Structure

The following chart summarizes our organizational structure, equity ownership and our principal indebtedness as of January 1, 2022. This chart is provided for illustrative purposes only and does not show all of our legal entities or all obligations of such entities.



- (1) U.S. Securities and Exchange Commission (“SEC”) registrant.
- (2) The shares of Class B Common Stock are currently held by pre-initial public offering investors, including certain members of management or their family trusts that directly hold LP Units. A holder of Class B Common Stock is entitled, without regard to the number of shares of Class B Common Stock held by such holder, to a number of votes that is equal to the aggregate number of LP Units held by such holder.
- (3) Guarantor under the senior secured credit facilities, but not the Senior Notes.
- (4) Summit LLC and Finance Corp are the issuers of the Senior Notes and Summit LLC is the borrower under our senior secured credit facilities. Finance Corp. was formed solely for the purpose of serving as co-issuer or guarantor of certain indebtedness, including the Senior Notes. Finance Corp. does not and will not have operations of any kind and does not and will not have revenue or assets other than as may be incidental to its activities as a co-issuer or guarantor of certain indebtedness.

PART I

ITEM 1. BUSINESS.

Overview

Summit's vision is to be the most socially responsible, integrated construction materials solution provider, collaborating with stakeholders to deliver differentiated innovations and solve our customers' challenges. Within our markets, we strive to be a market leader by offering customers a single-source provider for construction materials and related downstream products through our vertical integration. Our materials include aggregates, which we supply across the United States, and in British Columbia, Canada, and cement, which we supply to surrounding states along the Mississippi River from Minnesota to Louisiana. In addition to supplying aggregates to customers, we use a portion of our materials internally to produce ready-mix concrete and asphalt paving mix, which may be sold externally or used in our paving and related services businesses. Our vertical integration creates opportunities to increase aggregates volumes, optimize margin at each stage of production and provide customers with efficiency gains, convenience and reliability, which we believe gives us a competitive advantage.

Since our inception in 2009, we have become a major participant in the U.S. construction materials industry. We believe that, by volume, we are a top 10 aggregates supplier, a top 15 cement producer and a major producer of ready-mix concrete and asphalt paving mix. Our aggregates reserves and resources were 5.9 billion tons as of January 1, 2022. In the year ended January 1, 2022 we sold 64.2 million tons of aggregates, 2.4 million tons of cement, 5.8 million cubic yards of ready-mix concrete and 5.1 million tons of asphalt paving mix across our more than 400 sites and plants.

Our growth over the years has been due in large part to our acquisitions. Over the past decade, the U.S. economy witnessed a cyclical decline followed by a gradual recovery in the private construction market and modest growth in public infrastructure spending. The U.S. private construction market has grown in recent years both nationally and in our markets. We believe we are well positioned to capitalize on growth in the construction market to continue to expand our business, particularly in light of the \$1.2 trillion Infrastructure Investment and Jobs Act passed in November 2021.

Our revenue in 2021 was \$2.4 billion with net income of \$154.3 million. As of January 1, 2022, our total indebtedness outstanding was approximately \$1.6 billion.

We anticipate continued demand growth in our primary end markets, public infrastructure and the private construction market. Public infrastructure, which includes spending by federal, state and local governments for roads, highways, bridges, airports and other public infrastructure projects, has been a relatively stable portion of government budgets providing consistent demand to our industry and is projected by the Portland Cement Association ("PCA") to grow approximately 41% in the U.S. from 2022 to 2026. The Infrastructure Investment and Jobs Act provides \$45.5 billion in funding to Texas, Utah, Kansas and Missouri, our top four states by revenue in 2021. We believe states will continue to institute state and local level funding initiatives dedicated towards increased infrastructure spending. Historically, growth in infrastructure spending has not been consistent across the United States, but has varied across different geographies. Economic conditions in our markets do vary by state, and public infrastructure funding is expected to differ as a result. The public infrastructure market represented approximately 36% of our revenue in 2021.

The private construction market includes residential and nonresidential new construction and the repair and remodel market. According to the PCA, the number of total housing starts in the United States, a leading indicator for our residential business, is expected to remain at historically high levels. Residential activity in our key markets remains strong, particularly in the Houston and Salt Lake City areas, two of the largest metro areas where we operate. We believe residential activity in our key markets will continue to be a driver for volumes in future periods. The PCA projects that spending in private nonresidential construction will grow 10% from 2022 to 2026. Growth in private construction spending is influenced by changes in population, employment and general economic activity, among other factors which vary by geography across the United States. The private construction market represented approximately 64% of our revenue in 2021.

In addition to anticipated demand growth in our end markets, we expect continued improvement in pricing, especially in our materials businesses. The United States Geological Survey ("USGS") reports that aggregates pricing has increased in 70 of the last 75 years. Accordingly, we believe that this trend will continue in the future. The PCA estimates that cement consumption will increase approximately 11% in the U.S. from 2022 to 2026, reflecting rising demand in the major end markets. We believe that the increased demand will support higher cement pricing as production capacity in the United States tightens and the cost of imported cement remains high.

Historically, we have supplemented organic growth with acquisitions by strategically targeting attractive, new markets and expanding in existing markets. We consider population trends, employment rates, competitive landscape, private and public construction outlook, public funding and various other factors prior to entering a new market. In addition to considering macroeconomic data, we seek to establish, and believe that we have, a top three position in our local markets, which we believe supports improving profit margins and sustainable organic growth. This positioning provides local economies of scale and synergies, which benefits our profitability. In addition, we also focus on developing greenfield and brownfield sites in our existing markets.

We believe that significant opportunities remain for growth through acquisitions. We estimate that approximately 65% of the U.S. construction materials market is privately owned. Our management team maintains contact with hundreds of private companies. These long-standing relationships, cultivated over decades, have been the primary source for our past acquisitions and, we believe, will continue to be an important source for future acquisitions. We believe we offer a compelling value proposition for private company sellers, including secure ongoing stewardship of their legacy businesses and brands.

We also seek greenfield development opportunities, particularly in our current geographies where we have been unable to identify additional acquisition opportunities at reasonable values. While greenfield development opportunities generally take longer to reach positive cash flows, the return on investment can equal or exceed those of business acquisitions.

In 2021, our management team undertook a portfolio review, and began an optimization process whereby 10-12 operational assets or businesses have been identified for possible divestiture. In the year ended January 1, 2022, we divested of 8 businesses, resulting in net proceeds of \$128.3 million. We expect to divest of additional businesses in 2022.

Our Business Segments

We operate in 21 U.S. states and in British Columbia, Canada and have assets in 21 U.S. states and in British Columbia, Canada through our platforms that make up our operating segments: West; East; and Cement. The 10 platform businesses in the West and East segments have their own management teams. The platform management teams are responsible for overseeing the operating platforms, implementing best practices, developing growth opportunities and integrating acquired businesses. We seek to enhance value through increased scale, efficiencies and cost savings within local markets.

- **West Segment:** Our West segment includes operations in Texas, Utah, Colorado, Idaho, Wyoming, Oklahoma, Nevada and British Columbia, Canada. We supply aggregates, ready-mix concrete, asphalt paving mix and paving and related services in the West segment. As of January 1, 2022, the West segment controlled approximately 1.6 billion tons of aggregates reserves and resources and \$702.1 million of net property, plant and equipment and inventories (“hard assets”). During the year ended January 1, 2022, approximately 52% of our revenue was generated in the West segment.
- **East Segment:** Our East segment serves markets extending across the Midwestern and Eastern United States, most notably in Kansas, Missouri, Virginia, Kentucky, North Carolina, South Carolina, Georgia, Arkansas and Nebraska where we supply aggregates, ready-mix concrete, asphalt paving mix and paving and related services. As of January 1, 2022, the East segment controlled approximately 3.7 billion tons of aggregates reserves and resources and \$743.3 million of hard assets. During the year ended January 1, 2022, approximately 35% of our revenue was generated in the East segment.
- **Cement Segment:** Our Cement segment consists of our Hannibal, Missouri and Davenport, Iowa cement plants and nine distribution terminals along the Mississippi River from Minnesota to Louisiana. Our highly efficient plants are complemented by our integrated distribution system that spans the Mississippi River. We process solid and liquid waste into fuel for the plants, which can reduce the plants’ fuel costs by up to 50%. The Hannibal, Missouri plant is one of very few cement facilities in the United States that can process both hazardous and non-hazardous solid and liquid waste into fuel. As of January 1, 2022, the Cement segment controlled approximately 0.6 billion tons of aggregates reserves and resources, which serve its cement business, and \$568.2 million of hard assets. During the year ended January 1, 2022, approximately 12% of our revenue was generated in the Cement segment.

Our End Markets

Public Infrastructure. Public infrastructure construction includes spending by federal, state and local governments for highways, bridges, airports, schools, public buildings and other public infrastructure projects. Public infrastructure spending has historically been more stable than private sector construction. We believe that public infrastructure spending is less sensitive to interest rate changes and economic cycles and often is supported by multi-year federal and state legislation and programs. A

significant portion of our revenue is derived from public infrastructure projects. As a result, the supply of federal and state funding for public infrastructure highway construction significantly affects our public infrastructure end-use business.

In the past, public infrastructure sector funding was underpinned by a series of six-year federal highway authorization bills. Federal funds are allocated to the states, which are required to match a portion of the federal funds they receive. Federal highway spending uses funds predominantly from the Federal Highway Trust Fund, which derives its revenue from taxes on diesel fuel, gasoline and other user fees. The dependability of federal funding allows the state departments of transportation to plan for their long-term highway construction and maintenance needs. The Infrastructure Investment and Jobs Act (the “IIJA”) was signed into law on November 15, 2021. The IIJA legislation provides \$1.2 trillion in funding over five years from 2022 through 2026, including \$550 billion in new investments for all modes of transportation, water, power and energy, environmental remediation, public lands, broadband and resilience.

Residential Construction. Residential construction includes single family homes and multi-family units such as apartments and condominiums. Demand for residential construction is influenced primarily by employment prospects, new household formation and mortgage interest rates. In recent years, residential construction demand has been growing, although the rate of growth has varied across the U.S. As a result of the COVID-19 pandemic, migration trends towards rural and exurban U.S. markets has begun, notably in our Texas and Utah markets.

Nonresidential Construction. Nonresidential construction encompasses all privately financed construction other than residential structures. Demand for nonresidential construction is customarily driven primarily by population and economic growth, and activity tends to follow residential activity by 12-24 months. Population growth generally spurs demand for stores, shopping centers and restaurants. Economic growth typically creates demand for projects such as hotels, office buildings, warehouses and factories, although growth rates vary across the U.S. The supply of nonresidential construction projects is also affected by other variables, interest rates and the availability of credit to finance these projects.

Our Competitive Strengths

Leading market positions. We believe each of our operating companies has a top three market share position in its local market area achieved through their respective, extensive operating histories, averaging over 30 years. We believe we are a top 10 supplier of aggregates, a top 15 producer of cement and a major producer of ready-mix concrete and asphalt paving mix in the United States by volume. We focus on acquiring aggregate-based companies that have leading local market positions, which we seek to enhance by building scale through additional bolt-on acquisitions. The construction materials industry is highly local in nature due to transportation costs from the high weight-to-value ratio of the products. Given this dynamic, we believe achieving local market scale provides a competitive advantage that drives growth and profitability for our business. We believe that our ability to prudently acquire, rapidly integrate and improve multiple businesses has enabled, and will continue to enable, our market leadership.

Operations positioned to benefit from attractive industry fundamentals. We believe the construction materials industry has attractive fundamentals, characterized by high barriers to entry and a stable competitive environment in the majority of markets. Barriers to entry are created by scarcity of raw material resources, limited efficient distribution range, asset intensity of equipment, land required for quarry operations and a time-consuming and complex regulatory and permitting process. According to a January 2021 U.S. Geological Survey, aggregates pricing in the United States had increased in 70 of the previous 75 years, with growth accelerating since 2002 as continuing resource scarcity in the industry has led companies to focus increasingly on improved pricing strategies.

One contributing factor that supports pricing growth through the economic cycles is that aggregates and asphalt paving mix have significant exposure to public road construction, which has demonstrated growth over the past 30 years, even during times of broader economic weakness. The majority of public road construction spending is funded at the state level through the states’ respective departments of transportation. Texas, Utah, Kansas and Missouri, four of the states in which we have had our highest revenues, have funds with certain constitutional protections for revenue sources dedicated for transportation projects. These dedicated, earmarked funding sources limit the negative effect state deficits may have on public spending. As a result, we believe our business’ profitability is significantly more stable than most other building product subsectors.

Vertically-integrated business model. We generate revenue across a spectrum of related products and services. Approximately 19% of the aggregates used in our products and services are internally supplied. Our vertically-integrated business model enables us to operate as a single source provider of materials and paving and related services, creating cost, convenience and reliability advantages for our customers, while at the same time creating significant cross-marketing opportunities among our interrelated businesses. We believe this creates opportunities to increase aggregates volumes, optimize margin at each stage of production, foster more stable demand for aggregates through a captive demand outlet, create a

competitive advantage through the efficiency gains, convenience and reliability provided to customers and enhance our acquisition strategy by providing a greater population of target companies.

Attractive diversity, scale and product portfolio. We operate in dozens of metropolitan statistical areas across 21 U.S. states and in British Columbia, Canada. In the year ended January 1, 2022, 52% of our operating income increase came from the West segment, 28% from East segment and 20% from the Cement segment, excluding corporate charges. As of January 1, 2022, we had 3.9 billion tons of proven and probable mineral reserves and 1.8 billion measured and indicated mineral resources. We estimate that the useful life of our reserves serving our aggregates and cement businesses are approximately 55 years and 170 years, respectively, based on the average production rates in 2021 and 2020.

Our dry process cement plants in Hannibal, Missouri and Davenport, Iowa were commissioned in 2008 and 1981, respectively. These low-cost cement plants have efficient manufacturing capabilities and are strategically located on the Mississippi River and complemented by an extensive network of river and rail fed distribution terminals. Our terminal network can accept imported cement to supplement our internal production capacity as demand and market conditions dictate. Due to the location of our Hannibal and Davenport plants on the Mississippi River, in 2021, we shipped approximately 65-75% of our cement by barge, which is significantly more cost-effective than truck or rail transport.

Proven ability to incorporate new acquisitions and grow businesses. Since our inception, we have acquired dozens of businesses, successfully integrating them into three segments through the implementation of operational improvements, industry-proven information technology systems, comprehensive safety and management programs. A typical acquisition and subsequent integration generally involves implementing common safety and financial back office systems, driving best practices in pricing and productivity. In addition, we seek to leverage scale while maintaining local branding and management decision-making and providing management support, strategic direction and financial capital for investment.

Experienced and proven leadership driving organic growth, acquisition and optimization strategy. Our management team, including corporate and segment managers, corporate development, finance executives and other heavy side industry operators, has extensive experience in the industry. Our management team has successfully enhanced the operations of acquired companies, focusing on scale advantages, cost efficiencies and price optimization to improve profitability and cash flow. Our management team has undertaken an optimization process whereby we are disposing of certain assets and businesses that are not core to our business, helping our management teams narrow their focus to the highest returning components of our business and serve our broader goal of increasing our return on invested capital.

Our Business Strategy

We believe our integrated business model creates a distinct competitive advantage to support our growth ambitions. In March 2021, we unveiled our Elevate Summit Strategy, which has four key themes:

Market Leadership. We expect to create sustainable advantages in suburban and exurban communities that enhance total shareholder value. We believe that our vertical integration of construction materials, products and services is a significant competitive advantage that will drive share growth in existing markets and enable entry into new markets. A significant portion of materials used to produce our products and provide services to our customers is internally supplied, which enables us to operate as a single source provider of materials, products and paving and related services. This creates cost, convenience and reliability advantages for our customers and enables us to capture additional value throughout the supply chain, while at the same time creating significant cross-marketing opportunities among our interrelated businesses.

Asset Light Approach. We seek to maximize aggregates pull through in order to improve capital efficiency, and reduce volatility. Our growth has been a result of the successful execution of our aggregates-led acquisition strategy and implementation of best practices to drive organic growth. We believe we have opportunity for further growth through strategic acquisitions in markets adjacent to our existing markets within the states where we currently operate, as well as into additional states as market and competitive conditions permit. We also believe we can enhance our return on investment by partnering with our customers in asset light partnerships by providing aggregates.

Social Responsibility. We strive to build differentiated, heavy materials solutions to enhance returns and maximize social impact. As our customers focus on their own social responsibility goals, we plan to provide innovative solutions to meet those goals. We view social responsibility, which includes human capital, land use, water and addressing carbon emissions impacts, as a strategic imperative essential to serving the needs of our employees, customers, and communities where we operate. We publish an annual sustainability report aligned with the Sustainability Accounting Standards Board Construction Materials Standard. Our sustainability report describes our safety performance as well as water usage, waste production, and

carbon emissions impacts. We seek to proactively address those impacts to align our business activities with the interests of our external stakeholders.

Innovation Focus. We seek to make investments to address tomorrow's customer challenges with new products and solutions. We seek to enhance margins through proven profit optimization plans, managed working capital and achieved scale-driven purchasing synergies and fixed overhead control and reduction. Our management team, supported by our operations, development, risk management, information technology and finance teams, drive the implementation of detailed and thorough profit optimization plans for each acquisition post close. These integration and improvement plans typically include, among other things, implementation of a common pricing strategy, safety and financial systems, systematic commercial strategies, operational benefits, efficiency improvement plans and business-wide cost reduction techniques. In addition, through our portfolio optimization program, we are also evaluating and executing on divestitures of certain assets and businesses that are not core to our business or have underperformed our investment expectations.

Our Industry

The U.S. construction materials industry is composed of four primary sectors: aggregates; cement; ready-mix concrete; and asphalt paving mix. Each of these materials is widely used in most forms of construction activity. Participants in these sectors typically range from small, privately-held companies focused on a single material, product or market to publicly traded multinational corporations that offer a wide array of construction materials and services. Competition is constrained in part by the distance materials can be transported efficiently, resulting in predominantly local or regional operations. Due to the lack of product differentiation, competition for all of our products is predominantly based on price and, to a lesser extent, quality of products and service. As a result, the prices we charge our customers are not likely to be materially different from the prices charged by other producers in the same markets. Accordingly, our profitability is generally dependent on the level of demand for our materials and products and our ability to control operating costs.

Transportation infrastructure projects, driven by both federal and state funding programs, represent a significant share of the U.S. construction materials market. Federal funds are allocated to the states, which are required to match a portion of the federal funds they receive. Federal highway spending uses funds predominantly from the Federal Highway Trust Fund, which derives its revenue from taxes on diesel fuel, gasoline and other user fees. The dependability of federal funding allows the state departments of transportation to plan for their long-term highway construction and maintenance needs. Funding for the existing federal transportation funding program extends through February 2022. The IIJA passed in November 2021 provides \$1.2 trillion in funding over five years from 2022 through 2026, including \$550 billion in new investments for all modes of transportation, water, power and energy, environmental remediation, public lands, broadband and resilience.

In addition to federal funding, state, county and local agencies provide highway construction and maintenance funding. Our four largest states by revenue, Texas, Utah, Kansas and Missouri, represented approximately 23%, 15%, 12% and 9%, respectively, of our total revenue in 2021.

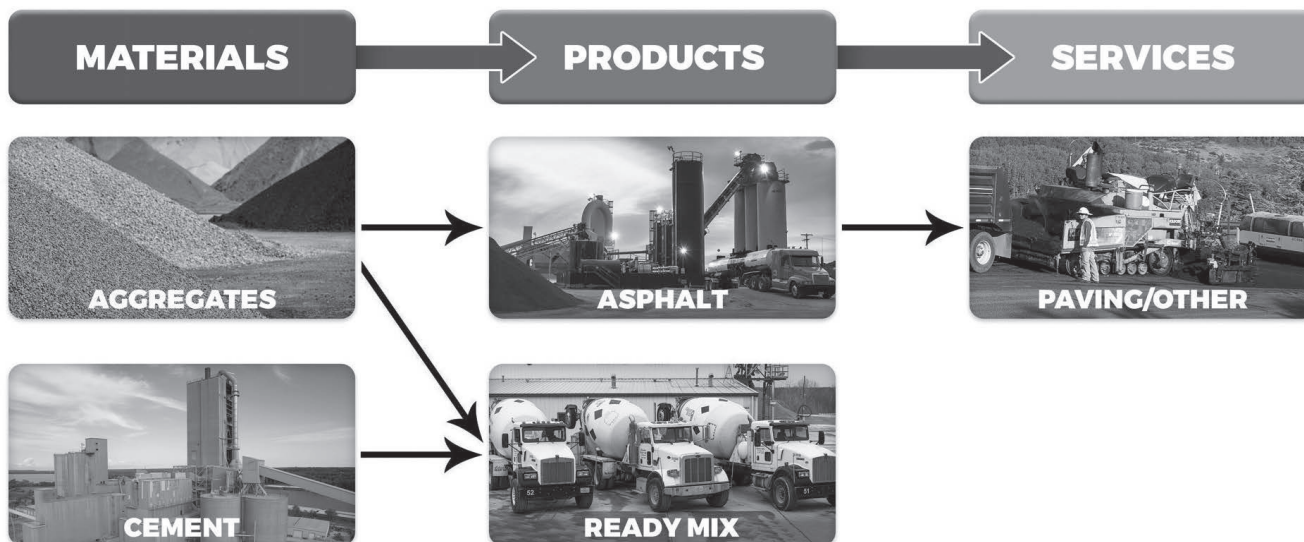
Our Industry and Operations

We do not believe that increases in our prices of materials or products are likely to affect the decision to undertake a construction project since these costs usually represent a small portion of total construction costs.

We operate our construction materials, products and paving and related services businesses through local management teams, which work closely with our end customers to deliver the materials, products and services that meet each customer's specific needs for a project. We believe that this strong local presence gives us a competitive advantage by allowing us to obtain a unique understanding for the evolving needs of our customers.

We have operations in 21 U.S. states and in British Columbia, Canada. Our business in each region is vertically-integrated. We supply aggregates internally for the production of cement, ready-mix concrete and asphalt paving mix and a significant portion of our asphalt paving mix is used internally by our paving and related services businesses. In the year ended January 1, 2022, approximately 81% of our aggregates production was sold directly to outside customers with the remaining amount being further processed by us and sold as a downstream product. In addition, we operate a municipal waste landfill in our East segment, and have construction and demolition debris landfills and liquid asphalt terminal operations in our West and East segments.

Approximately 70% of our asphalt paving mix was installed by our paving and related services businesses in the year ended January 1, 2022. We charge a market price and competitive margin at each stage of the production process in order to optimize profitability across our operations. Our production value chain is illustrated as follows:



Aggregates

Aggregates are key material components used in the production of cement, ready-mix concrete and asphalt paving mixes for the public infrastructure, residential and nonresidential end markets and are also widely used for various applications and products, such as road and building foundations, railroad ballast, erosion control, filtration, roofing granules and in solutions for snow and ice control. Generally extracted from the earth using surface or underground mining methods, aggregates are produced from natural deposits of various materials such as limestone, sand and gravel, granite and trap rock. Aggregates are produced mainly from blasting hard rock from quarries and then crushing and screening it to various sizes to meet our customers' needs. The production of aggregates also involves the extraction of sand and gravel, which requires less crushing, but still requires screening for different sizes. Aggregate production utilizes capital intensive heavy equipment which includes the use of loaders, large haul trucks, crushers, screens and other heavy equipment at quarries and sand and gravel pits. Once extracted, processed and/or crushed and graded on-site into crushed stone, concrete and masonry sand, specialized sand, pulverized lime or agricultural lime, they are supplied directly to their end use or incorporated for further processing into construction materials and products, such as cement, ready-mix concrete and asphalt paving mix. The minerals are processed to meet customer specifications or to meet industry standard sizes. Crushed stone is used primarily in ready-mix concrete, asphalt paving mix, and the construction of road base for highways.

We mine limestone, gravel, and other natural resources from 131 crushed stone quarries and 115 sand and gravel deposits throughout the United States and in British Columbia, Canada. Our extensive network of quarries, plants and facilities, located throughout the regions in which we operate, enables us to have a nearby operation to meet the needs of customers in each of our markets. As of January 1, 2022, we had approximately 5.9 billion tons of reserves and resources of recoverable stone, and sand and gravel of suitable quality for economic extraction. Our estimate is based on drilling and studies by geologists and engineers, recognizing reasonable economic and operating restraints as to maximum depth of extraction and permit or other restrictions. Reported proven and probable reserves include only quantities that are owned or under lease, and for which all required zoning and permitting have been obtained. Of the 5.9 billion tons of aggregates reserves and resources, 2.9 billion, or 49%, are located on owned land and 3.0 billion are located on leased land.

Transportation costs are a major variable in determining the marketing radius for our products. The cost of transporting aggregate products from the plant to the market often equates to or exceeds the sale price of the product at the plant. As a result of the high transportation costs and the large quantities of bulk material that have to be shipped, finished products are typically marketed locally. High transportation costs are responsible for the wide dispersion of production sites. Our transportation costs are also increasing, primarily due to driver shortages and increased fuel costs. Where possible, construction material producers maintain operations adjacent to highly populated areas to reduce transportation costs and enhance margins. However, more recently, rising land values combined with local environmental concerns have been forcing production sites to move further away from the end-use locations.

Each of our aggregates operations is responsible for the sale and marketing of its aggregates products. Approximately 81% of our aggregates production is sold directly to outside customers and the remaining amount is further processed by us and

sold as a downstream product. Even though aggregates are a commodity product, we work to optimize pricing depending on the site location, availability of a particular product, customer type, project type and haul cost. We sell aggregates to internal downstream operations at market prices.

Our competitors in aggregates supply include large vertically-integrated companies, that have a combined estimated market share of approximately 30%, in addition to various local suppliers.

We believe we have a strong competitive advantage in aggregates through our well located reserves and assets in key markets, high quality reserves and our logistic networks. We further share and implement best practices relating to safety, strategy, sales and marketing, production, and environmental and land management. Our vertical integration and local market knowledge enable us to maintain a strong understanding of the needs of our aggregates customers. In addition, our companies have a reputation for responsible environmental stewardship and land restoration, which assists us in obtaining new permits and new reserves.

Cement

Portland cement, an industry term for the common cement in general use around the world, is made from a combination of limestone, shale, clay, silica and iron ore. It is a fundamental building material consumed in several stages throughout the construction cycle of public infrastructure, residential and nonresidential projects. It is a binding agent that, when mixed with sand or aggregates and water, produces either ready-mix concrete or mortar and is an important component of other essential construction materials. Few construction projects can take place without utilizing cement somewhere in the design, making it a key ingredient used in the construction industry. The majority of all cement shipments are sent to ready-mix concrete operators. Sales are made on the basis of competitive terms and prices in each market. Nearly two-thirds of U.S. consumption occurs between May and November, coinciding with end-market construction activity.

Cement production in the United States is distributed from over 90 production facilities located across a majority of the states and is a capital-intensive business with variable costs dominated by raw materials and energy required to fuel the kiln. Most U.S. cement producers are owned by large foreign companies operating in multiple international markets. Our largest competitors include large vertically integrated companies. Construction of cement production facilities is highly capital intensive and requires long lead times to complete engineering design, obtain regulatory permits, acquire equipment and construct a plant.

We operate a highly-efficient, low-cost integrated cement manufacturing and distribution network through our cement plants in Hannibal, Missouri, and Davenport, Iowa and our nine distribution terminals along the Mississippi River from Minnesota to Louisiana. The combined potential capacity at our Hannibal and Davenport cement plants is approximately 2.4 million short tons per annum. We also operate on-site waste fuel processing facilities at the plants, which can reduce plant fuel costs by up to 50%. Our Hannibal plant is one of very few with hazardous waste fuel facilities permitted and operating out of over 90 cement plants in the United States. Competitive factors include price, reliability of deliveries, location, quality of cement and support services. Aligned with our core strategy of sustainability, we expect to convert our cement plant's production from general use Portland cement to Portland Limestone Cement (PLC). Portland Limestone Cement is accepted in all major specifications, can be used in all applications in lieu of Portland cement while reducing cement's embodied CO₂ content by up to 10%. With two cement plants, on-site raw material supply, a network of cement terminals, and longstanding customer relationships, we believe we are well positioned to serve our customers.

Cement is a product that is costly to transport. Consequently, the radius within which a typical cement plant is competitive with truck transportation is typically limited to 150 miles from any shipping/distribution point. However, access to rail and barge can extend the distribution radius significantly. With both of our plants located on the Mississippi River, we are able to cost effectively distribute cement from both of our plants by truck, rail and barge directly to customers or to our nine storage and distribution terminals along the Mississippi River. Our Hannibal and Davenport plants are located on the Mississippi River and, consequently, we ship approximately 65-75% of our cement by barge, which is significantly more cost-effective than truck or rail transport.

The majority of U.S. cement plants are subject to the Portland Cement – Maximum Achievable Control Technology (“PC-MACT”). Our Hannibal and Davenport cement plants utilize alternative fuels, hazardous and non-hazardous at Hannibal and non-hazardous at Davenport, as well as coal, natural gas and petroleum coke and, as a result, are subject to the Hazardous Waste Combustor – Maximum Achievable Control Technology (“HWC-MACT”) and Commercial/Industrial Solid Waste Incinerators (“CISWI”) standards, respectively, rather than PC-MACT standards.

Ready-mix Concrete

Ready-mix concrete is one of the most versatile and widely used materials in construction today. Its flexible recipe characteristics allow for an end product that can assume almost any color, shape, texture and strength to meet the many requirements of end users that range from bridges, foundations, skyscrapers, pavements, dams, houses, parking garages, water treatment facilities, airports, tunnels, power plants, hospitals and schools. The versatility of ready-mix concrete gives engineers significant flexibility when designing these projects.

Cement, coarse aggregate, fine aggregate, water and admixtures are the primary ingredients in ready-mix concrete. Other materials commonly used in the production of ready-mix concrete include fly-ash, a waste by-product from coal burning power plants, silica fume, a waste by-product generated from the manufacture of silicon and ferro-silicon metals, and ground granulated blast furnace slag, a by-product of the iron and steel manufacturing process. These materials are available directly from the producer or via specialist distributors who intermediate between the ready-mix concrete producers and the users.

We believe our West and East segments are leaders in the supply of ready-mix concrete in their respective markets. The West segment has ready-mix concrete operations in the Texas, Utah, Nevada, Idaho and Colorado markets. Our East segment supplies ready-mix concrete in the Kansas, Missouri, Arkansas, North Carolina, South Carolina, Kentucky and Virginia markets and surrounding areas. We operated 70 ready-mix concrete plants and over 700 concrete delivery trucks in the West segment and 49 ready-mix concrete plants and almost 300 concrete delivery trucks in the East segment as of January 1, 2022. Our aggregates business serves as the primary source of the raw materials for our concrete production, functioning essentially as a supplier to our ready-mix concrete operations.

Asphalt Paving Mix

Asphalt paving mix is the most common roadway material used today. It is a versatile and essential building material that has been used to surface 94% of the more than 2.7 million miles of paved roadways in the United States, according to the National Asphalt Pavement Association (“NAPA”).

Typically, asphalt paving mix is placed in three distinct layers to create a flexible pavement structure. These layers consist of a base course, an intermediate or binder course, and a surface or wearing course. These layers vary in thicknesses.

Asphalt pavement is generally 100% recyclable and reusable and is the most reused and recycled pavement material in the United States. Reclaimed asphalt pavement can be incorporated into new pavement at replacement rates in excess of 30% depending upon the mix and the application of the product. We actively engage in the recycling of previously used asphalt pavement and concrete. This material is crushed and repurposed in the construction cycle. As of January 1, 2022, we operated 25 and 22 asphalt paving mix plants in the West and East segments, respectively. Nearly all of our plants can utilize recycled asphalt pavement.

The use of warm mix asphalt (“WMA”) or “green” asphalt is gaining popularity. The immediate benefit to producing WMA is the reduction in energy consumption required by burning fuels to heat traditional hot mix asphalt (“HMA”) to temperatures in excess of 300°F at the production plant. These high production temperatures are needed to allow the asphalt binder to become viscous enough to completely coat the aggregate in the HMA, have good workability during laying and compaction, and durability during traffic exposure. According to the Federal Highway Administration, WMA can reduce the mixing temperature by 50°F to 70°F, resulting in lower emissions, fumes and odors generated at the plant and the paving site.

Approximately 70% of the asphalt paving mix we produce is installed by our own paving crews. The rest is sold on a per ton basis to road contractors, state departments of transportation and local agencies. Asphalt paving mix is used by our paving crews and by our customers primarily for the construction of roads, driveways and parking lots.

As part of our vertical integration strategy, we provide asphalt paving and related services to both the private and public infrastructure sectors as either a prime or sub-contractor. These services complement our construction materials and products businesses by providing a reliable downstream outlet, in addition to our external distribution channels.

Our asphalt paving and related services businesses bid on both private construction and public infrastructure projects in their respective local markets. We only provide paving and related services operations as a complement to our aggregates operations, which we believe is a major competitive strength. Factors affecting competitiveness in this business segment include price, estimating abilities, knowledge of local markets and conditions, project management, financial strength, reputation for quality and the availability of machinery and equipment.

Contracts with our customers are primarily fixed price or fixed unit price. Under fixed unit price contracts, we provide materials or services at fixed unit prices (for example, dollars per ton of asphalt placed). While the fixed unit price contract shifts the risk of estimating the quantity of units required for a particular project to the customer, any increase in our unit cost over the bid amount, whether due to inflation, inefficiency, errors in our estimates or other factors, is borne by us unless otherwise provided in the contract. Most of our contracts contain adjustment provisions to account for changes in liquid asphalt prices.

Customers

Our business is not dependent on any single customer or a few customers. Therefore, the loss of any single or small number of customers would not have a material adverse effect on any individual respective market in which we operate or on us as a whole. No individual customer accounted for more than 10% of our 2021 revenue.

Seasonality

Use and consumption of our products fluctuate due to seasonality. Nearly all of the products used by us, and by our customers, in the private construction or public infrastructure industries are used outdoors. Our highway operations and production and distribution facilities are also located outdoors. Therefore, seasonal changes and other weather-related conditions, in particular extended rainy and cold weather in the spring and fall and major weather events, such as hurricanes, tornadoes, tropical storms, heavy snows and flooding, can adversely affect our business and operations through a decline in both the use of our products and demand for our services. In addition, construction materials production and shipment levels follow activity in the construction industry, which typically occurs in the spring, summer and fall. Warmer and drier weather during the second and third quarters of our fiscal year typically result in higher activity and revenue levels during those quarters. The first quarter of our fiscal year typically has lower levels of activity due to weather conditions.

Backlog

Our products are generally delivered upon receipt of orders or requests from customers, or shortly thereafter. Accordingly, the backlog associated with product sales is converted into revenue within a relatively short period of time. Inventory for products is generally maintained in sufficient quantities to meet rapid delivery requirements of customers. Therefore, a period over period increase or decrease of backlog does not necessarily result in an improvement or a deterioration of our business. Our backlog includes only those products and projects for which we have obtained a purchase order or a signed contract with the customer and does not include products purchased and sold or services awarded and provided within the period.

Subject to applicable contract terms, substantially all contracts in our backlog may be canceled or modified by our customers. Historically, we have not been materially adversely affected by significant contract cancellations or modifications.

Intellectual Property

We do not own or have a license or other rights under any patents that are material to our business.

Corporate Information

Summit Materials, Inc. and Summit Materials, LLC were formed under the laws of the State of Delaware on September 23, 2014 and September 24, 2008, respectively. Our principal executive office is located at 1550 Wynkoop Street, 3rd Floor, Denver, Colorado 80202. Through its predecessor, Summit Inc. commenced operations in 2009 when Summit Holdings was formed. Our telephone number is (303) 893-0012.

Human Capital Resources

As of January 1, 2022, we employed approximately 5,500 employees, of which approximately 5,200 were employed in the United States with the remainder being employed in Canada. Approximately 80% of our employees are hourly workers, with the remainder being salaried. Approximately 8% of our employees are union members, substantially all in our cement division and at our Canadian operations, with whom we believe we enjoy a satisfactory working relationship. Our collective bargaining agreements for employees who are union members generally expire between 2022 and 2026. Because of the seasonal nature of our industry, many of our hourly and certain of our salaried employees are subject to seasonal layoffs. The scope of layoffs varies greatly from season to season as they are predominantly a function of the type of projects in process and the weather during the late fall through early spring.

Health and Safety: We maintain a safety culture grounded on the premise of striving to eliminate workplace incidents, risks and hazards. We have created and implemented processes to help eliminate safety events by reducing their frequency and severity. We also review and monitor our performance closely. Our goal is to reduce Occupational Safety and Health Administration ("OSHA") recordable incidents each year. During fiscal 2021, our recordable incident rate declined 9% compared to fiscal 2020.

As a result of the COVID-19 pandemic, we have implemented safety protocols to protect our employees, contractors and customers. These protocols include complying with social distancing and other health and safety standards as required by federal, state and local government agencies, taking into consideration guidelines of the Centers for Disease Control and Prevention and other public health authorities. We continue to provide personal protective equipment and additional cleaning supplies. Many of our administrative and operational functions during this time have required modification, including some of our workforce working remotely. Our experienced employees adapted to the changes in our work environment and continued to successfully manage our business successfully during this challenging time.

Inclusion and Diversity: We embrace the diversity of our team members, customers, stakeholders and consumers, including their unique backgrounds, experiences, thoughts and talents. Everyone is valued and appreciated for their distinct contributions to the growth and sustainability of our business. We strive to cultivate a culture and vision that supports and enhances our ability to recruit, develop and retain diverse talent at every level. We have a goal to build a highly engaged team by increasing retention year over year. In 2021, we achieved gender parity at the Board and executive officer level with over 50% female Board directors and executive officers.

Talent Development: We prioritize and invest in creating opportunities to help employees grow and build their careers, through various training and development programs. These include on-the-job learning formats as well as executive talent and succession planning paired with an individualized development approach.

Compensation and Benefits: In addition to competitive-base compensation, we offer incentive plans for both safety and operational results, stock awards, a 401(k) plan, healthcare and insurance benefits, health savings and flexible spending accounts, paid time off, family leave programs, employee assistance programs, among others. Our 401(k) plan covers all U.S. employees, and provides for matching contributions to the plan, including 100% of pre-tax employee contributions, up to 4% of eligible compensation. Employer contributions vest immediately. During 2021, we implemented an Employee Stock Purchase Plan in which the majority of our employees are eligible to participate.

Legal Proceedings

We are party to certain legal actions arising from the ordinary course of business activities. While the ultimate results of claims and litigation cannot be predicted with certainty, management expects that the ultimate resolution of all current pending or threatened claims and litigation will not have a material effect on our consolidated financial condition, results of operations or liquidity.

In March 2018, we were notified of an investigation by the Canadian Competition Bureau (the "CCB") into pricing practices by certain asphalt paving contractors in British Columbia, including Winvan Paving, Ltd. ("Winvan"). We believe the investigation is focused on time periods prior to our April 2017 acquisition of Winvan and we are cooperating with the CCB. Although we currently do not believe this matter will have a material adverse effect on our business, financial condition or results of operations, we are currently not able to predict the ultimate outcome or cost of the investigation.

Environmental and Government Regulation

We are subject to federal, state, provincial and local laws and regulations relating to the environment and to health and safety, including noise, discharges to air and water, waste management including the management of hazardous waste used as a fuel substitute in our cement plants, remediation of contaminated sites, mine reclamation, operation and closure of landfills and dust control and zoning, land use and permitting. Our failure to comply with such laws and regulations can result in sanctions such as fines or the cessation of part or all of our operations. From time to time, we may also be required to conduct investigation or remediation activities. There also can be no assurance that our compliance costs or liabilities associated with such laws and regulations or activities will not be significant.

In addition, our operations require numerous governmental approvals and permits. Environmental operating permits are subject to modification, renewal and revocation and can require us to make capital, maintenance and operational expenditures to comply with the applicable requirements. Stricter laws and regulations, or more stringent interpretations of existing laws or regulations, may impose new liabilities on us, reduce operating hours, require additional investment by us in

pollution control equipment or impede our opening new, expanding or maintaining existing plants or facilities. We regularly monitor and review our operations, procedures and policies for compliance with environmental laws and regulations, changes in interpretations of existing laws and enforcement policies, new laws that are adopted, and new requirements that we anticipate will be adopted that could affect our operations.

Multiple permits are required for our operations, including those required to operate our cement plants. Applicable permits may include conditional use permits to allow us to operate in certain areas absent zoning approval and operational permits governing, among other matters, air and water emissions, dust, particulate matter and storm water management and control. In addition, we are often required to obtain bonding for future reclamation costs, most commonly specific to restorative grading and seeding of disturbed surface areas.

Like others in our industry, we expend substantial amounts to comply with applicable environmental laws and regulations and permit limitations, which include amounts for pollution control equipment required to monitor and regulate emissions into the environment. The Hannibal and Davenport cement plants are subject to HWC-MACT and CISWI standards, respectively, for which we do not expect any material incremental costs to maintain compliance. Since many environmental requirements are likely to be affected by future legislation or rule making by government agencies, and are therefore not quantifiable, it is not possible to accurately predict the aggregate future costs of compliance and their effect on our future financial condition, results of operations and liquidity.

At most of our quarries, we incur reclamation obligations as part of our mining activities. Reclamation methods and requirements can vary depending on the individual site and state regulations. Generally, we are required to grade the mined properties to a certain slope and seed the property to prevent erosion. We record a mining reclamation liability in our consolidated financial statements to reflect the estimated fair value of the cost to reclaim each property including active and closed sites.

Our operations in Kansas include one municipal waste landfill and four construction and demolition debris landfills, one of which has been closed and in Colorado, we have a construction and demolition debris landfill. In Vancouver, British Columbia, we operate a landfill site that accepts environmentally clean soil deposits. Among other environmental, health and safety requirements, we are subject to obligations to appropriately close those landfills at the end of their useful lives and provide for appropriate post-closure care. Asset retirement obligations relating to these landfills are recorded in our consolidated financial statements.

Health and Safety

Our facilities and operations are subject to a variety of worker health and safety requirements, particularly those administered by the federal Occupational Safety and Health Administration (“OSHA”) and Mine Safety and Health Administration (“MSHA”). Throughout our organization, we strive for a zero-incident safety culture and full compliance with safety regulations. Failure to comply with these requirements can result in sanctions such as fines and penalties and claims for personal injury and property damage. These requirements may also result in increased operating and capital costs in the future.

Worker safety and health matters are overseen by our corporate risk management and safety department as well as operations level safety managers. We provide our operations level safety managers leadership and support, comprehensive training, and other tools designed to accomplish health and safety goals, reduce risk, eliminate hazards, and ultimately make our work places safer.

Where You Can Find More Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the internet at the SEC’s website at <http://www.sec.gov>. Our SEC filings are also available on our website, free of charge, at <http://www.summit-materials.com> as soon as reasonably practicable after they are filed with or furnished to the SEC.

We maintain an internet site at <http://www.summit-materials.com>. Our website and the information contained on or connected to that site are not incorporated into this report.

ITEM 1A. RISK FACTORS

Risks Related to Our Industry and Our Business

Industry Risks

Our business depends on activity within the construction industry and the strength of the economies in which we operate.

We sell most of our construction materials and products and provide all of our paving and related services to the construction industry, so our results are significantly affected by the strength of the construction industry. The strength of the construction industry in turn can be substantially affected by macroeconomic and other factors beyond our control, including changes in general economic conditions, political or social trends and unrest, terrorism or war, and natural, climate-related or man-made disasters and extreme weather conditions. In addition, federal and state budget issues may negatively affect the amount of funding available for infrastructure spending, particularly highway construction, which constitutes a significant portion of our business. Demand for our products, particularly in the residential and nonresidential construction markets, could decline if companies and consumers cannot obtain funding for construction projects, or due to other market factors such as labor shortages. In addition, a slow pace of economic activity typically results in delays or cancellations of capital projects.

While our business operations cover a wide geographic area, our earnings depend on the strength of the local economies in which we operate because of the high cost to transport our products relative to their price. If economic and construction activity diminishes in one or more areas, particularly in our top revenue-generating markets of Texas, Utah, Kansas and Missouri, our financial condition, results of operations and liquidity could be materially adversely affected.

Our industry is cyclical and requires significant working capital to fund operations.

Our industry is cyclical and requires that we maintain significant working capital to fund our operations. Our ability to generate sufficient cash flow depends on future performance, which will be subject to general economic conditions, industry cycles and financial, business and other factors affecting our operations, many of which are beyond our control. If we are unable to generate sufficient cash to operate our business and service our outstanding debt and other obligations, we may be required, among other things, to further reduce or delay planned capital or operating expenditures, sell assets or take other measures, including the restructuring of all or a portion of our debt, which may only be available, if at all, on unsatisfactory terms.

Weather can materially affect our business and we are subject to seasonality.

The products we sell and the services we provide are used or performed outdoors. Therefore, seasonal changes and other weather-related conditions can adversely affect our business and operations through a decline in both the use and production of our products and demand for our services. Adverse weather conditions such as heavy or sustained rainy and cold weather in the spring and fall can reduce demand for our products and reduce sales, render our contracting operations less efficient or restrict our ability to ship our products. For example, unusually severe flooding conditions on the Mississippi River during the first half of 2019, negatively impacted our operations which affected our financial results. Major weather events such as hurricanes, tornadoes, tropical storms and heavy snows have adversely affected and could adversely affect sales in the near term and may be more severe due to climate change. In particular, our operations in the southeastern and Gulf Coast regions of the United States are at risk for hurricane activity, most notably in August, September and October. For example, in 2017, Hurricane Harvey adversely affected our operations not only during the days immediately before and after the storm, but also in the weeks and months after the storm as our customers recovered and reallocated resources in response to damage caused by the storm.

Construction materials production and shipment levels follow activity in the construction industry, which typically occurs in the spring, summer and fall. Warmer and drier weather during the second and third quarters of our fiscal year typically result in higher activity and revenue levels during those quarters. The first quarter of our fiscal year has typically lower levels of activity due to the weather conditions. Our second quarter varies greatly with spring rains and wide temperature variations. A cool wet spring increases drying time on projects, which can delay sales in the second quarter, while a warm dry spring may enable earlier project startup. Such adverse weather conditions can adversely affect our business, financial condition and results of operations if they occur with unusual intensity, during abnormal periods or last longer than usual in our major markets, especially during peak construction periods.

Our industry is capital intensive and we have significant fixed and semi-fixed costs. Therefore, our profitability is sensitive to changes in volume.

The property and machinery needed to produce our materials and products can be very expensive. Therefore, we need to spend a substantial amount of capital to purchase and maintain the equipment necessary to operate our business. Although we believe that our current cash balance, along with our projected internal cash flows and our available financing resources, will provide sufficient cash to support our currently anticipated operating and capital needs, if we are unable to generate sufficient cash to purchase and maintain the property and machinery necessary to operate our business, we may be required to reduce or delay planned capital expenditures or incur additional debt. In addition, given the level of fixed and semi-fixed costs within our business, particularly at our cement production facilities, decreases in volumes could have a material adverse effect on our financial condition, results of operations and liquidity.

Within our local markets, we operate in a highly competitive industry.

The U.S. construction aggregates industry is highly fragmented with a large number of independent local producers in a number of our markets. Additionally, in most markets, we also compete against large private and public companies, some of which are also vertically-integrated. Therefore, there is intense competition in a number of the markets in which we operate. This significant competition could lead to lower prices, higher wages, lower sales volumes and higher costs in some markets, negatively affecting our financial condition, results of operations and liquidity.

Growth and Portfolio Optimization Risks

The success of our business depends in part on our ability to execute on our acquisition and portfolio optimization strategy.

A significant portion of our historical growth has occurred through acquisitions, and we will likely execute acquisition transactions in the future. Acquisitions involve risks that, among other things, the businesses acquired will not perform as expected. We are presently evaluating, and we expect to continue to evaluate on an ongoing basis, possible acquisition transactions. We are presently engaged, and at any time in the future we may be engaged, in discussions or negotiations with respect to possible acquisitions, including larger transactions that would be significant to us. We regularly make, and we expect to continue to make, non-binding acquisition proposals, and we may enter into letters of intent, in each case allowing us to conduct due diligence on a confidential basis. In addition, we have recently disposed of a number of assets and businesses that we did not believe met our long-term investment criteria and through our portfolio optimization program, we are also evaluating additional divestiture opportunities of certain assets and businesses that are not core to our business. There can be no assurances that we will be able to recover the current carrying amount of our investments, and in some circumstances, assets or businesses may result in additional impairment expenses or other losses. In addition, we may become subject to certain contractual indemnity or other obligations or may fail to successfully deploy sale proceeds. We cannot predict the timing of any contemplated transactions. To successfully acquire a significant target, we may need to raise additional capital through additional equity issuances, additional indebtedness, or a combination of equity and debt issuances. There can be no assurance that we will enter into definitive agreements with respect to any contemplated transactions or that they will be completed. Our acquisitions and portfolio optimization efforts have placed, and may continue to place, significant demands on our management and operational and financial resources.

Our results of operations from these acquisitions could, in the future, result in impairment charges for any of our intangible assets, including goodwill, or other long-lived assets, particularly if economic conditions worsen unexpectedly. As a result of these changes, our financial condition, results of operations and liquidity could be materially adversely affected. In addition, many of the businesses that we have acquired and will acquire have unaudited financial statements that have been prepared by the management of such companies and have not been independently reviewed or audited. We cannot assure you that the financial statements of companies we have acquired or will acquire would not be materially different if such statements were independently reviewed or audited. If such statements were to be materially different, the tangible and intangible assets we acquire may be more susceptible to impairment charges, which could have a material adverse effect on us.

The success of our business depends on our ability to successfully integrate acquisitions.

Acquisitions may require integration of the acquired companies' sales and marketing, distribution, production, purchasing, information technology, finance and administrative organizations. We may not be able to integrate successfully any business we may acquire or have acquired into our existing business and any acquired businesses may not be profitable or as profitable as we had expected. Our inability to complete the integration of new businesses in a timely and orderly manner could increase costs and lower profits. Factors affecting the successful integration of acquired businesses include, but are not limited to, the following:

- We may become liable for certain liabilities of any acquired business, whether or not known to us. These risks could include, among others, tax liabilities, product liabilities, environmental liabilities and liabilities for employment practices. These liabilities may be significant.
- Substantial attention from our senior management and the management of the acquired business may be required, which could decrease the time that they have to service and attract customers.
- Capital equipment at acquired businesses may require additional maintenance or need to be replaced sooner than we expected.
- The complete integration of acquired companies depends, to a certain extent, on the full implementation of our financial systems and policies.
- We may actively pursue a number of opportunities simultaneously and we may encounter unforeseen expenses, complications and delays, including difficulties in employing sufficient staff and maintaining operational and management oversight.

The success of our business depends on our ability to retain key employees of our acquired businesses.

We cannot assure you we will be able to retain local managers and employees who are important to the operations of our acquired businesses. The loss of key employees may have an adverse effect on the acquired business and on our business as a whole.

Our long-term success is dependent upon securing and permitting aggregate reserves in strategically located areas. The inability to secure and permit such reserves could negatively affect our earnings in the future.

Aggregates are bulky and heavy and therefore difficult to transport efficiently. Because of the nature of the products, the freight costs can quickly surpass production costs. Therefore, except for geographic regions that do not possess commercially viable deposits of aggregates and are served by rail, barge or ship, the markets for our products tend to be localized around our quarry sites and are served by truck. New quarry sites often take a number of years to develop. Our strategic planning and new site development must stay ahead of actual growth. Additionally, in a number of urban and suburban areas in which we operate, it is increasingly difficult to permit new sites or expand existing sites due to community resistance. Therefore, our future success is dependent, in part, on our ability to accurately forecast future areas of high growth in order to locate optimal facility sites and on our ability to either acquire existing quarries or secure operating and environmental permits to open new quarries. If we are unable to accurately forecast areas of future growth, acquire existing quarries or secure the necessary permits to open new quarries, our financial condition, results of operations and liquidity could be materially adversely affected.

Economic Risks

The ongoing novel coronavirus (COVID-19) pandemic has caused severe disruptions in the U.S. and global economy and may continue to adversely impact the economy. While the full scale and long-term effects of the COVID-19 outbreak are unknown at this time, the overall impact on our business, operating results, cash flows and/or financial condition could be material.

The United States and other countries have reacted to the COVID-19 pandemic with unprecedented government intervention. The global impact of the outbreak continues to evolve, and many countries have reacted by re-instituting, or strongly encouraging quarantines and restrictions on travel, limiting operations of non-essential businesses, imposing vaccine or testing mandates and taking other restrictive measures designed to help slow the spread of COVID-19. While most economic activity has normalized or returned to near pre-pandemic levels, there have been longer lasting disruptions to global supply chains and employment trends that have adversely impacted many industries. The extent of the COVID-19 pandemic and its after effects on our future results of operations and overall financial performance remains uncertain.

The scale and scope of the COVID-19 pandemic may heighten the potential adverse effects on our business, operating results, cash flows and/or financial condition of the risks described in this report, including the impact of:

- potentially unfavorable economic conditions for our clients and customers, particularly in the residential and non-residential sectors, and the construction industry generally;
- delays or cancellation of projects and delays in collecting on certain of our accounts receivable from our customers;

- increased costs and potential labor shortages associated with compliance with new government regulations or restrictions, such as vaccine mandates and quarantines, which regulations or restrictions may adversely impact our normal operations in one or more of the markets in which we operate;
- significant disruptions at one or more of our locations, which could disrupt our operations, raise costs and reduce revenue and earnings in the affected areas;
- fluctuations in equity market prices (including that of our Class A common stock), interest rates and credit spreads limiting our ability to raise or deploy capital and affecting our overall liquidity; and
- a sustained longer term reduction in cash flows may be an indication some or all of our goodwill may not be realizable.

In addition, the COVID-19 pandemic has to date and may further adversely impact our business and financial condition in other areas, including as a result of:

- increased costs, including as a result of implementing health and safety protocols at our locations;
- disruptions to our supply and distribution channels, including delivery trucks;
- lower sales volumes due to reduced demand; and
- reduced state and local transportation budgets, particularly if such are not augmented by federal funding.

The fluidity of this situation precludes any prediction as to the ultimate adverse impact of COVID-19 on economic and market conditions, and, as a result, present material uncertainty and risk with respect to our business. The duration and extent of the impact from the COVID-19 pandemic depends on future developments that cannot be accurately predicted at this time, such as the success of vaccination efforts, the impact of newer strains of the virus, the extent and effectiveness of containment actions, and the impact of these and other factors on our employees, customers, suppliers and partners. It is also possible that negative consequences of the pandemic may continue once the pandemic is controlled.

The adverse impact on our business, financial condition, operating results or liquidity or future results from the COVID-19 pandemic, or any similar future crisis, could be material. The inherent uncertainty surrounding COVID-19, and likewise any similar crisis, also makes it more challenging for our management to estimate the future performance of our business and develop strategies to generate growth or achieve our objectives for fiscal 2022.

A decline in public infrastructure construction and reductions in governmental funding could adversely affect our earnings in the future.

A significant portion of our revenue is generated from publicly-funded construction projects. As a result, if publicly-funded construction decreases due to reduced federal or state funding or otherwise, our financial condition, results of operations and liquidity could be materially adversely affected.

Under U.S. law, annual funding levels for highways is subject to yearly appropriation reviews. This annual review of funding increases the uncertainty of many state departments of transportation regarding funds for highway projects. This uncertainty could result in states being reluctant to undertake large multi-year highway projects which could, in turn, negatively affect our sales. We cannot be assured of the existence, amount and timing of appropriations for spending on federal, state or local projects. Federal support for the cost of highway maintenance and construction is dependent on congressional action. In addition, each state funds its infrastructure spending from specially allocated amounts collected from various taxes, typically gasoline taxes and vehicle fees, along with voter-approved bond programs. Shortages in state tax revenues can reduce the amounts spent on state infrastructure projects, even below amounts awarded under legislative bills. In recent years, certain states have experienced state-level funding pressures caused by lower tax revenues and an inability to finance approved projects. Delays or cancellations of state infrastructure spending could have a material adverse effect on our financial condition, results of operations and liquidity.

Our business relies on private investment in infrastructure, and periods of economic stagnation or recession may adversely affect our earnings in the future.

A significant portion of our sales are for projects with non-public owners whose construction spending is affected by developers' ability to finance projects. Residential and nonresidential construction could decline if companies and consumers are unable to finance construction projects or in periods of economic stagnation or recession, which could result in delays or cancellations of capital projects. If housing starts and nonresidential projects stagnate or decline, sale of our construction materials, downstream products and paving and related services may decline and our financial condition, results of operations and liquidity could be materially adversely affected.

Environmental, health and safety laws and regulations and any changes to, or liabilities or litigation arising under, such laws and regulations could have a material adverse effect on our financial condition, results of operations and liquidity.

We are subject to a variety of federal, state, provincial and local laws and regulations relating to, among other things: (i) the release or discharge of materials into the environment; (ii) the management, use, generation, treatment, processing, handling, storage, transport or disposal of hazardous materials, including the management of hazardous and non-hazardous waste used as a fuel substitute in our cement kiln in Hannibal, Missouri; (iii) the management, use, generation, treatment, processing, handling, storage, transport or disposal of non-hazardous solid waste used as a fuel substitute in our cement kiln in Davenport, Iowa; and (iv) the protection of public and employee health and safety and the environment. These laws and regulations impose strict liability in some cases without regard to negligence or fault and expose us to liability for the environmental condition of our currently or formerly owned, leased or operated facilities or third-party waste disposal sites, and may expose us to liability for the conduct of others or for our actions, even if such actions complied with all applicable laws at the time these actions were taken. In particular, we may incur remediation costs and other related expenses because our facilities were constructed and operated before the adoption of current environmental laws and the institution of compliance practices or because certain of our processes are regulated. These laws and regulations may also expose us to liability for claims of personal injury or property or natural resource damage related to alleged exposure to, or releases of, regulated or hazardous materials. The existence of contamination at properties we own, lease or operate could also result in increased operational costs or restrictions on our ability to use those properties as intended.

There is an inherent risk of liability in the operation of our business, and despite our compliance efforts, we may be in noncompliance with environmental, health and safety laws and regulations from time to time. These potential liabilities or events of noncompliance could have a material adverse effect on our operations and profitability. In many instances, we must have government approvals, certificates, permits or licenses in order to conduct our business, which could require us to make significant capital, operating and maintenance expenditures to comply with environmental, health and safety laws and regulations. Our failure to obtain and maintain required approvals, certificates, permits or licenses or to comply with applicable governmental requirements could result in sanctions, including substantial fines or possible revocation of our authority to conduct some or all of our operations. Governmental requirements that affect our operations also include those relating to air and water quality, waste management, asset reclamation, the operation and closure of municipal waste and construction and demolition debris landfills, remediation of contaminated sites and worker health and safety. These requirements are complex and subject to frequent change, often in connection with changes in the presidential administration. Stricter laws and regulations, more stringent interpretations of existing laws or regulations or the future discovery of environmental conditions may impose new liabilities on us, reduce operating hours, require additional investment by us in pollution control equipment or impede our opening new or expanding existing plants or facilities.

We have incurred, and may in the future incur, significant capital and operating expenditures to comply with such laws and regulations, and in some cases we have been or could be named as a defendant in litigation brought by governmental agencies or private parties. In addition, we have recorded liabilities in connection with our reclamation and landfill closure obligations, but there can be no assurances that the costs of our obligations will not exceed our estimates. The cost of complying with such laws and defending against any litigation could have a material adverse effect on our financial condition, results of operations and liquidity.

Shortages of, or increases in prices for, commodities, labor and other production and delivery inputs could restrict our ability to operate our business and could have significant impacts on our operating costs.

Shortages of, or increases in prices for, production and delivery inputs, including commodities and labor, and other inputs related to the production and delivery of our products, could adversely affect our business. Our cost of revenue consists of production and delivery inputs, which primarily include labor, utilities, raw materials, fuel, transportation, royalties and other direct costs incurred in the production and delivery of our products and services. Increases in these costs, as a result of general economic conditions, inflationary pressures or otherwise, may reduce our operating margin and adversely affect our financial position if we are unable to hedge or otherwise offset such increases. Specifically, significant increases or fluctuations in the prices of certain energy commodities, including diesel fuel, liquid asphalt and other petroleum-based resources, which we consume significant amounts of in our production and distribution processes, could negatively affect the results of our business operations or cause our results to suffer. Additionally, labor is a meaningful component in our ability to operate our business and can have a significant impact on the cost of operating our business. Labor shortages could restrict our ability to operate our business or result in increased labor costs as a result of wage increases due to competition for qualified workers. Increased labor costs, whether due to labor shortages, competition for labor from other industries, changing demographics of the overall work force or otherwise may reduce our operating margin and adversely affect our financial position.

Availability of and pricing for raw materials and labor can be affected by various national, regional, local, economic and political factors. For example, government-imposed tariffs and trade regulations on imported raw materials could have significant impacts on our costs to operate our business, as well as the ongoing labor and supply shortage.

Financial Risks

Difficult and volatile conditions in the credit markets could affect our financial condition, results of operations and liquidity.

Demand for our products is primarily dependent on the overall health of the economy, and federal, state and local public infrastructure funding levels. A stagnant or declining economy tends to produce less tax revenue for public infrastructure agencies, thereby decreasing a source of funds available for spending on public infrastructure improvements, which constitute a significant part of our business.

There is a likelihood that we will not be able to collect on certain of our accounts receivable from our customers. If our customers are unable to obtain credit or unable to obtain credit in a timely manner, they may be unable to pay us, which could have a material adverse effect on our financial condition, results of operations and liquidity.

If we are unable to accurately estimate the overall risks, requirements or costs when we bid on or negotiate contracts that are ultimately awarded to us, we may achieve lower than anticipated profits or incur contract losses.

Even though the majority of our government contracts contain raw material escalators to protect us from certain input material price increases, a portion or all of the contracts are often on a fixed cost basis. Pricing on a contract with a fixed unit price is based on approved quantities irrespective of our actual costs and contracts with a fixed total price require that the total amount of work be performed for a single price irrespective of our actual costs. We realize profit on our contracts only if our revenue exceeds actual costs, which requires that we successfully estimate our costs and then successfully control actual costs and avoid cost overruns. If our cost estimates for a contract are inadequate, or if we do not execute the contract within our cost estimates, then cost overruns may cause us to incur a loss or cause the contract not to be as profitable as we expected. The costs incurred and profit realized, if any, on our contracts can vary, sometimes substantially, from our original projections due to a variety of factors, including, but not limited to:

- failure to include materials or work in a bid, or the failure to estimate properly the quantities or costs needed to complete a lump sum contract;
- delays caused by weather conditions or otherwise failing to meet scheduled acceptance dates;
- contract or project modifications or conditions creating unanticipated costs that are not covered by change orders;
- changes in availability, proximity and costs of materials, including liquid asphalt, cement, aggregates and other construction materials (such as stone, gravel, sand and oil for asphalt paving), as well as fuel and lubricants for our equipment;
- to the extent not covered by contractual cost escalators, variability and inability to predict the costs of purchasing diesel, liquid asphalt and cement;
- availability and skill level of workers;
- failure by our suppliers, subcontractors, designers, engineers or customers to perform their obligations;
- fraud, theft or other improper activities by our suppliers, subcontractors, designers, engineers, customers or our own personnel;
- mechanical problems with our machinery or equipment;
- citations issued by any governmental authority, including OSHA and MSHA;
- difficulties in obtaining required governmental permits or approvals;
- changes in applicable laws and regulations;

- uninsured claims or demands from third parties for alleged damages arising from the design, construction or use and operation of a project of which our work is part; and
- public infrastructure customers may seek to impose contractual risk-shifting provisions more aggressively which may result in us facing increased risks.

These factors, as well as others, may cause us to incur losses, which could have a material adverse effect on our financial condition, results of operations and liquidity.

We could incur material costs and losses as a result of claims that our products do not meet regulatory requirements or contractual specifications.

We provide our customers with products designed to meet building code or other regulatory requirements and contractual specifications for measurements such as durability, compressive strength, weight-bearing capacity and other characteristics. If we fail or are unable to provide products meeting these requirements and specifications, material claims may arise against us and our reputation could be damaged. Additionally, if a significant uninsured, non-indemnified or product-related claim is resolved against us in the future, that resolution could have a material adverse effect on our financial condition, results of operations and liquidity.

The cancellation of a significant number of contracts or our disqualification from bidding for new contracts could have a material adverse effect on our financial condition, results of operations and liquidity.

We could be prohibited from bidding on certain government contracts if we fail to maintain qualifications required by the relevant government entities. In addition, contracts with governmental entities can usually be canceled at any time by them with payment only for the work completed. A cancellation of an unfinished contract or our disqualification from the bidding process could result in lost revenue and cause our equipment to be idled for a significant period of time until other comparable work becomes available, which could have a material adverse effect on our financial condition, results of operations and liquidity.

Our operations are subject to special hazards that may cause personal injury or property damage, subjecting us to liabilities and possible losses which may not be covered by insurance.

Operating hazards inherent in our business, some of which may be outside our control, can cause personal injury and loss of life, damage to or destruction of property, plant and equipment and environmental damage. We maintain insurance coverage in amounts and against the risks we believe are consistent with industry practice, but this insurance may not be adequate or available to cover all losses or liabilities we may incur in our operations. Our insurance policies are subject to varying levels of deductibles. However, liabilities subject to insurance are difficult to estimate due to unknown factors, including the severity of an injury, the determination of our liability in proportion to other parties, the number of incidents not reported and the effectiveness of our safety programs. If we were to experience insurance claims or costs above our estimates, our financial condition, results of operations and liquidity could be materially adversely affected.

Unexpected factors affecting self-insurance claims and reserve estimates could adversely affect our business.

We use a combination of third-party insurance and self-insurance to provide for potential liabilities for workers' compensation, general liability, vehicle accident, property and medical benefit claims. Although we seek to minimize our exposure on individual claims, for the benefit of costs savings we have accepted the risk of multiple independent material claims arising. We estimate the projected losses and liabilities associated with the risks retained by us, in part, by considering historical claims experience, demographic and severity factors and other actuarial assumptions which, by their nature, are subject to a high degree of variability. Among the causes of this variability are unpredictable external factors affecting future inflation rates, discount rates, litigation trends, legal interpretations, benefit level changes and claim settlement patterns. Any such matters could have a material adverse effect on our financial condition, results of operations and liquidity.

Our substantial leverage could adversely affect our financial condition, our ability to raise additional capital to fund our operations, our ability to operate our business, our ability to react to changes in the economy or our industry and our ability to pay our debts, which could divert our cash flow from operations to debt payments.

We are highly leveraged. As of January 1, 2022, our total debt was approximately \$1.6 billion, which includes \$1.0 billion of Senior Notes and \$610.0 million of senior secured indebtedness under our senior secured credit facilities and we had

an additional \$327.1 million of unutilized capacity under our senior secured revolving credit facility (after giving effect to approximately \$17.9 million of letters of credit outstanding).

Our high degree of leverage could have important consequences, including:

- increasing our vulnerability to general economic and industry conditions;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, thereby reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- the deductibility of our interest expense is currently limited under existing law;
- subject us to the risk of increased interest rates as a portion of our borrowings under our senior secured credit facilities are exposed to variable rates of interest;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes;
- limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged; and
- making it more difficult for us to make payments on our debt.

Borrowings under our senior secured credit facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even though the amount borrowed remained the same, and our net income and cash flows, including cash available for servicing our indebtedness, will correspondingly decrease. We historically have and may in the future enter into interest rate swaps that involve the exchange of floating for fixed rate interest payments in order to reduce interest rate volatility. However, we may not maintain interest rate swaps with respect to all of our variable rate indebtedness, and any interest rate swaps we enter into may not fully mitigate our interest rate risk. In addition, certain of our variable rate indebtedness uses London Inter-bank Offered Rate (“LIBOR”) as a benchmark for establishing the rate of interest. LIBOR has been the subject of national, international and other regulatory guidance and proposals for reform. Publication of certain LIBOR reference rates was discontinued at the beginning of 2021. However, the ICE Benchmark Administration, in its capacity as administrator of USD LIBOR, intends to extend publication of USD LIBOR (other than one-week and two-month tenors) by 18 months to June 2023. While we expect LIBOR to be available in its current form at least until the end of June 2023, it is possible that LIBOR will become unavailable prior to that point which may impact the cost of our variable rate indebtedness. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness. If LIBOR ceases to exist or if the methods of calculating LIBOR change from their current form, we may also need to renegotiate our variable rate indebtedness that utilizes LIBOR as a factor in determining the interest rate to replace LIBOR with the new standard that is established. In addition, the indentures that govern the Senior Notes and the amended and restated credit agreement governing our senior secured credit facilities (“Credit Agreement”) contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interest. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debt.

Despite our current level of indebtedness, we and our subsidiaries may still incur substantially more debt. This could reduce our ability to satisfy our current obligations and further exacerbate the risks to our financial condition described above.

We and our subsidiaries may incur significant additional indebtedness in the future to fund acquisitions as part of our growth strategy. Although the indentures governing the Senior Notes and the Credit Agreement contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions, and we could incur substantial additional indebtedness in compliance with these restrictions.

Our senior secured credit facilities include an uncommitted incremental facility that allows us the option to increase the amount available under the term loan facility and/or the senior secured revolving credit facility by (i) \$225.0 million plus (ii) an additional amount so long as we are in pro forma compliance with a consolidated first lien net leverage ratio.

Availability of such incremental facilities will be subject to, among other conditions, the absence of an event of default and the receipt of commitments by existing or additional financial institutions.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on our debt obligations, refinance our debt obligations and fund planned capital expenditures and other corporate expenses depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions. We are also subject to certain financial, business, legislative, regulatory and legal restrictions on the payment of distributions and dividends. Many of these factors are beyond our control. We may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, which would constitute an event of default if not cured. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.” If our cash flows and capital resources are insufficient to fund our debt service obligations or our other needs, we may be forced to reduce or delay investments and capital expenditures, seek additional capital, restructure or refinance our indebtedness or sell assets. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations or fund planned capital expenditures. Significant delays in our planned capital expenditures may materially and adversely affect our future revenue prospects. In addition, our ability to restructure or refinance our debt will depend on the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The Credit Agreement and the indentures governing the Senior Notes restrict our ability to use the proceeds from asset sales. We may not be able to consummate those asset sales to raise capital or sell assets at prices that we believe are fair and proceeds that we do receive may not be adequate to meet any debt service obligations then due. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness.

The indentures governing the Senior Notes and the Credit Agreement contain covenants and provisions that are restrictive.

The indentures governing the Senior Notes and Credit Agreement contain restrictive covenants that, among other things, limit our ability, and the ability of our restricted subsidiaries, to:

- incur additional indebtedness, issue certain preferred shares or issue guarantees;
- pay dividends, redeem our membership interests or make other restricted payments, including purchasing our Class A common stock;
- make investments, loans or advances;
- incur additional liens;
- transfer or sell assets;
- merge or engage in consolidations;
- enter into certain transactions with our affiliates;
- designate subsidiaries as unrestricted subsidiaries;
- repay subordinated indebtedness; and
- change our lines of business.

The senior secured credit facilities also require us to maintain a maximum first lien net leverage ratio. The Credit Agreement also contains certain customary representations and warranties, affirmative covenants and events of default (including, among others, an event of default upon a change of control). If an event of default occurs, the lenders under our senior secured credit facilities will be entitled to take various actions, including the acceleration of amounts due under our senior secured credit facilities and all actions permitted to be taken by a secured creditor. Our failure to comply with obligations under the indentures governing the Senior Notes and the Credit Agreement may result in an event of default under the indenture or the amended and restated Credit Agreement. A default, if not cured or waived, may permit acceleration of our

indebtedness. If our indebtedness is accelerated, we may not have sufficient funds available to pay the accelerated indebtedness or the ability to refinance the accelerated indebtedness on terms favorable to us or at all.

Other Risks

Our success is dependent on our senior management team and our ability to retain and attract qualified personnel.

Our success depends on the continuing services of key members of our management team. We believe our senior management team possesses valuable knowledge and skills that are crucial to our success and would be difficult to replicate or replace.

Competition for senior management is intense, and we may not be able to retain our management team or attract additional qualified personnel. The unexpected loss of a member of senior management has in the past and could in the future require certain of our remaining senior officers to divert immediate attention, which can be substantial or require costly external resources in the short term. While we are developing plans for key management succession and have long-term compensation plans designed to retain our senior employees, if our retention and succession plans do not operate effectively, our business could be adversely affected. The inability to adequately fill vacancies in our senior executive positions on a timely basis could negatively affect our ability to implement our business strategy, which could have a material adverse effect on our results of operations, financial condition and liquidity.

We use large amounts of electricity, diesel fuel, liquid asphalt and other petroleum-based resources that are subject to potential reliability issues, supply constraints and significant price fluctuation, which could have a material adverse effect on our financial condition, results of operations and liquidity.

In our production and distribution processes, we consume significant amounts of electricity, diesel fuel, liquid asphalt and other petroleum-based resources. The availability and pricing of these resources are subject to market forces that are beyond our control. Furthermore, we are vulnerable to any reliability issues experienced by our suppliers, which also are beyond our control. Our suppliers contract separately for the purchase of such resources and our sources of supply could be interrupted should our suppliers not be able to obtain these materials due to higher demand or other factors that interrupt their availability. Variability in the supply and prices of these resources could have a material adverse effect on our financial condition, results of operations and liquidity.

Climate change and climate change legislation or regulations may adversely affect our business.

A number of governmental bodies have finalized, proposed or are contemplating legislative and regulatory changes in response to the potential effects of climate change, and Canada and the United States have agreed to the Paris Agreement, the successor to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which could lead to additional legislative and regulatory changes in those countries. In addition, in the United States, in part due to the current administration's focus on climate change as central to U.S. policy, there may be additional legislative and regulatory changes connected to changes in presidential administration. In April 2021, President Biden announced that the United States' Nationally Defined Contribution to the Paris Agreement will be an economy-wide reduction in greenhouse ("GHG") emissions of 50-52% by 2030, relative to 2005 levels. In addition, in advance of the November 2021 Conference of the Parties 26 meeting in Glasgow, Scotland ("COP26"), the Biden administration released details on its strategy to achieve those targets. The COP26 meeting concluded with international consensus to further reduce GHG emissions, including through the elimination of certain fossil fuel subsidies. In conjunction with COP26, the United States and China also bilaterally agreed to cooperate on GHG emission reductions. Any resulting legislation or regulation has and potentially could include provisions for a "cap and trade" system of allowances and credits, among other provisions. The EPA promulgated a mandatory reporting rule covering GHG emissions from sources considered to be large emitters. The EPA has also promulgated a GHG emissions permitting rule, referred to as the "Tailoring Rule" which sets forth criteria for determining which facilities are required to obtain permits for GHG emissions pursuant to the U.S. Clean Air Act's Prevention of Significant Deterioration ("PSD") and Title V operating permit programs. The U.S. Supreme Court ruled in June 2014 that the EPA exceeded its statutory authority in issuing the Tailoring Rule but upheld the Best Available Control Technology ("BACT") requirements for GHGs emitted by sources already subject to PSD requirements for other pollutants. Our cement plants and one of our landfills hold Title V Permits. If future modifications to our facilities require PSD review for other pollutants, GHG BACT requirements may also be triggered, which could require significant additional costs.

Other potential effects of climate change include physical effects such as disruption in production and product distribution as a result of major storm events and shifts in regional weather patterns and intensities. Given the nature of our operations, physical impacts may include disruptions in production and/or regional supply or product distribution networks due to major storm events, shifts in regional rainfall and temperature patterns and intensities, as well as flooding from sea level

changes. There is also a potential for climate change legislation and regulation to adversely affect the cost of purchased energy and electricity.

Additionally, actual or perceived environmental, social, governance and other sustainability (ESG) matters and our response to these matters could harm our business. Increasing governmental and societal attention to ESG matters, including expanding mandatory and voluntary reporting, diligence, and disclosure on topics such as climate change, human capital, labor and risk oversight, could expand the nature, scope, and complexity of matters that we are required to control, assess and report. These factors may alter the environment in which we do business and may increase the ongoing costs of compliance and adversely impact our results of operations and cash flows. If we are unable to adequately address such ESG matters or fail to comply with all laws, regulations, policies and related interpretations, it could negatively impact our reputation and our business results.

The effects of climate change on our operations are highly uncertain and difficult to estimate. However, because a chemical reaction inherent to the manufacture of Portland cement releases carbon dioxide, a GHG, cement kiln operations may be disproportionately affected by future regulation of GHGs. Climate change and legislation and regulation concerning GHGs could have a material adverse effect on our financial condition, results of operations and liquidity.

Unexpected operational difficulties at our facilities could disrupt operations, raise costs, and reduce revenue and earnings in the affected locations.

The reliability and efficiency of certain of our facilities is dependent upon vital pieces of equipment, such as our cement manufacturing kilns in Hannibal, Missouri and Davenport, Iowa. Although we have scheduled outages to perform maintenance on certain of our facilities, vital equipment may periodically experience unanticipated disruptions due to accidents, mechanical failures or other unanticipated events such as fires, explosions, violent weather conditions or other unexpected operational difficulties. A substantial interruption of one of our facilities could require us to make significant capital expenditures to restore operations and could disrupt our operations, raise costs, and reduce revenue and earnings in the affected locations.

We may incur significant costs in connection with pending and future litigation.

We have seen increases in litigation as the scope of our business and operations has grown. We are, or may become, party to various lawsuits, claims, investigations, and proceedings, including but not limited to personal injury, environmental, antitrust, tax, property entitlements and land use, commercial, contract, product liability, health and safety, and employment matters. The outcome of pending or future lawsuits, claims, investigations, or proceedings is often difficult to predict and could be adverse and material in amount. Development in these proceedings can lead to changes in management's estimates of liabilities associated with these proceedings including the judge's rulings or judgments, jury verdicts, settlements, or changes in applicable law. Future adverse rulings, settlements, or unfavorable developments could result in charges that could have a material adverse effect on our results of operations and cash flows in a particular period. In addition, the defense of these lawsuits, claims, investigations, and proceedings may divert our management's attention, and we may incur significant costs in defending these matters.

We are dependent on information technology. Our systems and infrastructure face certain risks, including cyber security risks and data leakage risks.

We are dependent on information technology systems and infrastructure to carry out important operational activities and to maintain our business records. In addition, we rely on the systems of third parties, such as third-party vendors. As part of our normal business activities, we collect and store certain personal identifying and confidential information relating to our customers, employees, vendors and suppliers, and maintain operational and financial information related to our business. We may share some of this confidential information with our vendors. We rely on our vendors and third-party service providers to maintain effective cybersecurity measures to keep our information secure. Any significant breakdown, invasion, destruction or interruption of our existing or future systems by employees, third parties, vendors, others with authorized access to our systems, or unauthorized persons could negatively affect operations. In addition, future systems upgrades or changes could be time consuming, costly and result in unexpected interruptions or other adverse effects on our business. There is also a risk that we could experience a business interruption, theft of information or reputational damage as a result of a cyber-attack, such as an infiltration of a data center, "ransomware" or other malware, or data leakage of confidential information either internally or at our third-party providers.

While we have invested in the protection of our data and information technology to reduce these risks and periodically test the security of our information systems network, there can be no assurance that our efforts will prevent breakdowns or breaches in our systems that could have a material adverse effect on our financial condition, results of

operations and liquidity. Our or our vendors' and third-party service providers' failure to maintain the security of the data we are required to protect could result in damage to our reputation, financial obligations to third parties, fines, penalties, regulatory proceedings and private litigation with potentially large costs, and also in deterioration in customers' confidence in us and other competitive disadvantages. While, to date, we have not had a significant cybersecurity breach or attack that has a material impact on our business or results of operations, there can be no assurance that our efforts to maintain the security and integrity of our information technology networks and related systems will be effective or that attempted security breaches or disruptions would not be successful or damaging.

Labor disputes, strikes, other forms of work stoppage or slowdown or other union activities could disrupt operations of our businesses.

As of January 1, 2022, labor unions represented approximately 8% of our total employees, substantially all in our cement division and at our Canadian operations. Our collective bargaining agreements for employees generally expire between 2022 and 2026. Although we believe we have good relations with our employees and unions, disputes with our trade unions, union organizing activity, or the inability to renew our labor agreements or adverse labor relations at any of our locations, could lead to strikes, other forms of work stoppage, slowdowns or other actions that could disrupt our operations and, consequently, have a material adverse effect on our financial condition, results of operations and liquidity.

Organizational Structure Risks

Summit Inc.'s only material asset is its interest in Summit Holdings, and it is accordingly dependent upon distributions from Summit Holdings to pay taxes, make payments under the TRA and pay dividends.

Summit Inc. is a holding company and has no material assets other than its ownership of LP Units and has no independent means of generating revenue. Summit Inc. intends to cause Summit Holdings to make distributions to holders and former holders of LP Units in an amount sufficient to cover all applicable taxes at assumed tax rates, payments under the TRA and cash distributions, if any, declared by it. Deterioration in the financial condition, earnings or cash flow of Summit Holdings and its subsidiaries for any reason, or restrictions on payments by subsidiaries to their parent companies under applicable laws, including laws that require companies to maintain minimum amounts of capital and to make payments to stockholders only from profits, could limit or impair their ability to pay such distributions. Additionally, to the extent that Summit Inc. needs funds, and Summit Holdings is restricted from making such distributions under applicable law or regulation or under the terms of our financing arrangements, or is otherwise unable to provide such funds, it could have a material adverse effect on our financial condition, results of operations and liquidity.

Payments of dividends, if any, are at the discretion of our board of directors after taking into account various factors, including our business, operating results and financial condition, current and anticipated cash needs, plans for expansion and any legal or contractual limitations on our ability to pay dividends. Any financing arrangement that we enter into in the future may include restrictive covenants that limit our ability to pay dividends. In addition, Summit Holdings is generally prohibited under Delaware law from making a distribution to a limited partner to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of Summit Holdings (with certain exceptions) exceed the fair value of its assets. Subsidiaries of Summit Holdings are generally subject to similar legal limitations on their ability to make distributions to Summit Holdings.

Summit Inc. anticipates using certain distributions from Summit Holdings to acquire additional LP Units.

The limited partnership agreement of Summit Holdings provides for cash distributions, which we refer to as "tax distributions," to be made to the holders of the LP Units if it is determined that the income of Summit Inc. will give rise to net taxable income allocable to holders of LP Units. To the extent that future tax distributions Summit Inc. receives exceed the amounts it actually requires to pay taxes and make payments under the TRA, our board of directors has in the past and may in the future cause Summit Inc. to use such excess cash to acquire additional newly-issued LP Units at a per unit price determined by reference to the volume weighted average price per share of the Class A common stock during the five trading days immediately preceding the date of the relevant board action. Any cash used by Summit Inc. to acquire additional LP Units would not then be available to fund cash dividends on the Class A common stock.

Summit Inc. is required to pay exchanging holders of LP Units for most of the benefits relating to any additional tax depreciation or amortization deductions that we may claim as a result of the tax basis step-up we receive in connection with sales or exchanges of LP Units and related transactions.

Holders of LP Units (other than Summit Inc.) may exchange their LP Units for Class A common stock on a one-for-one basis. The exchanges are expected to result in increases in the tax basis of the tangible and intangible assets of Summit Holdings. These increases in tax basis may increase (for tax purposes) depreciation and amortization deductions and therefore reduce the amount of tax that Summit Inc. would otherwise be required to pay in the future, although the Internal Revenue Service (the "IRS") may challenge all or part of the tax basis increase, and a court could sustain such a challenge.

In connection with Summit Inc.'s initial public offering ("IPO"), we entered into a TRA with the holders of LP Units that provides for the payment by Summit Inc. to exchanging holders of LP Units of 85% of the benefits, if any, that Summit Inc. is deemed to realize as a result of the increases in tax basis described above and certain other tax benefits related to entering into the TRA, including tax benefits attributable to payments under the TRA. This payment obligation is an obligation of Summit Inc. and not of Summit Holdings. While the actual increase in tax basis and the actual amount and utilization of net operating losses, as well as the amount and timing of any payments under the TRA, will vary depending upon a number of factors, including the timing of exchanges, the price of shares of our Class A common stock at the time of the exchange, the extent to which such exchanges are taxable and the amount and timing of our income, we expect that as a result of the size of the transfers and increases in the tax basis of the tangible and intangible assets of Summit Holdings and our possible utilization of net operating losses, the payments that Summit Inc. may make under the TRA will be substantial.

In certain cases, payments under the TRA may be accelerated or significantly exceed the actual benefits Summit Inc. realizes in respect of the tax attributes subject to the TRA.

The TRA provides that upon certain changes of control, or if, at any time, Summit Inc. elects an early termination of the TRA, Summit Inc.'s obligations under the TRA may be accelerated. Summit Inc.'s ability to achieve benefits from any tax basis increase or net operating losses, and the payments to be made under the TRA, will depend upon a number of factors, including the timing and amount of our future income. As a result, even in the absence of a change of control or an election to terminate the TRA, payments under the TRA could be in excess of 85% of Summit Inc.'s actual cash tax savings.

The actual cash tax savings realized by Summit Inc. under the TRA may be less than the corresponding TRA payments. Further, payments under the TRA may be made years in advance of when the benefits, if any, are realized on our federal and state income tax returns. Accordingly, there may be a material negative effect on our liquidity if the payments under the TRA exceed the actual cash tax savings that Summit Inc. realizes in respect of the tax attributes subject to the TRA and/or distributions to Summit Inc. by Summit Holdings are not sufficient to permit Summit Inc. to make payments under the TRA. Based upon a \$40.14 share price of our Class A common stock, which was the closing price on December 31, 2021, and a contractually defined discount rate of 1.58%, we estimate that if Summit Inc. were to exercise its termination right, the aggregate amount of these termination payments would be approximately \$312 million. The foregoing number is merely an estimate and the actual payments could differ materially. We may need to incur debt to finance payments under the TRA to the extent our cash resources are insufficient to meet our obligations under the TRA as a result of timing discrepancies or otherwise.

Ownership of Our Class A Common Stock Risks

The market price of shares of our Class A common stock has fluctuated significantly, which could cause the value of your investment to decline.

The market price of our Class A common stock has fluctuated significantly in the past and could be subject to wide fluctuations in the future. During the year ended January 1, 2022, the closing price of our Class A common stock on the New York Stock Exchange has fluctuated from a low of \$20.42 per share to a high of \$41.21 per share. Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of shares of our Class A common stock regardless of our operating performance. In addition, our operating results could be below the expectations of public market analysts and investors due to a number of potential factors, including variations in our quarterly operating results or dividends, if any, to stockholders, additions or departures of key management personnel, failure to meet analysts' earnings estimates, publication of research reports about our industry, litigation and government investigations, changes or proposed changes in laws or regulations or differing interpretations or enforcement thereof affecting our business, adverse market reaction to any indebtedness we may incur or securities we may issue in the future, changes in market valuations of similar companies or speculation in the press or investment community, announcements by our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments, adverse publicity about the industries we participate in or individual scandals, and in response the market price of shares of our Class A common stock could decrease significantly. You may be unable to resell your shares of Class A common stock for a profit.

In recent years, stock markets have experienced extreme price and volume fluctuations. In the past, following periods of volatility in the overall market and the market price of a company's securities, securities class action litigation has often been instituted against these companies. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Because we have no current plans to pay cash dividends on our Class A common stock, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.

We have no current plans to pay any cash dividends. The declaration, amount and payment of any future dividends on shares of Class A common stock will be at the sole discretion of our board of directors. Our board of directors may take into account general and economic conditions, our financial condition and results of operations, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us and such other factors as our board of directors may deem relevant. In addition, our ability to pay dividends is limited by our senior secured credit facilities and our Senior Notes and may be limited by covenants of other indebtedness we or our subsidiaries incur in the future. As a result, you may not receive any return on an investment in our Class A common stock unless you sell our Class A common stock for a price greater than that which you paid for it.

Future issuance of additional Class A common stock, or securities convertible or exchangeable for Class A common stock, may adversely affect the market price of the shares of our Class A common stock.

As of January 1, 2022, we had 118,705,108 shares of Class A common stock issued and outstanding, and 881,294,892 shares authorized but unissued. The number of unissued shares includes 1,314,006 shares available for issuance upon exchange of LP Units held by limited partners of Summit Holdings. Our amended and restated certificate of incorporation authorizes us to issue shares of Class A common stock and options, rights, warrants and appreciation rights relating to Class A common stock for the consideration and on the terms and conditions established by our board of directors in its sole discretion. We may need to raise significant additional equity capital in connection with acquisitions or otherwise. Similarly, the limited partnership agreement of Summit Holdings permits Summit Holdings to issue an unlimited number of additional limited partnership interests of Summit Holdings with designations, preferences, rights, powers and duties that are different from, and may be senior to, those applicable to the LP Units, and which may be exchangeable for shares of our Class A common stock. Sales of substantial amounts of Class A common stock, or securities convertible or exchangeable for Class A common stock, or the perception that such sales could occur may adversely affect the prevailing market price for the shares of our Class A common stock. Thus holders of our Class A common stock will bear the risk of our future issuances reducing the market price of our Class A common stock and diluting the value of their stock holdings in us.

As of January 1, 2022, we have reserved an aggregate of 17.5 million shares of Class A common stock for issuances under the Summit Materials, Inc. 2015 Omnibus Incentive Plan (the "Omnibus Incentive Plan"), including 7.9 million shares were available for grant as of January 1, 2022. In addition, we also have 5.5 million shares of Class A common stock reserved for issuance under the Summit Materials, Inc. 2021 Employee Stock Purchase Plan ("ESPP") as of January 1, 2022. Lastly, as of January 1, 2022, we had outstanding warrants to purchase an aggregate of 31,519 shares of Class A common stock. Any Class A common stock that we issue, including under our Omnibus Incentive Plan, our ESPP or other equity incentive plans that we may adopt in the future, or upon exercise of outstanding options or warrants, or other securities convertible or exchangeable for Class A common stock would dilute the percentage ownership held by the investors of our Class A common stock and may adversely affect the market price of the shares of our Class A common stock.

Anti-takeover provisions in our organizational documents and Delaware law might discourage or delay acquisition attempts for us that you might consider favorable.

Our amended and restated certificate of incorporation and amended and restated bylaws contain provisions that may make the merger or acquisition of our company more difficult without the approval of our board of directors. Among other things, these provisions:

- would allow us to authorize the issuance of undesignated preferred stock in connection with a stockholder rights plan or otherwise, the terms of which may be established and the shares of which may be issued without stockholder approval, and which may include super voting, special approval, dividend, or other rights or preferences superior to the rights of the holders of Class A common stock;
- prohibit stockholder action by written consent unless such action is recommended by all directors then in office;

- provide that the board of directors is expressly authorized to make, alter, or repeal our bylaws and that our stockholders may only amend our bylaws with the the affirmative vote of a majority in voting power of all the then-outstanding shares of stock of the Corporation entitled to vote thereon.
- establish advance notice requirements for nominations for elections to our board or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Further, as a Delaware corporation, we are also subject to provisions of Delaware law, which may impede or discourage a takeover attempt that our stockholders may find beneficial. These anti-takeover provisions and other provisions under Delaware law could discourage, delay or prevent a transaction involving a change in control of our company, including actions that our stockholders may deem advantageous, or negatively affect the trading price of our Class A common stock. These provisions could also discourage proxy contests and make it more difficult for you and other stockholders to elect directors of your choosing and to cause us to take other corporate actions you desire.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

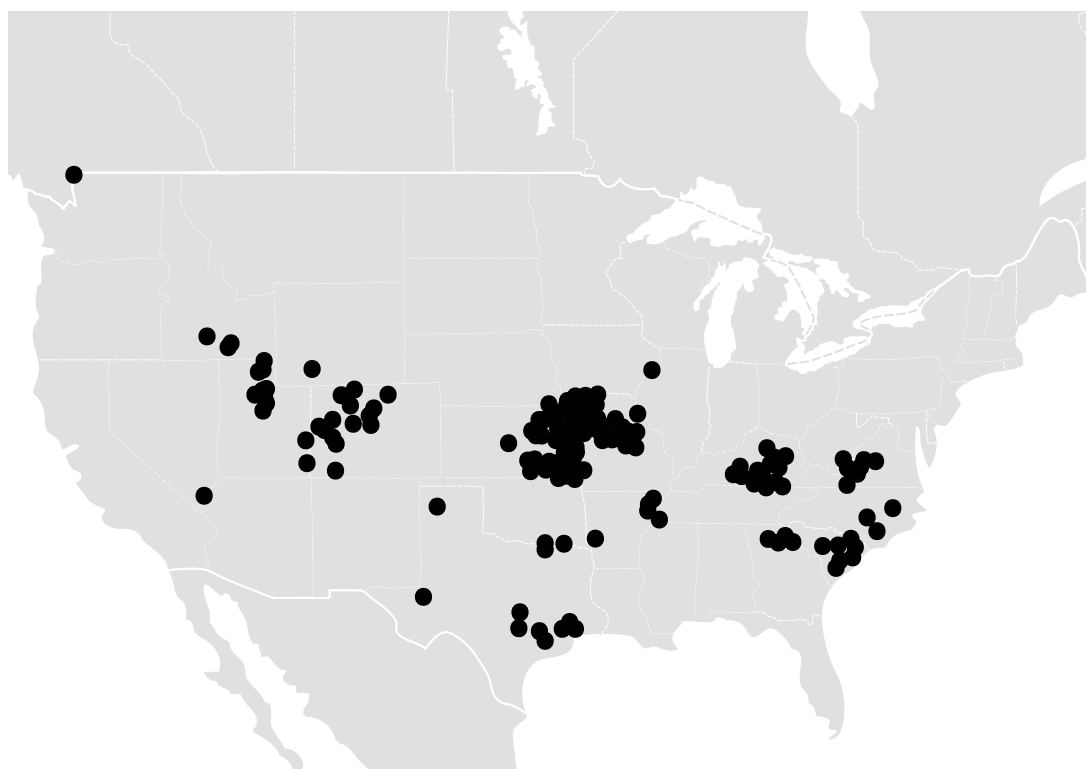
ITEM 2. PROPERTIES.

Properties

Our headquarters are located in a 21,615 square foot office space, which we lease in Denver, Colorado, under a lease expiring on January 31, 2024. We have executed a lease for 33,191 square feet for new office space, also in Denver, Colorado, and expect to occupy the new space in mid-2022.

We mine a variety of hard rock materials including limestone, granite, quartzite and unconsolidated materials including clay, sand and gravel at our quarry operations. The aggregates produced at our quarries are utilized as general construction aggregates, bituminous asphalt pavement and ready-mix concrete. Our reserves and resources are across over 250 sites, to which we believe we have adequate road, barge or railroad access.

A map showing the location of all mining properties is below:



We periodically perform sub-surface exploration at most of our sites through drilling methods. At most of our sites, our mining operations are conducted using surface open pit techniques. Mineral resources are defined as having a reasonable prospect of extraction, and is likely to, either in whole or in part, to become economically extractable. Mineral resource estimates were obtained using property boundaries, exploration coverage and regional geologic research. Areas of uneconomically thick overburden or poor aggregate quality rock were defined to the best ability and excluded from reserves or resources areas. Mineral reserves are defined as an estimate of tonnage that can be economically extracted and includes an allowance for losses that may occur when the material is mined or extracted. Mineral reserves estimates were made using similar parameters as for mineral resources. Quantities are counted as reserves based on the nature of the permit, property boundaries, mineral rights and core drilling availability. Areas that are not yet permitted or not explored through a drilling campaign are excluded from reserves. Due to the nature of our products, we do not perform metallurgical testing, however during exploration, material is tested for aggregate or cement suitability.

As of January 1, 2022, we had 3.9 billion tons of proven and probable mineral reserves and 1.8 billion measured and indicated mineral resources. In total, we owned 49 percent and leased 51 percent of total mineral reserves and resources. We do not consider any of our individual quarrying operations as material for disclosure purposes. We estimate that the useful life of our reserves serving our aggregates and cement businesses are approximately 55 years and 170 years, respectively, based on the average production rates in 2021 and 2020. We obtained technical reports covering each of our mining site prepared by Continental Placer Inc. as of January 1, 2022. The technical reports were prepared in accordance with the requirements of the Modernization of Property Disclosures for Mining Registrants set forth in subpart 1300 of Regulation S-K (the “SEC Mining Modernization Rules”). Inferred resources are defined as a mineral resource for which quantity and grade have been estimated but not yet verified. The terms defined in the table below are defined and used in accordance with the SEC Mining Modernization Rules. By segment, our estimate of proven and probable mineral reserves and measured and indicated mineral resources as of January 1, 2022 are shown in the table below:

	Hard Rock Tons (000s)				Sand and Gravel Tons (000s)			
	West	East	Cement	Total	West	East	Cement	Total
Proven Reserves	146,434	1,239,308	495,343	1,881,085	849,945	227,816	—	1,077,761
Probable Reserves	184,107	515,945	10,760	710,812	199,184	36,713	—	235,897
Total Proven and Probable Mineral Reserves	330,541	1,755,253	506,103	2,591,897	1,049,129	264,529	—	1,313,658
Measured Resources	20,675	1,019,185	47,185	1,087,045	96,887	46,420	—	143,307
Indicated Resources	25,000	477,723	—	502,723	19,484	31,779	—	51,263
Total Measured and Indicated Resources	45,675	1,496,908	47,185	1,589,768	116,371	78,199	—	194,570
Inferred Resources	—	133,110	—	133,110	46,918	11,122	—	58,040

As of January 1, 2022, we operated the following production and distribution facilities:

	Quarries and Sand Deposits	Cement Plants	Cement Distribution Terminals	Fixed and portable ready-mix concrete plants	Asphalt paving mix plants
Owned	98	2	5	94	27
Leased	135	—	4	25	16
Partially owned and leased	18	—	—	—	4
Total	251	2	9	119	47

The following chart summarizes our production and distribution facilities by state as of January 1, 2022:

State	Sand & Gravel	Limestone	Cement	Ready-mix Concrete	Asphalt Plant	Landfill	Other*
Arkansas	6	—	—	17	2	—	3
Colorado	28	1	—	9	7	1	3
Georgia	5	—	—	—	—	—	—
Idaho	4	—	—	3	—	—	2
Iowa	—	1	2	—	—	—	1
Kansas	8	49	—	16	4	8	12
Kentucky	1	14	—	10	13	—	9
Louisiana	—	—	3	—	—	—	1
Minnesota	—	—	2	—	—	—	—
Missouri	1	49	2	6	—	—	6
Nebraska	—	1	—	—	—	—	—
Nevada	1	—	—	3	—	—	—
North Carolina	4	—	—	—	—	—	2
Oklahoma	5	1	—	12	—	—	3
South Carolina	15	1	—	—	—	—	—
Tennessee	—	1	1	—	—	—	—
Texas	17	2	—	23	8	—	15
Utah	18	2	—	19	5	—	3
Virginia	1	9	—	—	5	—	5
Wisconsin	—	—	1	—	—	—	—
Wyoming	1	—	—	1	2	—	2
Total US	115	131	11	119	46	9	67
British Columbia, Canada	5	—	—	—	1	3	6
Total	120	131	11	119	47	12	73

*Other primarily consists of office space.

Internal Controls Disclosure

The analysis of our reserves and resources has been developed by our personnel in collaboration with Continental Placer, designated as our qualified person. Our management teams periodically review our reserves by performing sub-surface exploration as part of our mine planning process. Further, we also review and update our mineral resources and reserves as operations progress through our reserves, and as mining permits are submitted for updates and approvals. The modeling and analysis of the Company's reserves and resources has been developed by Company mine personnel and reviewed by several levels of internal management, including Continental Placer. The development of such reserves and resources estimates, including related assumptions, was a collaborative effort between Continental Placer and Company staff. This section summarizes the internal control considerations for the Company's development of estimations, including assumptions, used in reserve and resource analysis and modeling.

When determining reserves and resources, as well as the differences between reserves and resources, management developed specific criteria, each of which must be met to qualify as a reserve or resource, respectively. These criteria, such as demonstration of economic viability, legal right to mine, and material quality are specific and attainable. Continental Placer and Company management agree on the reasonableness of the criteria for the purposes of estimating reserves and resources. Calculations using these criteria are either performed or reviewed and validated by Continental Placer.

Estimations and assumptions were developed independently for each geographical operational area. All estimates require a combination of historical data and key assumptions and parameters. When possible, resources and data from generally accepted industry sources, such as governmental resource agencies, were used to develop these estimations.

ITEM 3. LEGAL PROCEEDINGS.

The information set forth under “—Legal Proceedings” in Item 1, “Business,” is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES.

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.104) is included in Exhibit 95.1 to this report.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Pursuant to General Instruction G(3) to Form 10-K, certain of the information regarding our executive officers required by Items 401(b) and (e) of Regulation S-K is hereby included in Part I of this report.

Anne P. Noonan, 58, *President and Chief Executive Officer and Director*. Ms. Noonan joined the Company in September 2020. Prior to joining the Company, Ms. Noonan served as president and chief executive officer and as a director of OMNOVA Solutions Inc. (“OMNOVA”), a global provider of emulsion polymers, specialty chemicals, and engineered surfaces for a variety of commercial, industrial, and residential end uses, with manufacturing, technical, and other facilities located in North America, Europe, China, and Thailand, from December 2016 until April 1, 2020 when OMNOVA was acquired by Synthomer plc. Before being appointed President and Chief Executive Officer, Ms. Noonan served as OMNOVA’s President, Performance Chemicals, from 2014 until December 2016. Ms. Noonan previously held several positions of increasing responsibility with Chemtura Corporation, a global specialty chemicals company, from 1987 through 2014, including most recently as senior vice president and president of Chemtura’s Industrial Engineered Products business and Corporate Development function. Ms. Noonan serves on the board of CF Industries Holdings, Inc., a global leader in nitrogen fertilizer manufacturing and distribution.

Karli S. Anderson, 48, *Executive Vice President, Chief Environmental, Social & Governance Officer and Head of Investor Relations*. Ms. Anderson joined the Company in 2019 after having served as Vice President at Royal Gold, Inc., a precious metals stream and royalty company from 2013 to 2018. Prior to that, Ms. Anderson served in senior investor relations roles at Newmont Mining Corporation and Coeur Mining, and was the Chair of the Board of the Denver Gold Group for six years. Ms. Anderson currently serves on the Board of Westwater Resources where she is the chair of the Compensation Committee and a member of the Audit and Environmental, Health and Safety committees. Ms. Anderson received her Master of Business Administration in finance from the Wharton School at the University of Pennsylvania and her Bachelor of Science from Ohio University. Ms. Anderson is also a National Association of Corporate Directors fellow.

Chris B. Gaskill, 40, *Executive Vice President, Chief Legal Officer and Secretary*. Mr. Gaskill joined the Company in 2015 and has served in various roles of increasing responsibility, most recently as the Senior Vice President, Deputy General Counsel and Assistant Secretary. Prior to joining the Company, Mr. Gaskill served in senior legal roles at The Western Union Company and Cardinal Health, Inc. Mr. Gaskill began his career at Simpson Thacher & Bartlett, LLP in New York, NY. Mr. Gaskill has a Bachelor of Arts in Government and Legal Studies from Bowdoin College and received his Juris Doctor from the University of Virginia School of Law. He currently serves on the Board of Governors of Colorado Goodwill, one of the state’s largest 501(c)(3) organizations.

Brian J. Harris, 64, *Executive Vice President and Chief Financial Officer*. Mr. Harris joined the Company as Chief Financial Officer in October 2013 after having been Executive Vice President and Chief Financial Officer of Bausch & Lomb Holdings Incorporated, a leading global eye health company, from 2009 to 2013. From 1990 to 2009, Mr. Harris held positions of increasing responsibility with industrial, automotive, building products and engineering manufacturing conglomerate Tomkins plc, including President of the \$2 billion worldwide power transmission business for Gates Corporation, and Senior Vice President for Strategic Business Development and Business Administration, Chief Financial Officer and Secretary of Gates Corporation. Mr. Harris received a Bachelor of Accountancy from Glasgow University and is qualified as a Scottish Chartered Accountant.

Deon MacMillan, 48, *Executive Vice President, Chief People Officer and Head of Corporate Communications*. Ms. MacMillan joined the Company in March 2021 after serving as the Chief Human Resource and Communications Officer for Ardent Mills, a leading flour and grain supplier, from 2014 to March 2021. From 2012 through 2014, Ms. MacMillan consulted on a wide range of human relations related matters with publicly traded multi-national corporations through her consulting firm, MacMillan Consulting. From 2013 to 2015, Ms. MacMillan served as an associate consultant at Lominger (a wholly owned subsidiary of Korn Ferry) and was the Vice President Human Resources, Customer Sales and Experience at multiple organizations with increasing levels of responsibilities, focused on human resources, communications and general change management. Ms. MacMillan received her Bachelor of Arts in Business Administration with an Emphasis in Human Resources and her Master of Business Administration from the University of Alaska-Fairbanks.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market Information

Summit Inc.’s Class A common stock began publicly trading on the NYSE under the symbol “SUM” on March 11, 2015. Prior to that time, there was no public market for our Class A common stock. Our Class B common stock is not publicly traded. As of February 21, 2022, there were five holders of record of our Class A common stock and 30 holders of record of our Class B common stock.

These stockholder figures do not include a substantially greater number of holders whose shares are held of record by banks, brokers and other financial institutions.

All of the outstanding limited liability company interests of Summit LLC are held by Summit Materials Intermediate Holdings, LLC, an indirect subsidiary of Summit Inc. There is no established public trading market for limited liability company interests of Summit LLC.

Dividends

If Summit Inc. uses future excess tax distributions to purchase additional LP Units, we anticipate that in order to maintain the relationship between the shares of Class A common stock and the LP Units, our board of directors may continue to declare stock dividends on the Class A common stock.

Summit Inc. has no current plans to pay cash dividends on its Class A common stock. The declaration, amount and payment of any future dividends on shares of Class A common stock is at the sole discretion of our board of directors and we may reduce or discontinue entirely the payment of any such dividends at any time. Our board of directors may take into account general and economic conditions, our financial condition and operating results, our available cash and current and anticipated cash needs, capital requirements, contractual, legal, tax and regulatory restrictions and implications on the payment of dividends by us to our stockholders or by our subsidiaries to us, and such other factors as our board of directors may deem relevant.

Summit Inc. is a holding company and has no material assets other than its ownership of LP Units. Should we decide to pay a cash dividend on our Class A common stock in the future, we anticipate funding this cash dividend by causing Summit Holdings to make distributions to Summit Inc. in an amount sufficient to cover such dividend, whereupon the other holders of LP Units will also be entitled to receive distributions pro rata in accordance with the percentages of their respective limited partnership interests. Because Summit Inc. must pay taxes and make payments under the TRA, any amounts ultimately distributed as dividends to holders of our Class A common stock are expected to be less on a per share basis than the amounts distributed by Summit Holdings to its partners on a per LP Unit basis.

The agreements governing our senior secured credit facilities and the Senior Notes contain a number of covenants that restrict, subject to certain exceptions, Summit LLC’s ability to pay distributions to its parent company and ultimately to Summit Inc. See Note 8, Debt, to our consolidated financial statements.

Any financing arrangements that we enter into in the future may include restrictive covenants that limit our ability to pay dividends. In addition, Summit Holdings is generally prohibited under Delaware law from making a distribution to a limited partner to the extent that, at the time of the distribution, after giving effect to the distribution, liabilities of Summit Holdings (with certain exceptions) exceed the fair value of its assets.

Subsidiaries of Summit Holdings are generally subject to similar legal limitations on their ability to make distributions to Summit Holdings.

Issuer Purchases of Equity Securities

During the quarter and year ended January 1, 2022, we did not purchase any of our equity securities that are registered under Section 12(b) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities which have not been previously disclosed in a quarterly report on Form 10-Q or a current report on Form 8-K during the year ended January 1, 2022.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis of Financial Condition and Results of Operations is intended to assist in understanding and assessing the trends and significant changes in our results of operations and financial condition. Historical results may not be indicative of future performance. Forward-looking statements reflect our current views about future events, are based on assumptions and are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from those contemplated by these statements. Factors that may cause differences between actual results and those contemplated by forward-looking statements include, but are not limited to, those discussed in the section entitled "Risk Factors" and any factors discussed in the sections entitled "Disclosure Regarding Forward-Looking Statements" and "Risk Factors" of this report. This Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the "Selected Historical Consolidated Financial Data," our audited consolidated annual financial statements and the related notes thereto and other information included in this report. A discussion and analysis of our results of operations and changes in financial condition for fiscal 2020 compared to 2019 may be found in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation of our Annual Report on Form 10-K for the year ended January 2, 2021, filed with the SEC on February 24, 2021, which discussion is incorporated herein by reference.

Overview

Summit's vision is to be the most socially responsible, integrated construction materials solution provider, collaborating with stakeholders to deliver differentiated innovations and solve our customers' challenges. Within our markets, we strive to be a market leader by offering customers a single-source provider for construction materials and related downstream products through our vertical integration. Our materials include aggregates, which we supply across the United States, and in British Columbia, Canada, and cement, which we supply to surrounding states along the Mississippi River from Minnesota to Louisiana. In addition to supplying aggregates to customers, we use a portion of our materials internally to produce ready-mix concrete and asphalt paving mix, which may be sold externally or used in our paving and related services businesses. Our vertical integration creates opportunities to increase aggregates volumes, optimize margin at each stage of production and provide customers with efficiency gains, convenience and reliability, which we believe gives us a competitive advantage.

We are organized into 11 operating companies that make up our three distinct operating segments—West, East and Cement. We operate in 21 U.S. states and in British Columbia, Canada and currently have assets in 21 U.S. states and British Columbia, Canada. The map below illustrates our geographic footprint:

Transportation infrastructure projects, driven by both federal and state funding programs, represent a significant share of the U.S. construction materials market. Federal funds are allocated to the states, which are required to match a portion of the federal funds they receive. Federal highway spending uses funds predominantly from the Federal Highway Trust Fund, which derives its revenue from taxes on diesel fuel, gasoline and other user fees. The dependability of federal funding allows the state departments of transportation to plan for their long term highway construction and maintenance needs. The Infrastructure Investment and Jobs Act (IIJA) was signed into law on November 15, 2021. The IIJA provides \$1.2 trillion in funding over five years from 2022 through 2026, including \$550 billion in new investments for all modes of transportation, water, power and energy, environmental remediation, public lands, broadband and resilience.

In addition to federal funding, state, county and local agencies provide highway construction and maintenance funding. Our four largest states by revenue, Texas, Utah, Kansas and Missouri, represented approximately 23%, 15%, 12% and 9%, respectively, of our total revenue in 2021. The following is a summary of key funding initiatives in those states:

- The Texas Department of Transportation (“TXDOT”) updated its fiscal year 2022 lettings estimate to \$10.2 billion up from \$8.4 billion in fiscal year 2021 and \$7.5 billion in fiscal year 2020. Longer term, TXDOT has indicated a target of \$8 billion per year in total state and local lettings.
- The state of Utah anticipates transportation funding of approximately \$1.8 billion in 2022, up from \$1.3 billion in 2021.
- The Kansas Legislature approved a 2022 transportation budget of \$2.2 billion, up from \$1.9 billion in 2021.
- The Missouri Department of Transportation budget in 2022 is \$3.2 billion, up from \$3.1 billion in 2021.

Use and consumption of our products fluctuate due to seasonality. Nearly all of the products used by us, and by our customers, in the private construction or public infrastructure industries are used outdoors. Our highway operations and production and distribution facilities are also located outdoors. Therefore, seasonal changes and other weather-related conditions, in particular extended rainy and cold weather in the spring and fall and major weather events, such as hurricanes, tornadoes, tropical storms, heavy snows and flooding, can adversely affect our business and operations through a decline in both the use of our products and demand for our services. In addition, construction materials production and shipment levels follow activity in the construction industry, which typically occurs in the spring, summer and fall. Warmer and drier weather during the second and third quarters of our fiscal year typically result in higher activity and revenue levels during those quarters. The first quarter of our fiscal year typically has lower levels of activity due to weather conditions.

We are subject to commodity price risk with respect to price changes in liquid asphalt and energy, including fossil fuels and electricity for aggregates, cement, ready-mix concrete and asphalt paving mix production, natural gas for hot mix asphalt production and diesel fuel for distribution vehicles and production related mobile equipment. Liquid asphalt escalator provisions in most of our private and commercial contracts limit our exposure to price fluctuations in this commodity. We often obtain similar escalators on public infrastructure contracts. In addition, as we seek to manage our risk to increasing energy prices, we enter into various firm purchase commitments, with terms generally less than one year, for certain raw materials.

Financial Highlights— Year ended January 1, 2022

The principal factors in evaluating our financial condition and operating results for the year ended January 1, 2022 are:

- Net revenue increased 4.6% or \$97.9 million in 2021 as compared to 2020, primarily resulting from organic growth and to a lesser extent, acquisition growth.
- Our operating income increased 12.4% or \$27.9 million in 2021 as compared to 2020, as pricing and volume increases exceeded the increases in cost of revenue.
- In 2021, the Company sold seven businesses in the East segment and one in the West segment, resulting in cash proceeds of \$128.3 million and a total gain on disposition of \$20.0 million.
- In September 2021, we redeemed all \$300.0 million of 5.125% Senior Notes due 2025 (the “2025 Notes”) using existing cash on hand. We recognized a loss on debt financing of \$6.0 million on this redemption.

Components of Operating Results

Total Revenue

We derive our revenue predominantly by selling construction materials and products and providing paving and related services. Construction materials consist of aggregates and cement. Products consist of related downstream products, including

ready-mix concrete, asphalt paving mix and concrete products. Paving and related services that we provide are primarily asphalt paving services.

Revenue derived from the sale of construction materials is recognized when risks associated with ownership have passed to unaffiliated customers. Typically this occurs when products are shipped. Product revenue generally includes sales of aggregates, cement and related downstream products and other materials to customers, net of discounts or allowances and taxes, if any.

Revenue derived from paving and related services is recognized on the percentage-of-completion basis, measured by the cost incurred to date compared to estimated total cost of each project. This method is used because management considers cost incurred to be the best available measure of progress on these contracts. Due to the inherent uncertainties in estimating costs, it is at least reasonably possible that the estimates used will change over the life of the contract.

Operating Costs and Expenses

The key components of our operating costs and expenses consist of the following:

Cost of Revenue (excluding items shown separately)

Cost of revenue consists of all direct production and delivery costs and primarily includes labor, repair and maintenance, utilities, raw materials, fuel, transportation, subcontractor costs, and royalties. Our cost of revenue is directly affected by fluctuations in commodity energy prices, primarily diesel fuel, liquid asphalt and other petroleum-based resources. As a result, our adjusted cash gross profit margins can be significantly affected by changes in the underlying cost of certain raw materials if they are not recovered through corresponding changes in revenue. We attempt to limit our exposure to changes in commodity energy prices by entering into forward purchase commitments when appropriate. In addition, we have sales price adjustment provisions that provide for adjustments based on fluctuations outside a limited range in certain energy-related production costs. These provisions are in place for most of our public infrastructure contracts, and we seek to include similar price adjustment provisions in our private contracts.

In 2021, we reclassified \$126.7 million and \$119.7 million of fixed overhead expenses related to production activities from general and administrative expenses to cost of revenue for the years ended January 2, 2021 and December 28, 2019, respectively, to conform to the current year presentation. We believe these reclassifications enhance the comparability of our financial statements to others in the industry and have no impact on previously reported operating income, as well as certain non-GAAP measures defined below, such as Adjusted EBITDA, or Adjusted EBITDA Margin; however, Adjusted Cash Gross Profit and Adjust Cash Gross Profit Margins were reduced.

General and Administrative Expenses

General and administrative expenses consist primarily of salaries and personnel costs, including stock-based compensation charges, for our sales and marketing, administration, finance and accounting, legal, information systems, human resources and certain managerial employees. Additional expenses include audit, consulting and professional fees, travel, insurance, rental costs, property taxes and other corporate and overhead expenses.

Depreciation, Depletion, Amortization and Accretion

Our business is capital intensive. We carry property, plant and equipment on our balance sheet at cost, net of applicable depreciation, depletion and amortization. Depreciation on property, plant and equipment is computed on a straight-line basis or based on the economic usage over the estimated useful life of the asset. The general range of depreciable lives by category, excluding mineral reserves, which are depleted based on the units of production method on a site-by-site basis, is as follows:

Buildings and improvements	10 - 30 years
Plant, machinery and equipment	7 - 20 years
Office equipment	3 - 7 years
Truck and auto fleet	5 - 8 years
Mobile equipment and barges	6 - 8 years
Landfill airspace and improvements	10 - 30 years
Other	4 - 20 years

Amortization expense is the periodic expense related to leasehold improvements and intangible assets. The intangible assets were recognized with certain acquisitions and are generally amortized on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements are amortized over the lesser of the life of the underlying asset or the remaining lease term.

Accretion expense is the periodic expense recorded for the accrued mining reclamation liabilities and landfill closure and post-closure liabilities using the effective interest method.

Results of Operations

The United States and other countries have reacted to the COVID-19 pandemic with unprecedented government intervention. The global impact of the outbreak continues to evolve, and many countries have reacted by re-instituting, or strongly encouraging quarantines and restrictions on travel, limiting operations of non-essential businesses, imposing vaccine or testing mandates and taking other restrictive measures designed to help slow the spread of COVID-19. While most economic activity has normalized or returned to near pre-pandemic levels, there have been longer lasting disruptions to global supply chains and employment trends that have adversely impacted many industries. The extent of the COVID-19 pandemic and its after effects on our future results of operations and overall financial performance remains uncertain.

During 2021, our operating markets remained substantially unaffected by COVID-19. However, we believe its impact may negatively affect our operations in subsequent periods if construction activity in future periods slows due to COVID-19 or its related impacts on the supply chain and labor markets. We continue to monitor our operations, the operations of our customers, and the recommendations of the various national, state and local governments in the areas in which we operate. We implemented additional safety measures specific to COVID-19 at all of our operating locations, which did not significantly increase our costs. The extent to which the COVID-19 pandemic impacts the national and local economies in which we operate, and ultimately our business, will depend on numerous developments, which are highly uncertain and difficult to predict. These events, as they continue to develop, could result in business disruption, including reduced revenues, profitability and cash flow.

The following discussion of our results of operations is focused on the key financial measures we use to evaluate the performance of our business from both a consolidated and operating segment perspective. Operating income and margins are discussed in terms of changes in volume, pricing and mix of revenue source (i.e., type of product sales or service revenue). We focus on operating margin, which we define as operating income as a percentage of net revenue, as a key metric when assessing the performance of the business, as we believe that analyzing changes in costs in relation to changes in revenue provides more meaningful insight into the results of operations than examining costs in isolation.

Operating income (loss) reflects our profit after taking into consideration cost of revenue, general and administrative expenses, depreciation, depletion, amortization and accretion and gain on sale of property, plant and equipment. Cost of revenue generally increases ratably with revenue, as labor, transportation costs and subcontractor costs are recorded in cost of revenue. General and administrative expenses as a percentage of revenue vary throughout the year due to the seasonality of our business, and may also be impacted by acquisition and divestiture activities, depending on the size of the business acquired or divested. During 2021, our general and administrative expenses were not materially impacted by our acquisition or divestiture activity.

The table below includes revenue and operating income by segment for the periods indicated. Operating income (loss) by segment is computed as earnings before interest, loss on debt financings, tax receivable agreement expense, gain on sale of business, other income / expense and taxes.

(in thousands)	Year ended					
	January 1, 2022		January 2, 2021		December 28, 2019	
	Revenue	Operating income (loss)	Revenue	Operating income (loss)	Revenue	Operating income (loss)
West	\$ 1,262,061	\$ 171,164	\$ 1,262,196	\$ 176,528	\$ 1,122,338	\$ 109,182
East	849,374	90,403	799,633	69,796	809,098	101,775
Cement	298,234	66,131	270,622	55,335	290,704	64,697
Corporate (1)	—	(74,633)	—	(76,486)	—	(62,096)
Total	<u>\$ 2,409,669</u>	<u>\$ 253,065</u>	<u>\$ 2,332,451</u>	<u>\$ 225,173</u>	<u>\$ 2,222,140</u>	<u>\$ 213,558</u>

- (1) Corporate results primarily consist of compensation and office expenses for employees included in the Company's headquarters.

Consolidated Results of Operations

The table below sets forth our consolidated results of operations for the periods indicated:

(\$ in thousands)	2021	2020	2019
Net revenue	\$ 2,232,696	\$ 2,134,754	\$ 2,030,647
Delivery and subcontract revenue	176,973	197,697	191,493
Total revenue	<u>2,409,669</u>	<u>2,332,451</u>	<u>2,222,140</u>
Cost of revenue (excluding items shown separately below)	1,736,410	1,710,654	1,646,016
General and administrative expenses	196,728	182,873	156,129
Depreciation, depletion, amortization and accretion	229,366	221,320	217,102
Gain on sale of property, plant and equipment	(5,900)	(7,569)	(10,665)
Operating income	<u>253,065</u>	<u>225,173</u>	<u>213,558</u>
Interest expense	92,240	103,595	116,509
Loss on debt financings	6,016	4,064	14,565
Tax receivable agreement benefit	(6,779)	(7,559)	16,237
Gain on sale of businesses	(20,011)	—	—
Other income, net	(17,038)	(3,982)	(11,977)
Income from operations before taxes	<u>198,637</u>	<u>129,055</u>	<u>78,224</u>
Income tax expense (benefit)	44,356	(12,185)	17,101
Net income	<u>\$ 154,281</u>	<u>\$ 141,240</u>	<u>\$ 61,123</u>

Fiscal Year 2021 Compared to 2020

(\$ in thousands)	2021	2020	Variance	
Net revenue	\$2,232,696	\$2,134,754	\$ 97,942	4.6 %
Operating income	253,065	225,173	27,892	12.4 %
Operating margin percentage	11.3 %	10.5 %		
Adjusted EBITDA (1)	\$ 520,082	\$ 482,289	\$ 37,793	7.8 %

(1) Adjusted EBITDA is a non-GAAP measure that we find helpful in monitoring the performance of our business. See the definition of and the reconciliation below of Adjusted EBITDA to net income, which is the most directly comparable GAAP measure.

Net revenue increased \$97.9 million in the year ended January 1, 2022, primarily resulting from a mix of organic and acquisition growth in our aggregates operations and organic growth in our cement and ready-mix concrete operations, partially offset by decreases from our divestiture activities. Of the increase in net revenue, \$99.6 million was from increased sales of materials, offset by \$1.0 million from decreased sales of products and \$0.7 million from decreased service revenue. We generated organic volume growth of 1.8%, 6.3% and 1.6% in aggregates, cement and ready-mix concrete, respectively, during 2021 over the prior year period, while our organic asphalt volumes declined (13.2)% compared to 2020 due to a divestiture in May 2021. We had organic price growth in our aggregates, cement, ready-mix and asphalt lines of business of 4.9%, 2.9%, 3.4% and 2.2%, respectively, during 2021. Operating income increased by \$27.9 million in 2021 as compared to 2020, primarily as our net revenue gains outpaced increases in our cost of revenue, general and administrative expenses and depreciation, depletion, amortization and accretion expenses.

For the year ended January 1, 2022, our operating margin percentage increased from 10.5% to 11.3% compared to the year ended January 2, 2021, due to the items noted above. Adjusted EBITDA, as defined below, increased by \$37.8 million in the year ended January 1, 2022 as compared to the year ended January 2, 2021.

As a vertically-integrated company, we include intercompany sales from materials to products and from products to services when assessing the operating results of our business. We refer to revenue inclusive of intercompany sales as gross revenue. These intercompany transactions are eliminated in the consolidated financial statements. Gross revenue by line of business was as follows:

(\$ in thousands)	2021	2020	Variance	
Revenue by product*:				
Aggregates	\$ 716,021	\$ 636,254	\$ 79,767	12.5 %
Cement	292,295	266,989	25,306	9.5 %
Ready-mix concrete	702,402	668,488	33,914	5.1 %
Asphalt	333,983	377,742	(43,759)	(11.6)%
Paving and related services	562,905	639,493	(76,588)	(12.0)%
Other	(197,937)	(256,515)	58,578	22.8 %
Total revenue	<u>\$ 2,409,669</u>	<u>\$ 2,332,451</u>	<u>\$ 77,218</u>	3.3 %

* Revenue by product includes intercompany and intracompany sales transferred at market value. The elimination of intracompany transactions is included in Other. Revenue from the liquid asphalt terminals is included in asphalt revenue.

Detail of our volumes and average selling prices by product for the years ended January 1, 2022 and January 2, 2021 were as follows:

	2021		2020		Percentage Change in	
	Volume(1)	Pricing(2)	Volume(1)	Pricing(2)	Volume	Pricing
	(in thousands)		(in thousands)			
Aggregates	64,185	\$ 11.16	59,098	\$ 10.77	8.6 %	3.6 %
Cement	2,431	120.24	2,286	116.80	6.3 %	2.9 %
Ready-mix concrete	5,831	120.47	5,740	116.47	1.6 %	3.4 %
Asphalt	5,062	61.05	5,831	59.76	(13.2)%	2.2 %

- (1) Volumes are shown in tons for aggregates, cement and asphalt and in cubic yards for ready-mix concrete.
(2) Pricing is shown on a per ton basis for aggregates, cement and asphalt and on a per cubic yard basis for ready-mix concrete.

Revenue from aggregates increased \$79.8 million in the year ended January 1, 2022. Aggregate volumes increased in most of our markets, except for small decreases in South Kansas, Northwest Missouri and Kentucky. Aggregate volumes growth was attributable to organic growth in both the West and East segments. Organic aggregate volumes increased 1.8% in 2021 as compared to 2020, primarily due to increases in the Intermountain West, North Kansas, Virginia, Georgia and British Columbia markets. Aggregate average sales prices of \$11.16 per ton increased 3.6% in 2021 as compared to 2020, primarily due our mix of higher priced products in the Intermountain West, British Columbia and South Texas markets.

Revenue from cement increased \$25.3 million in the year ended January 1, 2022. In 2021, organic cement volumes increased 6.3% and organic cement average sales prices increased 2.9%, respectively, as compared to 2020.

Revenue from ready-mix concrete increased \$33.9 million in the year ended January 1, 2022. In 2021, our ready-mix volumes increased 1.6% and our average sales prices increased 3.4%. These volume and price increases in 2021 occurred primarily in our Intermountain West and North Texas markets while our price increase was primarily in the Intermountain West market.

Revenue from asphalt decreased \$43.8 million in the year ended January 1, 2022, primarily due to the divestiture of our paving business in Texas in May 2021. Despite the overall decrease in revenue from asphalt, in 2021 organic pricing increased 2.2%, with strong pricing gains in the Kentucky and South Texas geographies. Further, in 2021, we had strong asphalt volume increases in Kentucky, as 2020 volumes had been negatively impacted by COVID-19.

Other Financial Information

General and Administrative Expense

Our general and administrative expenses in 2021 increased \$13.9 million over 2020, due to \$3.4 million in severance related costs, an increase in consulting fees as we seek to optimize organizational efficiencies and increases in labor and benefits, offset by a decrease of \$10.6 million in CEO transition costs, which occurred in 2020.

Loss on Debt Financings

In September 2021, we redeemed all \$300.0 million 5.125% Senior Notes due 2025 using existing cash on hand. In connection with this transaction, charges of \$6.0 million were recognized in the quarter ended October 2, 2021. The fees included \$3.9 million for the applicable prepayment premium and \$2.1 million for the write-off of unamortized deferred financing fees.

In August 2020, we issued \$700 million of 5.25% Senior Notes due 2029 (the "2029 Notes"), resulting in net proceeds of \$690.4 million, after related fees and expenses. The proceeds from the 2029 Notes were used to redeem the \$650 million of 6.125% Senior Notes due 2023 (the "2023 Notes") at par. In connection with that transaction, charges of \$4.1 million were recognized in the three and nine months ended September 26, 2020. The fees included \$0.8 million for the write-off of unamortized original issue discount and \$3.3 million for the write-off of unamortized deferred financing fees.

Gain on Sale of Businesses

In 2021, as part of our strategy to rationalize assets, we sold seven businesses in the East segment and one business in the West segment, resulting in total cash proceeds of \$128.3 million and a net gain on disposition of businesses of \$20.0 million.

Tax Receivable Agreement (Benefit) Expense

Our TRA benefit for the years ended January 1, 2022 and January 2, 2021 was \$6.8 million and \$7.6 million, respectively. Each year, we update our estimate as to when TRA payments will be made. When payments are made under the TRA, a portion of the payment made will be characterized as imputed interest under IRS regulations. We also updated our estimate of the state income tax rate that will be in effect at the date the TRA payments are made. As a result of updated state income tax rate, and the timing of expected utilization of attributes noted above, we decreased our TRA liability by the amounts noted above.

Income Tax Expense (Benefit)

Our income tax expense was \$44.4 million for the year ended January 1, 2022 as compared to income tax benefit of \$12.2 million for the year ended January 2, 2021. The effective tax rate for Summit Inc. differs from the federal statutory tax rate primarily due to (1) unrecognized tax benefits in 2020, (2) state taxes, (3) tax depletion expense in excess of the expense recorded under U.S. GAAP, (4) differences between book and tax basis for divested businesses and (5) various other items such as limitations on meals and entertainment, certain stock compensation and other costs. Additionally, in the first quarter of 2020, we recorded the impact of the Coronavirus Aid, Relief and Economic Stability Act ("CARES Act") enacted into law in late March 2020, which reduced our unrecognized tax benefits by approximately \$9.5 million. In the third quarter of 2020, final regulations were issued clarifying portions of the Tax Cuts and Jobs Act of 2017 ("TCJA"). Under the provisions of the final regulations, we reversed unrecognized tax benefits of \$32.9 million in the third quarter of 2020.

As of January 1, 2022 and January 2, 2021, Summit Inc. had a valuation allowance of \$1.7 million and \$1.7 million against our deferred tax assets, respectively.

Segment Results of Operations

West Segment

(\$ in thousands)	2021	2020	Variance	
Net revenue	\$1,169,466	\$1,147,921	\$ 21,545	1.9 %
Operating income	171,164	176,528	(5,364)	(3.0)%
Operating margin percentage	14.6 %	15.4 %		
Adjusted EBITDA (1)	\$ 271,560	\$ 271,052	\$ 508	0.2 %

(1) Adjusted EBITDA is a non-GAAP measure that we find helpful in monitoring the performance of our business. See the reconciliation of Adjusted EBITDA to net income, the most directly comparable GAAP measure below.

Net revenue in the West segment increased \$21.5 million in the year ended January 1, 2022, as increases in net revenues in our aggregates and ready-mix concrete lines of business outpaced a decrease in asphalt and paving revenues due to a divestiture in May 2021. Organic aggregate volumes increased 1.4% in 2021 as compared to 2020, and organic aggregates average sales prices increased 3.9%, primarily due to strong demand in our Intermountain West geography and in British Columbia. Organic ready-mix concrete volumes increased 5.4% and our organic ready-mix concrete average sales prices increased 3.5%. Residential construction activity remains strong, particularly in the Houston and Salt Lake City areas, two of our largest metro areas where we operate.

Despite increases in revenue, the West segment's operating income decreased \$5.4 million due to operational inefficiencies in our Texas markets caused by the weather in 2021 being less favorable than in 2020. Adjusted EBITDA increased \$0.5 million in the year ended January 1, 2022. The operating margin percentage in the West segment decreased in 2021 as compared to 2020, due to the impact of the same factors noted above.

Gross revenue by product/service was as follows:

(\$ in thousands)	2021	2020	Variance	
Revenue by product*:				
Aggregates	\$ 330,678	\$ 282,989	\$ 47,689	16.9 %
Ready-mix concrete	541,003	496,118	44,885	9.0 %
Asphalt	205,971	277,522	(71,551)	(25.8)%
Paving and related services	347,053	436,018	(88,965)	(20.4)%
Other	(162,644)	(230,451)	67,807	29.4 %
Total revenue	\$ 1,262,061	\$ 1,262,196	\$ (135)	— %

* Revenue by product includes intercompany and intracompany sales transferred at market value. The elimination of intracompany transactions is included in Other. Revenue from the liquid asphalt terminals is included in asphalt revenue.

The West segment's percent changes in sales volumes and pricing comparing 2021 to 2020 were as follows:

	Percentage Change in	
	Volume	Pricing
Aggregates	13.8 %	2.7 %
Ready-mix concrete	5.4 %	3.5 %
Asphalt	(24.4)%	2.5 %

Revenue from aggregates in the West segment increased \$47.7 million in 2021 over 2020, primarily due to an increase in aggregates sales volumes. Aggregates volumes increased in 2021 mainly in our Texas markets which had increased acquisition volumes, and increased organic volumes in our Intermountain West and British Columbia markets. Aggregates pricing in 2021 increased 2.7% when compared to 2020, due to prices increases and market demand, offset by the impact of lower prices on acquisition related volumes.

Revenue from ready-mix concrete in the West segment increased \$44.9 million in 2021 over 2020. For the year ended January 1, 2022, organic ready-mix concrete prices increased 3.5%. For the year ended January 1, 2022, our ready-mix concrete organic volumes increased 5.4%, as there were strong volume increases in the Intermountain West geographies, where we continue to see strong residential volumes.

In May 2021, we divested our paving business in Texas, which reduced our volumes and revenues subsequent to the closing date. As a result, revenue from asphalt in the West segment decreased \$71.6 million and asphalt volumes decreased 24.4% in 2021. Average sales prices for asphalt increased 2.5% in 2021. Gross revenue for paving and related services in the West segment decreased by \$89.0 million in 2021 primarily due to the divestiture of our paving business in Texas in May 2021.

Prior to eliminations of intercompany transactions, the net effect of volume and pricing changes on gross revenue for the year ended January 1, 2022 was approximately \$1.2 million and \$19.8 million, respectively.

East Segment

(\$ in thousands)	2021	2020	Variance	
Net revenue	\$ 764,996	\$ 716,211	\$ 48,785	6.8 %
Operating income	90,403	69,796	20,607	29.5 %
Operating margin percentage	11.8 %	9.7 %		
Adjusted EBITDA (1)	\$ 181,483	\$ 162,275	\$ 19,208	11.8 %

(1) Adjusted EBITDA is a non-GAAP measure that we find helpful in monitoring the performance of our business. See the reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, net income, below.

Net revenue in the East segment increased \$48.8 million in 2021 over 2020, as increases in aggregates, asphalt and paving and related services were partially offset by a decrease in ready-mix concrete revenues. Organic aggregate volumes increased 2.1% in 2021 over 2020 levels, primarily in the Carolinas and Georgia markets. Organic aggregate pricing increased 5.7% with growth occurring in all of our markets. Organic ready-mix volumes decreased 9.2%, primarily in Kansas due to fewer non-residential projects. Organic ready-mix pricing increased 3.1%, due to increases in nearly all of our markets.

Primarily due to a strong rebound in our Kentucky market during 2021, organic asphalt volumes increased 17.0% in 2021 over 2020 levels, and paving and related services revenue increased \$12.4 million.

Operating income in the East segment increased \$20.6 million and Adjusted EBITDA increased \$19.2 million in 2021 over 2020, primarily due the factors mentioned above. Operating margin percentage in 2021 increased to 11.8% from 9.7% in 2020, due to the items noted above.

Gross revenue by product/service was as follows:

(\$ in thousands)	2021	2020	Variance	
Revenue by product*:				
Aggregates	\$ 385,343	\$ 353,265	\$ 32,078	9.1 %
Ready-mix concrete	161,399	172,370	(10,971)	(6.4)%
Asphalt	128,012	100,220	27,792	27.7 %
Paving and related services	215,852	203,475	12,377	6.1 %
Other	(41,232)	(29,697)	(11,535)	(38.8)%
Total revenue	<u>\$ 849,374</u>	<u>\$ 799,633</u>	<u>\$ 49,741</u>	6.2 %

* Revenue by product includes intercompany and intracompany sales transferred at market value. The elimination of intracompany transactions is included in Other. Revenue from the liquid asphalt terminals is included in asphalt revenue.

The East segment's percent changes in sales volumes and pricing in 2021 as compared to 2020 were as follows:

	Percentage Change in	
	Volume	Pricing
Aggregates	3.8 %	5.1 %
Ready-mix concrete	(9.2)%	3.1 %
Asphalt	17.0 %	4.4 %

Revenue from aggregates in the East segment increased \$32.1 million in the year ended January 1, 2022. Aggregate volumes in 2021 increased 3.8%, as we had organic growth in our North Kansas, Virginia, the Carolinas and Georgia markets. Aggregates pricing increased 5.1% in 2021 due to increases in all of our markets.

Revenue from ready-mix concrete in the East segment decreased \$11.0 million in 2021, primarily due to lower organic volumes in all of our markets except Kentucky. In 2021, ready-mix concrete volumes decreased 9.2% primarily due to decreases in Kansas, and to a lesser extent in Virginia due to a divestiture. Ready-mix average sales prices increased 3.1% due to pricing gains in almost all of our markets.

Revenue from asphalt increased \$27.8 million in 2021, primarily due to higher volumes in Kentucky, where our volumes in 2020 were negatively impacted by COVID-19. This was partially offset by decreases in South Kansas. Asphalt pricing increased 4.4% in 2021, due to product mix. Paving and related service revenue increased \$12.4 million in 2021, primarily due to the items noted above.

Prior to eliminations of intercompany transactions, the net effect of volume and pricing changes on gross revenue for the year ended January 1, 2022 was approximately \$15.5 million and \$33.4 million, respectively.

Cement Segment

(\$ in thousands)	2021	2020	Variance	
Net revenue	\$ 298,234	\$ 270,622	\$ 27,612	10.2 %
Operating income	66,131	55,335	10,796	19.5 %
Operating margin percentage	22.2 %	20.4 %		
Adjusted EBITDA (1)	\$ 117,159	\$ 92,956	\$ 24,203	26.0 %

(1) Adjusted EBITDA is a non-GAAP measure that we find helpful in monitoring the performance of our business. See the reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, net income, below.

Net revenue in the Cement segment increased \$27.6 million in 2021 over 2020, primarily due to increased organic cement volumes of 6.3% and organic price increases. Our Green America Recycling facility, which provides fuel for one of our plants, is now operational, as we completed repairs and commissioning activities late in the third quarter 2021 after its prolonged shutdown due to an explosion in April 2020.

The Cement segment's operating income increased \$10.8 million and Adjusted EBITDA increased \$24.2 million in 2021. In 2021, we received \$1.2 million in insurance proceeds related to property, plant and equipment that was destroyed in the recycling plant explosion that occurred in April 2020, which was recorded as gain on sale of assets. In addition, we received \$9.8 million in business interruption insurance proceeds in 2021, which was recorded as other income.

Operating margin percentage for the year ended January 1, 2022 increased to 22.2% from 20.4% in the prior year, primarily due to the same factors noted above.

Gross revenue by product was as follows:

(\$ in thousands)	2021	2020	Variance	
Revenue by product*:				
Cement	\$ 292,295	\$ 266,989	\$ 25,306	9.5 %
Other	5,939	3,633	2,306	63.5 %
Total revenue	<u>\$ 298,234</u>	<u>\$ 270,622</u>	<u>\$ 27,612</u>	10.2 %

* Revenue from waste processing and the elimination of intracompany transactions are included in Other.

The Cement segment's percent changes in sales volumes and pricing in 2021 from 2020 were as follows:

	Percentage Change in	
	Volume	Pricing
Cement	6.3 %	2.9 %

Revenue from cement increased \$25.3 million in 2021, as volumes increased 6.3%, supplemented by organic cement pricing gains.

Liquidity and Capital Resources

Our primary sources of liquidity include cash on-hand, cash provided by operations, amounts available for borrowing under our senior secured credit facilities and capital-raising activities in the debt and capital markets. In addition to our current sources of liquidity, we have access to liquidity through public offerings of shares of our Class A common stock. To facilitate such offerings, in January 2020, we filed a shelf registration statement with the SEC that will expire in January 2023. The amount of Class A common stock to be issued pursuant to this shelf registration statement was not specified when it was filed and there is no specific limit on the amount we may issue. The specifics of any future offerings, along with the use of the proceeds thereof, will be described in detail in a prospectus supplement, or other offering materials, at the time of any offering.

As of January 1, 2022, we had \$381.0 million in cash and cash equivalents and \$560.5 million of working capital as compared to \$418.2 million and \$570.6 million, respectively, at January 2, 2021. Working capital is calculated as current assets less current liabilities. There were no restricted cash balances as of January 1, 2022 or January 2, 2021.

Our remaining borrowing capacity on our \$345.0 million senior secured revolving credit facility as of January 1, 2022 was \$327.1 million, which is net of \$17.9 million of outstanding letters of credit, and is fully available to us within the terms and covenant requirements of our credit agreement.

Given the seasonality of our business, we typically experience significant fluctuations in working capital needs and balances throughout the year. Our working capital requirements generally increase during the first half of the year as we build up inventory and focus on repair and maintenance and other set-up costs for the upcoming season. Working capital levels then decrease as the construction season winds down and we enter the winter months, which is when we see significant inflows of cash from the collection of receivables.

Our acquisition strategy has historically required us to raise capital through equity issuances or debt financings. As of January 1, 2022 and January 2, 2021, our long-term borrowings totaled \$1.6 billion and \$1.9 billion, for which we incurred

\$80.3 million and \$91.2 million of interest expense, respectively. Our senior secured revolving facility has been adequate to fund our seasonal working capital needs and certain acquisitions. We had no outstanding borrowings on the revolving credit facility as of January 1, 2022.

For details regarding certain other material cash requirements from known contractual and other obligations see “— Contractual Obligations” below.

During 2021, we also received \$128.3 million in proceeds from divestitures as part of our Elevate Summit strategy. We expect to complete additional divestitures during 2022, although we cannot provide any assurances as to the timing or amount of those activities.

We believe we have access to sufficient financial resources from our liquidity sources to fund our business and operations, including contractual obligations, capital expenditures and debt service obligations, for at least the next twelve months. Our growth strategy contemplates future acquisitions for which we believe we have sufficient access to capital. We also plan to divest of certain dilutive businesses as we rationalize our portfolio, which will also generate additional capital.

As market conditions warrant we may, from time to time, seek to purchase our outstanding debt securities or loans, including Senior Notes and borrowings under our senior secured credit facilities. Such transactions could be privately negotiated, open market transactions, tender offers or otherwise. Subject to any applicable limitations contained in the agreements governing our indebtedness, any purchases made by us may be funded by the use of cash on our balance sheet or the incurrence of new secured or unsecured debt. The amounts involved in any such purchase transactions, individually or in the aggregate, may be material. Any such purchases may equate to a substantial amount of a particular class or series of debt, which may reduce the trading liquidity of such class or series.

Our Long-Term Debt

Please refer to the notes to the consolidated financial statements found elsewhere in this report for detailed information regarding our long-term debt and senior secured revolving credit facility, scheduled maturities of long-term debt and affirmative and negative covenants. Among other things, we are required to maintain a Consolidated First Lien Net Leverage Ratio that is no greater than 4.75 to 1.00. Our first lien net leverage ratio, for purposes of this maintenance requirement, is calculated following each quarter based on information for the most recently ended four fiscal quarters for which internal financial information is available by dividing our Consolidated First Lien Net Debt as of the end of such period by our Consolidated EBITDA for such period. Consolidated EBITDA for purposes of our senior secured credit facility is calculated in accordance with our presentation of Further Adjusted EBITDA below. We define Further Adjusted EBITDA as Adjusted EBITDA plus transaction costs and the EBITDA contribution of certain recent acquisitions.

For the years ended January 1, 2022 and January 2, 2021, our Consolidated First Lien Net Leverage Ratio was 0.50 to 1.00 and 0.51 to 1.00, respectively, based on consolidated first lien net debt of \$261.6 million and \$254.5 million as of January 1, 2022 and January 2, 2021, respectively, divided by Further Adjusted EBITDA of \$520.3 million and \$496.5 million for the years ended January 1, 2022 and January 2, 2021, respectively. As of January 1, 2022 and January 2, 2021, we were in compliance with all debt covenants.

The following table sets forth a reconciliation of net income to Adjusted EBITDA and Further Adjusted EBITDA for the periods indicated. Adjusted EBITDA and Further Adjusted EBITDA are not U.S. GAAP measures and should not be considered in isolation, or as a substitute for our results as reported under U.S. GAAP.

(\$ in thousands)	2021	2020	2019
Net income	\$ 154,281	\$ 141,240	\$ 61,123
Interest expense	92,240	103,595	116,509
Income tax expense (benefit)	44,356	(12,185)	17,101
Depreciation, depletion, and amortization	226,442	218,682	214,886
EBITDA	<u>\$ 517,319</u>	<u>\$ 451,332</u>	<u>\$ 409,619</u>
Accretion	2,924	2,638	2,216
Loss on debt financings	6,016	4,064	14,565
Tax receivable agreement (benefit) expense	(6,779)	(7,559)	16,237
Gain on sale of business	(20,011)	—	—
Non-cash compensation(a)	19,705	28,857	20,403
Other(b)	908	2,957	(3,800)
Adjusted EBITDA	<u>\$ 520,082</u>	<u>\$ 482,289</u>	<u>\$ 459,240</u>
Transaction costs(c)	3,252	2,747	2,222
EBITDA for certain acquisitions, net of divestitures(d)	(2,992)	11,448	—
Further Adjusted EBITDA	<u><u>\$ 520,342</u></u>	<u><u>\$ 496,484</u></u>	<u><u>\$ 461,462</u></u>

- (a) Represents non-cash equity-based compensation granted to employees.
- (b) Represents the net (gain) loss recognized on assets identified for disposal. Includes non-recurring or one time income and expense items that were incurred outside normal operating activities such as integration costs, unrealized currency gains and losses and interest, tax, depreciation on unconsolidated joint ventures and fair value adjustments to contingent consideration obligations that originated with various acquisitions.
- (c) Represents the transaction expenses associated with acquisitions and divestitures, consisting primarily of accounting, legal, valuation and financial advisory fees.
- (d) Under the terms of our credit facilities, we include EBITDA from our acquisitions, net of dispositions, in each fiscal year for periods prior to acquisition. We believe this provides our lenders with a more meaningful view of our EBITDA across all periods by making the information more comparable.

At January 1, 2022 and January 2, 2021, \$1.6 billion and \$1.9 billion of total debt was outstanding under our respective debt agreements, respectively. Summit LLC's senior secured credit facilities provide for term loans in an aggregate amount of \$650.0 million and revolving credit commitments in an aggregate amount of \$345.0 million (the "Senior Secured Credit Facilities"). Summit LLC's domestic wholly-owned subsidiary companies are named as guarantors of the Senior Notes and the Senior Secured Credit Facilities. Certain other partially-owned subsidiaries, and the wholly-owned Canadian subsidiary, Mainland, do not guarantee the Senior Notes or Senior Secured Credit Facilities. Summit LLC has pledged substantially all of its assets as collateral for the Senior Secured Credit Facilities.

On February 28, 2019, Summit LLC entered into Incremental Amendment No. 4 to the Credit Agreement which, among other things, increased the total amount available under the revolving credit facility to \$345.0 million and extended the maturity date of the Credit Agreement to February 2024.

Senior Notes

On September 27, 2021, Summit LLC and Summit Finance (together, the "Issuers") redeemed all \$300.0 million in aggregate principal amount of their 2025 Notes using existing cash on hand at a price equal to par plus an applicable premium and the indenture under which the 2025 Notes were issued was satisfied and discharged. As a result of the redemption, charges of \$6.0 million were recognized in the quarter ended October 2, 2021, which included charges of \$3.9 million for the applicable redemption premium and \$2.1 million for the write-off of the deferred financing fees.

On August 11, 2020, the Issuers issued \$700.0 million in aggregate principal amount of 5.250% senior notes due January 15, 2029. The 2029 Notes were issued at 100.0% of their par value with proceeds of \$690.4 million, net of related fees and expenses. Interest on the 2029 Notes is payable semi-annually on January 15 and July 15 of each year commencing on January 15, 2021.

In August 2020, using the proceeds from the 2029 Notes, all of the outstanding \$650.0 million 6.125% senior notes due 2023 were redeemed at a price equal to par and the indenture under which the 2023 Notes were issued was satisfied and

discharged. As a result of the extinguishment, charges of \$4.1 million were recognized in the quarter ended September 26, 2020, which included charges of \$0.8 million for the write-off of original issue discount and \$3.3 million for the write-off of deferred financing fees.

On March 15, 2019, the Issuers issued \$300 million in aggregate principal amount of 6.500% senior notes due March 15, 2027. The 2027 Notes were issued at 100.0% of their par value with proceeds of \$296.3 million, net of related fees and expenses. Interest on the 2027 Notes is payable semi-annually on March 15 and September 15 of each year commencing on September 15, 2019.

In March 2019, using the proceeds from the 2027 Notes, all of the 2022 Notes were redeemed at a price equal to par plus an applicable premium and the indenture under which the 2022 Notes were issued was satisfied and discharged. As a result of the extinguishment, charges of \$14.6 million were recognized in the quarter ended March 30, 2019, which included charges of \$11.7 million for the applicable redemption premium and \$2.9 million for the write-off of deferred financing fees.

Senior Secured Credit Facilities

Summit LLC has credit facilities that provide for term loans in an aggregate amount of \$650 million and revolving credit commitments in an aggregate amount of \$345 million (the "Senior Secured Credit Facilities"). Under the terms of Senior Secured Credit Facilities, as amended through February 2019, required principal payments of 0.25% of the refinanced aggregate amount of term debt are due on the last business day of each March, June, September and December. The unpaid principal balance is due in full on the maturity date of November 21, 2024.

The revolving credit facility bears interest per annum equal to, at Summit LLC's option, either (i) a base rate determined by reference to the highest of (a) the federal funds rate plus 0.50%, (b) the prime rate of Bank of America, N.A. and (c) LIBOR plus 1.00% plus an applicable margin of 2.00% for base rate loans or (ii) a LIBOR rate determined by reference to Reuters prior to the interest period relevant to such borrowing adjusted for certain additional costs plus an applicable margin of 3.00% for LIBOR rate loans.

There were no outstanding borrowings under the revolving credit facility as of January 1, 2022 or January 2, 2021. As of January 1, 2022, we had remaining borrowing capacity of \$327.1 million under the revolving credit facility, which is net of \$17.9 million of outstanding letters of credit. The outstanding letters of credit are renewed annually and support required bonding on construction projects and the Company's insurance liabilities.

Summit LLC's Consolidated First Lien Net Leverage Ratio, as such term is defined in the Credit Agreement, should be no greater than 4.75:1.0 as of each quarter-end. As of January 1, 2022 and January 2, 2021, Summit LLC was in compliance with all financial covenants under the Credit Agreement.

Summit LLC's wholly-owned domestic subsidiary companies, subject to certain exclusions and exceptions, are named as subsidiary guarantors of the Senior Notes and the Senior Secured Credit Facilities. In addition, Summit LLC has pledged substantially all of its assets as collateral, subject to certain exclusions and exceptions, for the Senior Secured Credit Facilities.

Cash Flows

The following table summarizes our net cash provided by and used for operating, investing and financing activities and our capital expenditures for the periods indicated:

(\$ in thousands)	Summit Inc.		Summit LLC	
	2021	2020	2021	2020
Net cash provided by (used in):				
Operating activities	\$ 361,929	\$ 408,869	\$ 361,929	\$ 408,869
Investing activities	(91,248)	(285,587)	(91,248)	(285,587)
Financing activities	(307,927)	(16,771)	(307,927)	(16,771)

Operating Activities

During the year ended January 1, 2022, cash provided by operating activities was \$361.9 million primarily as a result of:

- Net income of \$154.3 million, adjusted for \$254.0 million of non-cash expenses, including \$235.3 million of depreciation, depletion, amortization and accretion, \$19.7 million of share-based compensation and \$24.7 million of change in deferred tax asset, net.
- Billed and unbilled accounts receivable increased by \$31.7 million in fiscal 2021 as a result of our sales in the latter part of 2021 exceeding those levels of 2020.
- The timing of payments associated with accounts payable and accrued expenses of cash, which is consistent with the seasonality of our business whereby we build-up inventory levels and incur repairs and maintenance costs to ready the business for increased sales volumes in the summer and fall. These costs are typically incurred in the first half of the year and paid by year-end. In addition, we made \$81.6 million of interest payments in 2021. Our cash interest payments are expected to decrease slightly from this amount in 2021 and beyond.

During the year ended January 2, 2021, cash provided by operating activities was \$408.9 million primarily as a result of:

- Net income of \$141.2 million, adjusted for \$235.4 million of non-cash expenses, including \$227.8 million of depreciation, depletion, amortization and accretion, \$28.9 million of share-based compensation and \$(18.4) million of change in deferred tax asset, net.
- Billed and unbilled accounts receivable decreased by \$10.0 million in fiscal 2020 as a result of our sales in the latter part of 2020 being lower than those levels in 2019. The majority of our sales occur in the spring, summer and fall and we typically incur an increase in accounts receivable (net billed and unbilled) during the second and third quarters of each year. This amount is typically converted to cash in the fourth and first quarters.
- The timing of payments associated with accounts payable and accrued expenses of cash, which is consistent with the seasonality of our business whereby we build-up inventory levels and incur repairs and maintenance costs to ready the business for increased sales volumes in the summer and fall. These costs are typically incurred in the first half of the year and paid by year-end. In addition, we made \$99.6 million of interest payments in 2020. Our cash interest payments are expected to decrease slightly from this amount in 2021 and beyond.

Investing Activities

During the year ended January 1, 2022, cash used for investing activities was \$91.2 million, of which \$19.5 million related to acquisitions completed in the period and \$212.0 million was invested in capital expenditures, which was offset by \$128.3 million of proceeds from the sale of businesses, as well as \$11.7 million of proceeds from asset sales.

During the year ended January 2, 2021, cash used for investing activities was \$285.6 million, of which \$123.5 million related to acquisitions completed in the period and \$177.2 million was invested in capital expenditures, which was partially offset by \$14.0 million of proceeds from asset sales.

Financing Activities

During the year ended January 1, 2022, cash used in financing activities was \$307.9 million. We made \$329.0 million of payments on debt, including the redemption of \$300.0 million of the 2025 Senior Notes in September 2021, received \$32.5 million of proceeds from stock option exercises, which was offset by \$10.4 million of payments on acquisition related liabilities.

During the year ended January 2, 2021, cash provided by financing activities was \$16.8 million. We received \$700.0 million from proceeds of debt issuance, which was offset by \$33.3 million of payments on acquisition related liabilities and \$674.0 million in debt payments, which includes \$14.4 million of finance lease cash payments. Our future payments under our finance lease obligations are expected to decrease slightly from 2020 levels.

Cash Paid for Capital Expenditures

We expended approximately \$212.0 million in capital expenditures for the year ended January 1, 2022 compared to \$177.2 million and \$177.5 million in the years ended January 2, 2021 and December 28, 2019, respectively.

We estimate that we will invest between \$270 million and \$290 million in capital expenditures in 2022, which includes greenfield development projects. The timing of our greenfield expenditures is dependent upon the timing of when permits may be issued. We expect to fund our capital expenditure program through cash on hand, cash from operations, outside financing arrangements and available borrowings under our revolving credit facility.

Tax Receivable Agreement

Exchanges of LP Units for shares of Class A common stock are expected to result in increases in the tax basis of the tangible and intangible assets of Summit Holdings. These increases in tax basis may increase (for tax purposes) depreciation and amortization deductions and therefore reduce the amount of tax that Summit Inc. would otherwise be required to pay in the future. In connection with the IPO, we entered into a TRA with the holders of LP Units that provides for the payment by Summit Inc. to exchanging holders of LP Units of 85% of the benefits, if any, that Summit Inc. is deemed to realize as a result of these increases in tax basis and certain other tax benefits related to entering into the TRA, including tax benefits attributable to payments under the TRA. The increases in tax basis as a result of an exchange of LP Units for shares of Class A common stock, as well as the amount and timing of any payments under the TRA, are difficult to accurately estimate as they will vary depending upon a number of factors, including:

- *the timing of exchanges*—for instance, the increase in any tax deductions will vary depending on the fair market value, which may fluctuate over time, of the depreciable or amortizable assets of Summit Holdings at the time of each exchange;
- *the price of shares of our Class A common stock at the time of the exchange*—the increase in any tax deductions, as well as the tax basis increase in other assets, of Summit Holdings, is directly proportional to the price of shares of our Class A common stock at the time of the exchange;
- *the extent to which such exchanges are taxable*—if an exchange is not taxable for any reason, increased deductions will not be available;
- *the amount and timing of our income*—Summit Inc. is required to pay 85% of the cash tax savings, if any, as and when realized. If Summit Inc. does not have taxable income, Summit Inc. is not required (absent a change of control or circumstances requiring an early termination payment) to make payments under the TRA for that taxable year because no cash tax savings will have been realized. However, any tax attributes that do not result in realized benefits in a given tax year will likely generate tax attributes that may be utilized to generate benefits in previous or future tax years. The utilization of such tax attributes will result in cash tax savings that will result in payments under the tax receivable agreement; and
- *the effective tax rate* – The benefit that Summit Inc. realizes is dependent on the tax rate in effect at the time taxable income is generated.

We anticipate funding payments under the TRA from cash flows from operations, available cash and available borrowings under our Senior Secured Revolving Credit Facilities. As of January 1, 2022, we had accrued \$326.5 million as TRA liability. The entire TRA liability is a long term liability as no additional payments are expected in the next twelve months.

In addition, the TRA provides that upon certain changes of control, Summit Inc.'s (or its successor's) obligations would be based on certain assumptions, including that Summit Inc. would have sufficient taxable income to fully utilize the deductions arising from tax basis and other tax attributes subject to the TRA. With respect to our obligations under the TRA relating to previously exchanged or acquired LP Units and certain net operating losses, we would be required to make a payment equal to the present value (at a discount rate equal to one year LIBOR plus 100 basis points) of the anticipated future tax benefits determined using assumptions (ii) through (v) of the following paragraph.

Furthermore, Summit Inc. may elect to terminate the TRA early by making an immediate payment equal to the present value of the anticipated future cash tax savings. In determining such anticipated future cash tax savings, the TRA includes several assumptions, including that (i) any LP Units that have not been exchanged are deemed exchanged for the market value of the shares of Class A common stock at the time of termination, (ii) Summit Inc. will have sufficient taxable income in each future taxable year to fully realize all potential tax savings, (iii) Summit Inc. will have sufficient taxable income to fully utilize any remaining net operating losses subject to the TRA on a straight line basis over the shorter of the statutory expiration period for such net operating losses or the five-year period after the early termination or change of control, (iv) the tax rates for future years will be those specified in the law as in effect at the time of termination and (v) certain non-amortizable assets are deemed

disposed of within specified time periods. In addition, the present value of such anticipated future cash tax savings are discounted at a rate equal to LIBOR plus 100 basis points.

As a result of the change in control provisions and the early termination right, Summit Inc. could be required to make payments under the TRA that are greater than or less than the specified percentage of the actual cash tax savings that Summit Inc. realizes in respect of the tax attributes subject to the TRA (although any such overpayment would be taken into account in calculating future payments, if any, under the TRA) or that are prior to the actual realization, if any, of such future tax benefits. Also, the obligations of Summit Inc. would be automatically accelerated and be immediately due and payable in the event that Summit Inc. breaches any of its material obligations under the agreement and in certain events of bankruptcy or liquidation. In these situations, our obligations under the TRA could have a substantial negative impact on our liquidity.

Under the terms of the TRA, we can terminate the TRA at any time, which would trigger a cash payment to the pre-IPO owners. Based upon a \$40.14 per share price of our Class A common stock, the closing price of our stock on December 31, 2021 and a contractually defined discount rate of 1.58%, we estimate that if we were to exercise our right to terminate the TRA, the aggregate amount required to settle the TRA would be approximately \$312 million.

Contractual Obligations

The following table presents, as of January 1, 2022, our obligations and commitments to make future payments under contracts and contingent commitments (in thousands).

	Payments Due by Period						
	Total	2022	2023	2024	2025	2026	Thereafter
(in thousands)							
Short term borrowings and long-term debt, including current portion	\$ 1,609,960	\$ 6,354	\$ 6,354	\$ 597,252	\$ —	\$ —	\$ 1,000,000
Finance lease obligations	35,162	18,737	7,800	3,209	2,583	990	1,843
Operating lease obligations	44,565	7,819	6,017	4,612	3,387	2,763	19,967
Interest payments (1)	420,004	69,177	69,042	67,660	56,250	56,250	101,625
Acquisition-related liabilities	61,714	13,130	12,283	6,992	7,446	6,204	15,659
Royalty payments	149,511	10,975	10,954	10,466	10,158	9,100	97,858
Asset retirement obligation payments	112,430	8,714	5,504	4,422	6,497	2,877	84,416
Purchase commitments (2)	30,290	30,290	—	—	—	—	—
Payments pursuant to tax receivable agreement (3)	326,548	—	—	—	6,311	8,730	311,507
Other	3,617	3,271	285	61	—	—	—
Total contractual obligations	<u>\$ 2,793,801</u>	<u>\$ 168,467</u>	<u>\$ 118,239</u>	<u>\$ 694,674</u>	<u>\$ 92,632</u>	<u>\$ 86,914</u>	<u>\$ 1,632,875</u>

- (1) Future interest payments were calculated using the applicable fixed and floating rates charged by our lenders in effect as of January 1, 2022 and may differ from actual results.
- (2) Amounts represent purchase commitments entered into in the normal course of business, primarily for fuel purchases, the terms of which are generally one year.
- (3) The total amount payable under our TRA is estimated at \$326.5 million as of January 1, 2022. Under the terms of the TRA, payment of amounts benefiting us is due to the pre-IPO owners within four months of the tax returns being submitted to the respective regulatory agencies when the benefits are realized. We are currently estimating benefits next being realized in the 2023 tax year, and paid to TRA holders in early 2025. The estimated timing of TRA payments is subject to a number of factors, primarily around the timing of the generation of future taxable income in future years, which will be impacted by business activity in those periods.

Commitments and Contingencies

We are party to certain legal actions arising from the ordinary course of business activities. Accruals are recorded when the outcome is probable and can be reasonably estimated. While the ultimate results of claims and litigation cannot be predicted with certainty, management expects that the ultimate resolution of all pending or threatened claims and litigation will not have a material effect on our consolidated financial position, results of operations or liquidity. We record legal fees as incurred.

In March 2018, we were notified of an investigation by the CCB into pricing practices by certain asphalt paving contractors in British Columbia, including Winvan. We believe the investigation is focused on time periods prior to our April 2017 acquisition of Winvan and we are cooperating with the CCB. Although we currently do not believe this matter will have a

material adverse effect on our business, financial condition or results of operations, we are not able to predict the ultimate outcome or cost of the investigation at this time.

Environmental Remediation and Site Restoration—Our operations are subject to and affected by federal, state, provincial and local laws and regulations relating to the environment, health and safety and other regulatory matters. These operations require environmental operating permits, which are subject to modification, renewal and revocation. We regularly monitor and review its operations, procedures and policies for compliance with these laws and regulations. Despite these compliance efforts, risk of environmental liability is inherent in the operation of our business, as it is with other companies engaged in similar businesses and there can be no assurance that environmental liabilities and noncompliance will not have a material adverse effect on our consolidated financial condition, results of operations or liquidity.

Other—We are obligated under various firm purchase commitments for certain raw materials and services that are in the ordinary course of business. Management does not expect any significant changes in the market value of these goods and services during the commitment period that would have a material adverse effect on the financial condition, results of operations, and cash flows of the Company. The terms of the purchase commitments generally approximate one year.

Off-Balance Sheet Arrangements

As of January 1, 2022, we had no material off-balance sheet arrangements.

Non-GAAP Performance Measures

We evaluate our operating performance using metrics that we refer to as “Adjusted EBITDA,” “Adjusted EBITDA Margin,” “Adjusted Cash Gross Profit” and “Adjusted Cash Gross Profit Margin” which are not defined by U.S. GAAP and should not be considered as an alternative to earnings measures defined by U.S. GAAP. We define Adjusted EBITDA as EBITDA, adjusted to exclude accretion, loss on debt financings, gain on sale of business, non-cash compensation and certain other non-cash and non-operating items. Beginning with the first quarter of 2021, the Company no longer adjusts for transaction costs, as those costs are recurring cash payments and included in general and administrative expenses. We define Adjusted EBITDA Margin as Adjusted EBITDA divided by net revenue. We define Adjusted Cash Gross Profit as operating income before general and administrative expenses, depreciation, depletion, amortization and accretion and Adjusted Cash Gross Profit Margin as Adjusted Cash Gross Profit as a percentage of net revenue.

We present Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Cash Gross Profit and Adjusted Cash Gross Profit Margin for the convenience of investment professionals who use such metrics in their analyses. The investment community often uses these metrics to assess the operating performance of a company’s business and to provide a consistent comparison of performance from period to period. We use these metrics, among others, to assess the operating performance of our individual segments and the consolidated company.

Non-GAAP financial measures are not standardized; therefore, it may not be possible to compare such financial measures with other companies’ non-GAAP financial measures having the same or similar names. We strongly encourage investors to review our consolidated financial statements in their entirety and not rely on any single financial measure.

The tables below reconcile our net income (loss) to EBITDA and Adjusted EBITDA, present Adjusted EBITDA by segment and reconcile operating income to Adjusted Cash Gross Profit for the periods indicated:

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	Year ended January 1, 2022				
by Segment	West	East	Cement	Corporate	Consolidated
(\$ in thousands)					
Net income (loss)	\$ 181,253	\$ 122,321	\$ 95,352	\$ (244,645)	\$ 154,281
Interest (income) expense (1)	(11,460)	(8,872)	(17,217)	129,789	92,240
Income tax expense	2,697	114	—	41,545	44,356
Depreciation, depletion and amortization	98,596	84,912	38,685	4,249	226,442
EBITDA	<u>\$ 271,086</u>	<u>\$ 198,475</u>	<u>\$ 116,820</u>	<u>\$ (69,062)</u>	<u>\$ 517,319</u>
Accretion	874	1,711	339	—	2,924
Loss on debt financings	—	—	—	6,016	6,016
Tax receivable agreement benefit (1)	—	—	—	(6,779)	(6,779)
Gain on sale of businesses	(355)	(19,656)	—	—	(20,011)
Non-cash compensation	—	—	—	19,705	19,705
Other	(45)	953	—	—	908
Adjusted EBITDA	<u>\$ 271,560</u>	<u>\$ 181,483</u>	<u>\$ 117,159</u>	<u>\$ (50,120)</u>	<u>\$ 520,082</u>

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	Year ended January 2, 2021				
by Segment	West	East	Cement	Corporate	Consolidated
(\$ in thousands)					
Net income (loss)	\$ 178,460	\$ 74,781	\$ 69,484	\$ (181,485)	\$ 141,240
Interest (income) expense (1)	(5,447)	(3,156)	(13,795)	125,993	103,595
Income tax expense (benefit)	4,287	(283)	—	(16,189)	(12,185)
Depreciation, depletion and amortization	93,279	84,504	36,917	3,982	218,682
EBITDA	<u>\$ 270,579</u>	<u>\$ 155,846</u>	<u>\$ 92,606</u>	<u>\$ (67,699)</u>	<u>\$ 451,332</u>
Accretion	587	1,701	350	—	2,638
Loss on debt financings	—	—	—	4,064	4,064
Tax receivable agreement benefit (1)	—	—	—	(7,559)	(7,559)
Non-cash compensation	—	—	—	28,857	28,857
Other	(114)	4,728	—	(1,657)	2,957
Adjusted EBITDA	<u>\$ 271,052</u>	<u>\$ 162,275</u>	<u>\$ 92,956</u>	<u>\$ (43,994)</u>	<u>\$ 482,289</u>

Reconciliation of Net Income (Loss) to Adjusted EBITDA

	Year ended December 28, 2019				
by Segment	West	East	Cement	Corporate	Consolidated
(\$ in thousands)					
Net income (loss)	\$ 108,751	\$ 106,307	\$ 75,480	\$ (229,415)	\$ 61,123
Interest expense (income) (1)	1,734	1,774	(10,489)	123,490	116,509
Income tax expense (benefit)	1,918	(267)	—	15,450	17,101
Depreciation, depletion and amortization	92,737	80,262	37,891	3,996	214,886
EBITDA	<u>\$ 205,140</u>	<u>\$ 188,076</u>	<u>\$ 102,882</u>	<u>\$ (86,479)</u>	<u>\$ 409,619</u>
Accretion	519	1,141	556	—	2,216
Loss on debt financings	—	—	—	14,565	14,565
Tax receivable agreement expense (1)	—	—	—	16,237	16,237
Non-cash compensation	—	—	—	20,403	20,403
Other (2)	(791)	(1,592)	—	(1,417)	(3,800)
Adjusted EBITDA	<u>\$ 204,868</u>	<u>\$ 187,625</u>	<u>\$ 103,438</u>	<u>\$ (36,691)</u>	<u>\$ 459,240</u>

(1) The reconciliation of net income (loss) to Adjusted EBITDA is based on the financial results of Summit Inc. and its subsidiaries, which was \$16.7 million, \$20.5 million and 27.5 million less than Summit LLC and its subsidiaries in the years ended January 1, 2022, January 2, 2021 and December 28, 2019, respectively, due to interest expense associated

with a deferred consideration obligation, TRA expense and income tax benefit are obligations of Summit Holdings and Summit Inc., respectively, and are thus excluded from Summit LLC's consolidated net income.

- (2) For the year ended December 28, 2019, we negotiated a \$2.0 million reduction in the amount of a contingent liability from one of our acquisitions. As we had passed the period to revise the opening balance sheet for this acquisition, the adjustment was recorded as other income.

Reconciliation of Working Capital (\$ in thousands)	2021	2020
Total current assets	\$ 869,610	\$ 893,279
Less total current liabilities	(309,070)	(322,689)
Working capital	<u>\$ 560,540</u>	<u>\$ 570,590</u>

Reconciliation of Operating Income to Adjusted Cash Gross Profit (\$ in thousands)	2021	2020	2019
Operating income	\$ 253,065	\$ 225,173	\$ 213,558
General and administrative expenses	196,728	182,873	156,129
Depreciation, depletion, amortization and accretion	229,366	221,320	217,102
Gain on sale of property, plant and equipment	(5,900)	(7,569)	(10,665)
Adjusted Cash Gross Profit (exclusive of items shown separately)	<u>\$ 673,259</u>	<u>\$ 621,797</u>	<u>\$ 576,124</u>
Adjusted Cash Gross Profit Margin (exclusive of items shown separately) (1)	30.2 %	29.1 %	28.4 %

- (1) Adjusted Cash Gross Margin is defined as Adjusted Cash Gross Profit as a percentage of net revenue.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reported period.

On an ongoing basis, management evaluates its estimates, including those related to the valuation of accounts receivable, inventories, goodwill, intangibles and other long-lived assets, pension and other postretirement obligations and asset retirement obligations. We base our estimates and judgments on historical experience and on various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Acquisitions—Purchase Price Allocation

We regularly review strategic long-term plans, including potential investments in value-added acquisitions of related or similar businesses, which would increase our market share and/or are related to our existing markets. When an acquisition is completed, our consolidated statement of operations includes the operating results of the acquired business starting from the date of acquisition, which is the date that control is obtained. The purchase price is determined based on the estimated fair value of assets given to and liabilities assumed from the seller as of the date of acquisition. We allocate the purchase price to the estimated fair values of the tangible and intangible assets acquired and liabilities assumed as valued at the date of acquisition. Goodwill is recorded for the excess of the purchase price over the net of the fair value of the identifiable assets acquired and liabilities assumed as of the acquisition date. The estimation of fair values of acquired assets and assumed liabilities is judgmental and requires various assumptions and the amounts and useful lives assigned to depreciable and amortizable assets compared to amounts assigned to goodwill, which is not amortized, can significantly affect the results of operations in the period of and periods subsequent to a business combination.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction, and therefore represents an exit price. A fair value measurement assumes the highest and best use of the asset by market participants, considering the use of the asset that is physically possible, legally permissible, and financially feasible at the

measurement date. We assign the highest level of fair value available to assets acquired and liabilities assumed based on the following options:

- Level 1—Quoted prices in active markets for identical assets and liabilities.
- Level 2—Observable inputs, other than quoted prices, for similar assets or liabilities in active markets.
- Level 3—Unobservable inputs, which includes the use of valuation models.

Level 1 fair values are used to value investments in publicly-traded entities and assumed obligations for publicly-traded long-term debt.

Level 2 fair values are typically used to value acquired receivables, inventories, machinery and equipment, land, buildings, deferred income tax assets and liabilities, liabilities for asset retirement obligations, environmental remediation and compliance obligations. Additionally, Level 2 fair values are typically used to value assumed contracts at other-than-market rates.

Level 3 fair values are used to value acquired mineral reserves and leased mineral interests and other identifiable intangible assets. The fair values of mineral reserves and leased mineral interests are determined using an excess earnings approach, which requires management to estimate future cash flows. The estimate of future cash flows is based on available historical information and forecasts determined by management, but is inherently uncertain. Key assumptions in estimating future cash flows include sales price, volumes and expected profit margins, net of capital requirements. The present value of the projected net cash flows represents the fair value assigned to mineral reserves and mineral interests. The discount rate is a significant assumption used in the valuation model and is based on the required rate of return that a hypothetical market participant would assume if purchasing the acquired business.

There is a measurement period after the acquisition date during which we may adjust the amounts recognized for a business combination. Any such adjustments are based on us obtaining additional information that existed at the acquisition date regarding the assets acquired or the liabilities assumed. Measurement period adjustments are generally recorded as increases or decreases to the goodwill recognized in the transaction. The measurement period ends once we have obtained all necessary information that existed as of the acquisition date, but does not extend beyond one year from the date of acquisition. Any adjustments to assets acquired or liabilities assumed beyond the measurement period are recorded in earnings.

We paid cash of \$19.5 million and \$123.5 million, net of cash acquired, in business combinations and allocated this amount to assets acquired and liabilities assumed during the years ended January 1, 2022 and January 2, 2021, respectively.

Goodwill

Goodwill is tested annually for impairment and in interim periods if events occur indicating that the carrying amounts may be impaired. The evaluation involves the use of significant estimates and assumptions and considerable management judgment. Our judgments regarding the existence of impairment indicators and future cash flows are based on operational performance of our businesses, market conditions and other factors. Although there are inherent uncertainties in this assessment process, the estimates and assumptions we use, including estimates of future cash flows, volumes, market penetration and discount rates, are consistent with our internal planning. The estimated future cash flows are derived from internal operating budgets and forecasts for long-term demand and pricing in our industry and markets. If these estimates or their related assumptions change in the future, we may be required to record an impairment charge on all or a portion of our goodwill. Furthermore, we cannot predict the occurrence of future impairment-triggering events nor the affect such events might have on our reported values. Future events could cause us to conclude that impairment indicators exist and that goodwill associated with our acquired businesses are impaired. Any resulting impairment loss could have an adverse effect on our financial condition and results of operations.

The annual goodwill test is performed by first assessing qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (more than 50%) that the estimated fair value of a reporting unit is less than its carrying amount. If, as a result of the qualitative assessment, it is determined that an impairment is more likely than not, we are then required to perform the two-step quantitative impairment test, otherwise further analysis is not required. We also may elect not to perform the qualitative assessment and, instead, proceed directly to the two-step quantitative impairment test. The ultimate outcome of the goodwill impairment review for a reporting unit should be the same whether we choose to perform the qualitative assessment or proceed directly to the two-step quantitative impairment test.

Under the two-step quantitative impairment test, step one of the evaluation of impairment involves comparing the current fair value of each reporting unit to its carrying value, including goodwill. We use a discounted cash flow (“DCF”) model to estimate the current fair value of our reporting units when testing for impairment, as management believes forecasted cash flows are the best indicator of fair value. A number of significant assumptions and estimates are involved in the application of the DCF model to forecast operating cash flows, including macroeconomic trends in the reporting unit’s geographic area impacting private construction and public infrastructure industries, the timing of work embedded in our backlog, our performance and profitability under our contracts, our success in securing future sales and the appropriate interest rate used to discount the projected cash flows. We also perform a market assessment of our enterprise value. We believe the estimates and assumptions used in the valuations are reasonable.

In conjunction with our annual review of goodwill on the first day of the fourth quarter, we performed the qualitative assessment for our reporting units. In 2021, we performed a two-step quantitative analysis on four of our reporting units. Step 1 of that analysis compares the estimated fair value of the reporting units using an income approach (i.e., a discounted cash flow technique) and a market approach to the carrying value of the reporting unit. If the estimated fair value exceeds its carrying value, the goodwill of the reporting unit is not considered impaired. If the carrying value of the reporting unit exceeds its fair value, we proceed to the second step to measure the amount of potential impairment loss.

As of January 1, 2022, we determined that no events or circumstances from October 3, 2021 through January 1, 2022 indicated that a further assessment was necessary.

Service Revenue Recognition

We earn revenue from the provision of services, which are primarily paving and related services, but also include landfill operations and the receipt and disposal of waste that is converted to fuel for use in our cement plants. Revenue from the receipt of waste fuels is recognized when the waste is accepted and a corresponding liability is recognized for the costs to process the waste into fuel for the manufacturing of cement or to ship the waste offsite for disposal in accordance with applicable regulations.

Collectability of service contracts is due reasonably after certain milestones in the contract are performed. Milestones vary by project, but are typically calculated using monthly progress based on the percentage of completion or a customer’s engineer review of progress. The majority of the time, collection occurs within 90 days of billing and cash is received within the same fiscal year as services performed. On most projects the customer will withhold a portion of the invoice for retainage which may last longer than a year depending on the job.

Revenue derived from paving and related services is recognized over time based on the proportion of costs incurred to date relative to the total estimated costs at completion, which approximates progress towards completion. Under this method, we recognize paving and related services revenue as services are rendered. The majority of our construction service contracts are completed within one year, but may occasionally extend beyond this time frame. The majority of our construction service contracts, and therefore, revenue, are opened and completed within one year, with most activity during the spring, summer and fall. We estimate profit as the difference between total estimated revenue and total estimated cost of a contract and recognize that profit over the life of the contract based on input measures. We generally measure progress toward completion on long-term paving and related services contracts based on the proportion of costs incurred to date relative to total estimated costs at completion. We include revisions of estimated profits on contracts in earnings under the cumulative catch-up method, under which the effect of revisions in estimates is recognized immediately. If a revised estimate of contract profitability reveals an anticipated loss on the contract, we recognize the loss in the period it is identified.

The percentage of completion method of accounting involves the use of various estimating techniques to project costs at completion, and in some cases includes estimates of recoveries asserted against the customer for changes in specifications or other disputes. Contract estimates involve various assumptions and projections relative to the outcome of future events over multiple periods, including future labor productivity and availability, the nature and complexity of the work to be performed, the cost and availability of materials, the effect of delayed performance, and the availability and timing of funding from the customer. These estimates are based on our best judgment. A significant change in one or more of these estimates could affect the profitability of one or more of our contracts. We review our contract estimates regularly to assess revisions in contract values and estimated costs at completion. Inherent uncertainties in estimating costs make it at least reasonably possible that the estimates used will change within the near term and over the life of the contracts. No material adjustments to a contract were recognized in the year ended January 1, 2022.

We recognize claims when the amount of the claim can be estimated reliably and it is legally enforceable. In evaluating these criteria, we consider the contractual basis for the claim, the cause of any additional costs incurred, the reasonableness of those costs and the objective evidence available to support the claim.

When the contract includes variable consideration, we estimate the amount of consideration to which we will be entitled in exchange for transferring the promised goods or services to a customer. The amount of estimated variable consideration included in the transaction price is the amount for which it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Types of variable consideration include, but are not limited to, liquidated damages and other performance penalties and production and placement bonuses.

The majority of contract modifications relate to the original contract and are often an extension of the original performance obligation. Predominately, modifications are not distinct from the terms in the original contract; therefore, they are considered part of a single performance obligation. We account for the modification using a cumulative catch-up adjustment. However, there are instances where goods or services in a modification are distinct from those transferred prior to the modification. In these situations, we account for the modifications as either a separate contract or prospectively depending on the facts and circumstances of the modification.

Generally, construction contracts contain mobilization costs which are categorized as costs to fulfill a contract. These costs are excluded from any measure of progress toward contract fulfillment. These costs do not result in the transfer of control of a good or service to the customer and are amortized over the life of the contract.

Costs and estimated earnings in excess of billings are composed principally of revenue recognized on contracts on the percentage of completion method for which billings had not been presented to customers because the amounts were not billable under the contract terms at the balance sheet date. In accordance with the contract terms, the unbilled receivables at the balance sheet date are expected to be billed in following periods. Billings in excess of costs and estimated earnings represent billings in excess of revenue recognized.

Income Taxes

Summit Inc. is a corporation subject to income taxes in the United States. Certain subsidiaries, including Summit Holdings, or subsidiary groups of the Company are taxable separate from Summit Inc. The provisions for income taxes, or Summit Inc.'s proportional share of the provision, are included in the Company's consolidated financial statements.

The Company's deferred income tax assets and liabilities are computed for differences between the tax basis and financial statement amounts that will result in taxable or deductible amounts in the future. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible, as well as consideration of tax-planning strategies to determine whether we may seek to utilize any net operating loss carryforwards scheduled to expire in the near future. The estimates of future taxable income involves the use of significant estimates and assumptions and considerable management judgment. Our judgments regarding future taxable income and future cash flows are based on operational performance of our businesses, market conditions and other factors. Although there are inherent uncertainties in this assessment process, the estimates and assumptions we use, including estimates of future cash flows, are consistent with our internal planning. The computed deferred balances are based on enacted tax laws and applicable rates for the periods in which the differences are expected to affect taxable income. A valuation allowance is recognized for deferred tax assets if it is more likely than not that some portion or all of the net deferred tax assets will not be realized. In making such a determination, all available positive and negative evidence is considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines it would be able to realize its deferred tax assets for which a valuation allowance had been recorded, then an adjustment would be made to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company evaluates the tax positions taken on income tax returns that remain open and positions expected to be taken on the current year tax returns to identify uncertain tax positions. Unrecognized tax benefits on uncertain tax positions are recorded on the basis of a two-step process in which (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the largest amount of tax benefit that is more than 50 percent likely to be realized is recognized. Interest and penalties related to unrecognized tax benefits are recorded in income tax expense (benefit).

Tax Receivable Agreement

Tax Receivable Agreement— When Summit Inc. purchases LP Units for cash or LP Units are exchanged for shares of Class A common stock, this results in increases in Summit Inc.'s share of the tax basis of the tangible and intangible assets of Summit Holdings, which increases the tax depreciation and amortization deductions that otherwise would not have been available to Summit Inc. These increases in tax basis and tax depreciation and amortization deductions are expected to reduce the amount of cash taxes that we would otherwise be required to pay in the future. In connection with our IPO, we entered into a TRA with the holders of the LP Units and the pre-IPO owners that provides for the payment by Summit Inc. to exchanging holders of LP Units of 85% of the benefits, if any, that Summit Inc. actually realizes (or, under certain circumstances such as an early termination of the TRA is deemed to realize) as a result of (i) these increases in tax basis and (ii) our utilization of certain net operating losses of the pre-IPO owners and certain other tax benefits related to entering into the TRA, including tax benefits attributable to payments under the TRA.

We periodically evaluate the realizability of the deferred tax assets resulting from the exchange of LP Units for Class A common stock. Our evaluation considers all sources of taxable income; all evidence, both positive and negative, is considered to determine whether, based on the weight of that evidence, a valuation allowance is needed for some portion or all of the deferred tax assets. If the deferred tax assets are determined to be realizable, we then assess whether payment of amounts under the TRA have become probable. If so, we record a TRA liability of 85% of such deferred tax assets. In subsequent periods, we assess the realizability of all of our deferred tax assets subject to the TRA. Should we determine a deferred tax asset with a valuation allowance is realizable in a subsequent period, the related valuation allowance will be released and consideration of a corresponding TRA liability will be assessed. The realizability of deferred tax assets, including those subject to the TRA, is dependent upon the generation of future taxable income during the periods in which those deferred tax assets become deductible and consideration of prudent and feasible tax-planning strategies.

The measurement of the TRA liability is accounted for as a contingent liability. Therefore, once we determine that a payment to a pre-IPO owner has become probable and can be estimated, the estimate of payment will be accrued.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

We are exposed to certain market risks arising from transactions that are entered into in the normal course of business. Our operations are highly dependent upon the interest rate-sensitive construction industry as well as the general economic environment. Consequently, these marketplaces could experience lower levels of economic activity in an environment of rising interest rates or escalating costs. Management has considered the current economic environment and its potential effect to our business. Demand for materials-based products, particularly in the residential and nonresidential construction markets, could decline if companies and consumers are unable to obtain financing for construction projects or if an economic recession causes delays or cancellations to capital projects. Additionally, in preceding years, declining tax revenue, state budget deficits and unpredictable or inconsistent federal funding have negatively affected states' abilities to finance infrastructure construction projects.

Commodity and Energy Price Risk

We are subject to commodity price risk with respect to price changes in liquid asphalt and energy, including fossil fuels and electricity for aggregates, cement, ready-mix concrete and asphalt paving mix production, natural gas for hot mix asphalt production and diesel fuel for distribution vehicles and production related mobile equipment. Liquid asphalt escalators in most of our public infrastructure contracts limit our exposure to price fluctuations in this commodity, and we seek to obtain escalators on private and commercial contracts. Similarly, in periods of decreasing oil prices, a portion of the cost savings will be recouped by our end customers. Changes in oil prices also could affect demand in certain of our markets, particularly in Midland/Odessa, Texas and indirectly in Houston, Texas, which collectively represented approximately 13.6% of our consolidated revenue in 2021. In addition, we enter into various firm purchase commitments, with terms generally less than one year, for certain raw materials.

For the year ended January 1, 2022, our costs associated with liquid asphalt and energy amounted to approximately \$257.8 million. Accordingly, a 10% increase or decrease in the total cost of liquid asphalt and energy would have decreased or increased, respectively, our operating results for the year by approximately \$25.8 million. However, this does not take into consideration liquid asphalt escalators in certain contracts or forward purchase commitments put into place before January 1, 2022.

Inflation Risk

Although there has been a significant increase in inflation recently, it has not had a substantial impact due to our ability to recover increasing costs by obtaining higher prices for our products, including sale price escalators in place for most public infrastructure sector contracts. Inflation risk varies with the level of activity in the construction industry, the number, size and strength of competitors and the availability of products to supply a local market. We continue to monitor inflationary impacts in our business, primarily labor, energy and raw materials, with the goal of passing along price increases to our customers to mitigate the full effect of inflation.

Foreign Currency Risk

In 2014, we expanded our operations into Canada with the acquisition of Mainland. With this expansion, we became subject to foreign currency risk related to changes in the U.S. dollar/Canadian dollar exchange rates. A 10% adverse change in foreign currency rates from December 2021 levels would not have had a material effect on our financial condition, results of operations or liquidity.

Interest Rate Risk

As of January 1, 2022, we had \$610.0 million in term loans outstanding which bear interest at a variable rate. As of January 1, 2022, the rate in effect was the one-month LIBOR of 0.10%, plus the Applicable Rate of 200 basis points. Therefore, a 100 basis point increase in the interest rate at January 1, 2022 would only have increased the all-in rate from 2.10% to 3.10%, the effect of which would have been an increase of \$6.1 million on annual interest expense.

We have occasionally entered into interest rate derivatives on our term loan borrowings to add stability to interest expense and to manage exposure to interest rate movements, however, we have not done so recently. Our last derivative expired in September 2019.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Summit Materials, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Summit Materials, Inc. and subsidiaries (the Company) as of January 1, 2022 and January 2, 2021, the related consolidated statements of operations, comprehensive income, cash flows, and changes in stockholders' equity for each of the fiscal years in the three-year period ended January 1, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of January 1, 2022 and January 2, 2021, and the results of its operations and its cash flows for each of the fiscal years in the three-year period ended January 1, 2022, in conformity with U.S. generally accepted accounting principles.

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 January 1, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 24, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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

Revenue recognized over time on paving and related services contracts

As discussed in Notes 1 and 4 to the consolidated financial statements, the Company earns revenue from providing paving and related services, which are recognized over time as performance obligations are satisfied. The Company recognizes paving and related services revenue as services are rendered based on the proportion of costs incurred to date relative to total estimated costs to complete. For the year ended January 1, 2022, the Company recognized service revenue related to paving and related services of \$309 million.

We identified the assessment of revenue recognized over time on paving and related services contracts in-progress as a critical audit matter. Paving and related services contracts in-progress required challenging auditor judgment to evaluate the forecast of remaining costs to complete, which had a significant impact on the amount of revenue recognized during the period.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's revenue recognition process related to

paving and related services, including controls over the forecasting of estimated costs to complete. We selected a sample of in-progress paving and related services costs incurred and compared the amounts and dates incurred to underlying supporting documentation. We analyzed prior year end in-progress contracts that were completed in the current year to evaluate the Company's ability to accurately estimate paving and related services contract forecasted costs to complete. For certain contracts, we evaluated the estimated costs to complete by performing project manager interviews to obtain an understanding of the facts and circumstances of each selected contract, including changes in scope to the contract, additional estimated costs to complete, and expected completion date. For certain contracts, we also confirmed with the Company's customers that the original contract amount, terms of the contract, modifications and billings to the customer were accurate.

/s/ KPMG LLP

We have served as the Company's auditor since 2012.

Denver, Colorado
February 24, 2022

SUMMIT MATERIALS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

January 1, 2022 and January 2, 2021

(In thousands, except share and per share amounts)

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 380,961	\$ 418,181
Accounts receivable, net	287,226	254,696
Costs and estimated earnings in excess of billings	7,600	8,666
Inventories	180,760	200,308
Other current assets	13,063	11,428
Total current assets	869,610	893,279
Property, plant and equipment	1,842,908	1,850,169
Goodwill	1,163,750	1,201,291
Intangible assets	69,396	47,852
Deferred tax assets	204,566	231,877
Operating lease right-of-use assets	30,150	28,543
Other assets	58,745	55,000
Total assets	<u>\$ 4,239,125</u>	<u>\$ 4,308,011</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of debt	\$ 6,354	\$ 6,354
Current portion of acquisition-related liabilities	13,110	10,265
Accounts payable	128,232	120,813
Accrued expenses	147,476	160,570
Current operating lease liabilities	6,497	8,188
Billings in excess of costs and estimated earnings	7,401	16,499
Total current liabilities	309,070	322,689
Long-term debt	1,591,019	1,892,347
Acquisition-related liabilities	33,369	12,246
Tax receivable agreement liability	326,548	321,680
Noncurrent operating lease liabilities	28,880	21,500
Other noncurrent liabilities	127,027	121,281
Total liabilities	2,415,913	2,691,743
Commitments and contingencies (see note 16)		
Stockholders' equity:		
Class A common stock, par value \$0.01 per share; 1,000,000,000 shares authorized, 118,705,108 and 114,390,595 shares issued and outstanding as of January 1, 2022 and January 2, 2021, respectively	\$ 1,188	\$ 1,145
Class B common stock, par value \$0.01 per share; 250,000,000 shares authorized, 99 shares issued and outstanding as of January 1, 2022 and January 2, 2021	—	—
Additional paid-in capital	1,326,340	1,264,681
Accumulated earnings	478,956	326,772
Accumulated other comprehensive income	7,083	5,203
Stockholders' equity	1,813,567	1,597,801
Noncontrolling interest in Summit Holdings	9,645	18,467
Total stockholders' equity	1,823,212	1,616,268
Total liabilities and stockholders' equity	<u>\$ 4,239,125</u>	<u>\$ 4,308,011</u>

See accompanying notes to consolidated financial statements.

SUMMIT MATERIALS, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
Years ended January 1, 2022, January 2, 2021 and December 28, 2019
(In thousands, except share and per share amounts)

	2021	2020	2019
Revenue:			
Product	\$ 1,923,285	\$ 1,824,679	\$ 1,724,462
Service	309,411	310,075	306,185
Net revenue	2,232,696	2,134,754	2,030,647
Delivery and subcontract revenue	176,973	197,697	191,493
Total revenue	2,409,669	2,332,451	2,222,140
Cost of revenue (excluding items shown separately below):			
Product	1,314,416	1,254,849	1,199,403
Service	245,021	258,108	255,120
Net cost of revenue	1,559,437	1,512,957	1,454,523
Delivery and subcontract cost	176,973	197,697	191,493
Total cost of revenue	1,736,410	1,710,654	1,646,016
General and administrative expenses	196,728	182,873	156,129
Depreciation, depletion, amortization and accretion	229,366	221,320	217,102
Gain on sale of property, plant and equipment	(5,900)	(7,569)	(10,665)
Operating income	253,065	225,173	213,558
Interest expense	92,240	103,595	116,509
Loss on debt financings	6,016	4,064	14,565
Tax receivable agreement benefit	(6,779)	(7,559)	16,237
Gain on sale of businesses	(20,011)	—	—
Other income, net	(17,038)	(3,982)	(11,977)
Income from operations before taxes	198,637	129,055	78,224
Income tax expense (benefit)	44,356	(12,185)	17,101
Net income	154,281	141,240	61,123
Net income attributable to Summit Holdings	2,097	3,273	2,057
Net income attributable to Summit Inc.	\$ 152,184	\$ 137,967	\$ 59,066
Earnings per share of Class A common stock:			
Basic	\$ 1.29	\$ 1.21	\$ 0.53
Diluted	\$ 1.28	\$ 1.20	\$ 0.52
Weighted average shares of Class A common stock:			
Basic	117,650,080	114,227,192	112,204,067
Diluted	118,741,932	114,631,768	112,684,718

See accompanying notes to consolidated financial statements.

SUMMIT MATERIALS, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
Years ended January 1, 2022, January 2, 2021 and December 28, 2019
(In thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net income	\$ 154,281	\$ 141,240	\$ 61,123
Other comprehensive income (loss):			
Postretirement liability adjustment	1,303	(2,229)	(1,925)
Foreign currency translation adjustment	1,254	4,617	4,716
Income on cash flow hedges	—	—	(146)
Less tax effect of other comprehensive loss items	(615)	(575)	—
Other comprehensive income	<u>1,942</u>	<u>1,813</u>	<u>2,645</u>
Comprehensive income	156,223	143,053	63,768
Less comprehensive income attributable to Summit Holdings	<u>2,159</u>	<u>3,331</u>	<u>3,935</u>
Comprehensive income attributable to Summit Inc.	<u>\$ 154,064</u>	<u>\$ 139,722</u>	<u>\$ 59,833</u>

See accompanying notes to consolidated financial statements.

SUMMIT MATERIALS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years ended January 1, 2022, January 2, 2021 and December 28, 2019
(In thousands)

	2021	2020	2019
Cash flow from operating activities:			
Net income	\$ 154,281	\$ 141,240	\$ 61,123
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion, amortization and accretion	235,278	227,817	222,862
Share-based compensation expense	19,705	28,857	20,403
Net gain on asset and business disposals	(25,559)	(7,548)	(10,294)
Non-cash loss on debt financings	2,116	4,064	2,850
Change in deferred tax asset, net	24,685	(18,384)	16,012
Other	(2,249)	619	(2,135)
Decrease (increase) in operating assets, net of acquisitions and dispositions:			
Accounts receivable, net	(31,292)	5,467	(37,049)
Inventories	3,815	3,339	8,582
Costs and estimated earnings in excess of billings	(394)	4,535	5,558
Other current assets	(2,483)	472	5,465
Other assets	7,748	10,264	5,085
(Decrease) increase in operating liabilities, net of acquisitions and dispositions:			
Accounts payable	4,593	(4,231)	18,903
Accrued expenses	(7,030)	15,476	7,640
Billings in excess of costs and estimated earnings	(7,138)	2,616	1,988
Tax receivable agreement liability	4,868	(5,285)	17,291
Other liabilities	(19,015)	(449)	(7,100)
Net cash provided by operating activities	<u>361,929</u>	<u>408,869</u>	<u>337,184</u>
Cash flow from investing activities:			
Acquisitions, net of cash acquired	(19,513)	(123,477)	(5,392)
Purchases of property, plant and equipment	(211,982)	(177,249)	(177,495)
Proceeds from the sale of property, plant and equipment	11,674	14,018	21,173
Proceeds from sale of businesses	128,337	—	—
Other	236	1,121	(1,095)
Net cash used in investing activities	<u>(91,248)</u>	<u>(285,587)</u>	<u>(162,809)</u>
Cash flow from financing activities:			
Proceeds from debt issuances	—	700,000	300,000
Debt issuance costs	—	(9,605)	(6,312)
Payments on debt	(329,010)	(674,045)	(270,229)
Payments on acquisition-related liabilities	(10,360)	(33,257)	(33,883)
Proceeds from stock option exercises	32,451	1,043	19,076
Other	(1,008)	(907)	(502)
Net cash used in financing activities	<u>(307,927)</u>	<u>(16,771)</u>	<u>8,150</u>
Impact of foreign currency on cash	26	351	286
Net (decrease) increase in cash	<u>(37,220)</u>	<u>106,862</u>	<u>182,811</u>
Cash and cash equivalents—beginning of period	418,181	311,319	128,508
Cash and cash equivalents—end of period	<u>\$ 380,961</u>	<u>\$ 418,181</u>	<u>\$ 311,319</u>

See accompanying notes to consolidated financial statements.

SUMMIT MATERIALS, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Equity
Years ended January 1, 2022, January 2, 2021 and December 28, 2019
(In thousands, except share amounts)

	Summit Materials, Inc.										
	Accumulated		Class A		Class B		Additional		Noncontrolling		Total Stockholders' Equity
	Accumulated Earnings	Other Comprehensive income (loss)	Common Stock		Common Stock		Paid-in Capital		Interest in Summit Holdings		
Shares			Dollars	Shares	Dollars	Shares	Dollars	Shares	Dollars		
Balance — December 29, 2018	\$ 129,739	\$ 2,681	111,658,927	\$1,117	99	\$ —	\$ 1,194,204	\$ 14,404	\$ 2,057	\$ 1,342,145	
Net income	59,066	—	—	—	—	—	—	—	2,057	61,123	
LP Unit exchanges	—	—	—	—	—	—	971	(973)	—	—	
Other comprehensive income, net of tax	—	767	—	—	—	—	—	—	1,878	2,645	
Stock option exercises	—	—	—	11	—	—	19,065	—	—	19,076	
Share-based compensation	—	—	—	—	—	—	20,403	—	—	20,403	
Shares redeemed to settle taxes and other	—	—	—	4	—	—	(623)	—	—	(619)	
Balance — December 28, 2019	\$ 188,805	\$ 3,448	113,309,385	\$1,134	99	\$ —	\$ 1,234,020	\$ 17,366	\$ 3,273	\$ 1,444,773	
Net income	137,967	—	—	—	—	—	—	—	3,273	141,240	
LP Unit exchanges	—	—	—	4	—	—	2,226	—	58	1,813	
Other comprehensive income, net of tax	—	1,755	—	—	—	—	—	—	—	1,043	
Stock option exercises	—	—	—	1	—	—	1,042	—	—	28,857	
Share-based compensation	—	—	—	—	—	—	28,857	—	—	(1,458)	
Shares redeemed to settle taxes and other	—	—	—	6	—	—	(1,464)	—	—	(1,458)	
Balance — January 2, 2021	\$ 326,772	\$ 5,203	114,390,595	\$1,145	99	\$ —	\$ 1,264,681	\$ 18,467	\$ 2,097	\$ 1,616,268	
Net income	152,184	—	—	—	—	—	—	—	2,097	154,281	
LP Unit exchanges	—	—	—	16	—	—	10,965	—	(10,981)	—	
Other comprehensive income, net of tax	—	1,880	—	—	—	—	—	—	62	1,942	
Stock option exercises	—	—	—	17	—	—	32,434	—	—	32,451	
Share-based compensation	—	—	—	—	—	—	19,705	—	—	19,705	
Shares redeemed to settle taxes and other	—	—	—	10	—	—	(1,445)	—	—	(1,435)	
Balance — January 1, 2022	\$ 478,956	\$ 7,083	118,705,108	\$1,188	99	\$ —	\$ 1,326,340	\$ 9,645	\$ 9,645	\$ 1,823,212	

See accompanying notes to consolidated financial statements.

SUMMIT MATERIALS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in tables in thousands, unless otherwise noted)

(1) Summary of Organization and Significant Accounting Policies

Summit Materials, Inc. (“Summit Inc.” and, together with its subsidiaries, “Summit,” “we,” “us,” “our” or the “Company”) is a vertically-integrated construction materials company. The Company is engaged in the production and sale of aggregates, cement, ready-mix concrete, asphalt paving mix and concrete products and owns and operates quarries, sand and gravel pits, two cement plants, cement distribution terminals, ready-mix concrete plants, asphalt plants and landfill sites. It is also engaged in paving and related services. The Company’s three operating and reporting segments are the West, East and Cement segments.

Substantially all of the Company’s construction materials, products and services are produced, consumed and performed outdoors, primarily in the spring, summer and fall. Seasonal changes and other weather-related conditions can affect the production and sales volumes of its products and delivery of services. Therefore, the financial results for any interim period are typically not indicative of the results expected for the full year. Furthermore, the Company’s sales and earnings are sensitive to national, regional and local economic conditions, weather conditions and to cyclical changes in construction spending, among other factors.

On September 23, 2014, Summit Inc. was formed as a Delaware corporation to be a holding company. Its sole material asset is a controlling equity interest in Summit Materials Holdings L.P. (“Summit Holdings”). Pursuant to a reorganization into a holding company structure (the “Reorganization”) consummated in connection with Summit Inc.’s March 2015 initial public offering (“IPO”), Summit Inc. became a holding corporation operating and controlling all of the business and affairs of Summit Holdings and its subsidiaries. Summit Inc. owns the majority of the partnership interests of Summit Holdings (see note 11, Stockholders’ Equity). Summit Materials, LLC (“Summit LLC”) an indirect wholly owned subsidiary of Summit Holdings, conducts the majority of our operations. Continental Cement Company, L.L.C. (“Continental Cement”) is also a wholly owned subsidiary of Summit LLC. Summit Materials Finance Corp. (“Summit Finance”), an indirect wholly owned subsidiary of Summit LLC, has jointly issued our Senior Notes as described below.

Principles of Consolidation—The consolidated financial statements include the accounts of Summit Inc. and its majority owned subsidiaries. All intercompany balances and transactions have been eliminated. As a result of the Reorganization, Summit Holdings became a variable interest entity over which Summit Inc. has 100% voting power and control and for which Summit Inc. has the obligation to absorb losses and the right to receive benefits.

The Company’s fiscal year is based on a 52-53 week year with each quarter composed of 13 weeks ending on a Saturday. The year ended January 2, 2021 was a 53-week year.

For a summary of the changes in Summit Inc.’s ownership of Summit Holdings, see Note 11, Stockholders’ Equity.

The Company attributes consolidated stockholders’ equity and net income separately to the controlling and noncontrolling interests. The Company accounts for investments in entities for which it has an ownership of 20% to 50% using the equity method of accounting.

Use of Estimates—Preparation of these consolidated financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) requires management to make estimates and assumptions. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities and reported amounts of revenue and expenses. Such estimates include the valuation of accounts receivable, inventories, valuation of deferred tax assets, goodwill, intangibles and other long-lived assets, the tax receivable agreement (“TRA”) liability, pension and other postretirement obligations, and asset retirement obligations. Estimates also include revenue earned on contracts and costs to complete contracts. Most of the Company’s paving and related services are performed under fixed unit-price contracts with state and local governmental entities. Management regularly evaluates its estimates and assumptions based on historical experience and other factors, including the current economic environment. As future events and their effects cannot be determined with precision, actual results can differ significantly from estimates made. Changes in estimates, including those resulting from continuing changes in the economic environment, are reflected in the Company’s consolidated financial statements when the change in estimate occurs.

Business and Credit Concentrations—The Company’s operations are conducted primarily across 21 U.S. states and in British Columbia, Canada, with the most significant revenue generated in Texas, Utah, Kansas and Missouri. The Company’s accounts receivable consist primarily of amounts due from customers within these areas. Therefore, collection of these accounts is dependent on the economic conditions in the aforementioned states, as well as specific situations affecting individual customers. Credit granted within the Company’s trade areas has been granted to many customers and management does not believe that a significant concentration of credit exists with respect to any individual customer or group of customers. No single customer accounted for more than 10% of the Company’s total revenue in 2021, 2020 or 2019.

Accounts Receivable—Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the collectability of individual accounts. In establishing the allowance, management considers historical losses adjusted to take into account current market conditions and its customers’ financial condition, the amount of receivables in dispute, the current receivables aging and current payment terms. Balances that remain outstanding after reasonable collection efforts are exercised are written off through a charge to the valuation allowance.

The balances billed but not paid by customers, pursuant to retainage provisions included in contracts, are generally due upon completion of the contracts.

Revenue Recognition—We earn revenue from the sale of products, which primarily include aggregates, cement, ready-mix concrete and asphalt, but also include concrete products and plastics components, and from the provision of services, which are primarily paving and related services, but also include landfill operations, the receipt and disposal of waste that is converted to fuel for use in our cement plants.

Products

We earn revenue from the sale of products, which primarily include aggregates, cement, ready-mix concrete and asphalt, but also include concrete products, net of discounts or allowances, if any, and freight and delivery charges billed to customers. Revenue for product sales is recognized when evidence of an arrangement exists and when control passes, which generally is when the product is shipped.

Aggregates and cement products are sold point-of-sale through purchase orders. When the product is sold on account, collectability typically occurs 30 to 60 days after the sale. Revenue is recognized when cash is received from the customer at the point of sale or when the products are delivered or collected on site. There are no other timing implications that will create a contract asset or liability, and contract modifications are unlikely given the timing and nature of the transaction. Material sales are likely to have multiple performance obligations if the product is sold with delivery. In these instances, delivery most often occurs on the same day as the control of the product transfers to the customer. As a result, even in the case of multiple performance obligations, the performance obligations are satisfied concurrently and revenue is recognized simultaneously.

Services

We earn revenue from the provision of services, which are primarily paving and related services, but also include landfill operations and the receipt and disposal of waste that is converted to fuel for use in our cement plants. Revenue from the receipt of waste fuels is recognized when the waste is accepted and a corresponding liability is recognized for the costs to process the waste into fuel for the manufacturing of cement or to ship the waste offsite for disposal in accordance with applicable regulations.

Collectability of service contracts is due reasonably after certain milestones in the contract are performed. Milestones vary by project, but are typically calculated using monthly progress based on the percentage of completion or a customer’s engineer review of progress. The majority of the time, collection occurs within 90 days of billing and cash is received within the same fiscal year as services performed. On most projects, the customer will withhold a portion of the invoice for retainage, which may last longer than a year depending on the job.

Revenue derived from paving and related services is recognized over time based on the proportion of costs incurred to date relative to the total estimated costs at completion, which approximates progress towards completion. Under this method, we recognize paving and related services revenue as services are rendered. The majority of our construction service contracts are completed within one year, but may occasionally extend beyond this time frame. The majority of our construction service contracts, and therefore, revenue, are opened and completed within one year, with most activity during the spring, summer and fall. We estimate profit as the difference between total estimated revenue and total estimated cost of a contract and recognize that profit over the life of the contract based on input measures. We generally measure progress toward completion on long-

term paving and related services contracts based on the proportion of costs incurred to date relative to total estimated costs at completion. We include revisions of estimated profits on contracts in earnings under the cumulative catch-up method, under which the effect of revisions in estimates is recognized immediately. If a revised estimate of contract profitability reveals an anticipated loss on the contract, we recognize the loss in the period it is identified.

The actual cost to total estimated cost method of accounting involves the use of various estimating techniques to project costs at completion, and in some cases includes estimates of recoveries asserted against the customer for changes in specifications or other disputes. Contract estimates involve various assumptions and projections relative to the outcome of future events over multiple periods, including future labor productivity and availability, the nature and complexity of the work to be performed, the cost and availability of materials, the effect of delayed performance, and the availability and timing of funding from the customer. These estimates are based on our best judgment. A significant change in one or more of these estimates could affect the profitability of one or more of our contracts. We review our contract estimates regularly to assess revisions in contract values and estimated costs at completion. Inherent uncertainties in estimating costs make it at least reasonably possible that the estimates used will change within the near term and over the life of the contracts. No material adjustments to a contract were recognized in the year ended January 1, 2022.

We recognize claims when the amount of the claim can be estimated reliably and it is legally enforceable. In evaluating these criteria, we consider the contractual basis for the claim, the cause of any additional costs incurred, the reasonableness of those costs and the objective evidence available to support the claim.

When the contract includes variable consideration, we estimate the amount of consideration to which we will be entitled in exchange for transferring the promised goods or services to a customer. The amount of estimated variable consideration included in the transaction price is the amount for which it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Types of variable consideration include, but are not limited to, liquidated damages and other performance penalties and production and placement bonuses.

The majority of contract modifications relate to the original contract and are often an extension of the original performance obligation. Predominately, modifications are not distinct from the terms in the original contract; therefore, they are considered part of a single performance obligation. We account for the modification using a cumulative catch-up adjustment. However, there are instances where goods or services in a modification are distinct from those transferred prior to the modification. In these situations, we account for the modifications as either a separate contract or prospectively depending on the facts and circumstances of the modification.

Generally, construction contracts contain mobilization costs which are categorized as costs to fulfill a contract. These costs are excluded from any measure of progress toward contract fulfillment. These costs do not result in the transfer of control of a good or service to the customer and are amortized over the life of the contract.

Costs and estimated earnings in excess of billings are composed principally of revenue recognized on contracts on the percentage of completion method for which billings had not been presented to customers because the amounts were not billable under the contract terms at the balance sheet date. In accordance with the contract terms, the unbilled receivables at the balance sheet date are expected to be billed in following periods. Billings in excess of costs and estimated earnings represent billings in excess of revenue recognized.

Inventories—Inventories consist of stone that has been removed from quarries and processed for future sale, cement, raw materials and finished concrete blocks. Inventories are valued at the lower of cost or net realizable value and are accounted for on a first-in first-out basis or an average cost basis. If items become obsolete or otherwise unusable or if quantities exceed what is projected to be sold within a reasonable period of time, they will be charged to costs of revenue in the period that the items are designated as obsolete or excess inventory. Stripping costs are costs of removing overburden and waste material to access aggregate materials and are expensed as incurred.

Property, Plant and Equipment, net—Property, plant and equipment are recorded at cost, less accumulated depreciation, depletion and amortization. Expenditures for additions and improvements that significantly add to the productive capacity or extend the useful life of an asset are capitalized. Repair and maintenance costs that do not substantially expand productive capacity or extend the life of property, plant and equipment are expensed as incurred.

Landfill airspace is included in property, plant and equipment at cost and is amortized based on the portion of the airspace used during the period compared to the gross estimated value of available airspace, which is updated periodically as circumstances dictate. Management reassesses the landfill airspace capacity with any changes in value recorded in cost of

revenue. Capitalized landfill costs include expenditures for the acquisition of land and related airspace, engineering and permitting costs, cell construction costs and direct site improvement costs.

Upon disposal of an asset, the cost and related accumulated depreciation are removed from the Company's accounts and any gain or loss is included in general and administrative expenses.

The Company reviews the carrying value of property, plant and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. Such indicators may include, among others, deterioration in general economic conditions, adverse changes in the markets in which an entity operates, increases in input costs that have a negative effect on earnings and cash flows or a trend of negative or declining cash flows over multiple periods.

Property, plant and equipment is tested for impairment at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets. As a result, the property, plant and equipment impairment test is at a significantly lower level than the level at which goodwill is tested for impairment. In markets where the Company does not produce downstream products, such as ready-mix concrete, asphalt paving mix and paving and related services, the lowest level of largely independent identifiable cash flows is at the individual aggregates operation or a group of aggregates operations collectively serving a local market or the cement operations. Conversely, in vertically-integrated markets, the cash flows of the downstream and upstream businesses are not largely independently identifiable and the vertically-integrated operations are considered the lowest level of largely independent identifiable cash flows.

Aggregates mineral bearing land and interests are included in property, plant and equipment. When leased mineral interests are acquired during a business combination, they are valued using an excess earnings approach for the life of the proven and probable reserves. Depletion expense is recorded using a units of production methodology.

Accrued Mining and Landfill Reclamation—The mining reclamation reserve and financial commitments for landfill closure and post-closure activities are based on management's estimate of future cost requirements to reclaim property at both currently operating and closed sites. Estimates of these obligations have been developed based on management's interpretation of current requirements and proposed regulatory changes and are intended to approximate fair value. Costs are estimated in current dollars, inflated until the expected time of payment, and then discounted back to present value using a credit-adjusted risk-free rate on obligations of similar maturity, adjusted to reflect the Company's credit rating. Changes in the credit-adjusted risk-free rate do not change recorded liabilities. However, subsequent increases in the recognized obligations are measured using a current credit-adjusted risk-free rate. Decreases in the recognized obligations are measured at the initial credit-adjusted risk-free rate.

Significant changes in inflation rates, or the amount or, timing of future cost estimates typically result in both (1) a current adjustment to the recorded liability (and corresponding adjustment to the asset) and (2) a change in accretion of the liability and depreciation of the asset to be recorded prospectively over the remaining capacity of the unmined quarry or landfill.

Goodwill—Goodwill represents the purchase price paid in excess of the fair value of net tangible and intangible assets acquired. Goodwill recorded in connection with the Company's acquisitions is primarily attributable to the expected profitability, assembled workforces of the acquired businesses and the synergies expected to arise after the Company's acquisition of those businesses. Goodwill is not amortized, but is tested annually for impairment as of the first day of the fourth quarter and at any time that events or circumstances indicate that goodwill may be impaired. A qualitative approach may first be applied to determine whether it is more likely than not that the estimated fair value of a reporting unit is less than its carrying amount. If, as a result of the qualitative assessment, it is determined that an impairment is more likely than not, the two-step quantitative impairment test is then performed, otherwise further analysis is not required. The two-step impairment test first identifies potential goodwill impairment for each reporting unit and then, if necessary, measures the amount of the impairment loss.

Income Taxes—Summit Inc. is a corporation subject to income taxes in the United States. Certain subsidiaries, including Summit Holdings, or subsidiary groups of the Company are taxable separate from Summit Inc. The provision for income taxes, or Summit Inc.'s proportional share of the provision, are included in the Company's consolidated financial statements.

The Company's deferred income tax assets and liabilities are computed for differences between the tax basis and financial statement amounts that will result in taxable or deductible amounts in the future. The computed deferred balances are based on enacted tax laws and applicable rates for the periods in which the differences are expected to affect taxable income. A

valuation allowance is recognized for deferred tax assets if it is more likely than not that some portion or all of the net deferred tax assets will not be realized. In making such a determination, all available positive and negative evidence is considered, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines it would be able to realize its deferred tax assets for which a valuation allowance had been recorded then an adjustment would be made to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company evaluates the tax positions taken on income tax returns that remain open and positions expected to be taken on the current year tax returns to identify uncertain tax positions. Unrecognized tax benefits on uncertain tax positions are recorded on the basis of a two-step process in which (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the largest amount of tax benefit that is more than 50 percent likely to be realized is recognized. Interest and penalties related to unrecognized tax benefits are recorded in income tax expense (benefit).

Tax Receivable Agreement—When Class A limited partnership units of Summit Holdings (“LP Units”) are exchanged for shares of Class A common stock of Summit Inc. or Summit Inc. purchases LP Units for cash, this results in increases in Summit Inc.’s share of the tax basis of the tangible and intangible assets, which increases the tax depreciation and amortization deductions that otherwise would not have been available to Summit Inc. These increases in tax basis and tax depreciation and amortization deductions are expected to reduce the amount of cash taxes that we would otherwise be required to pay in the future. Prior to our IPO, we entered into a TRA with the pre-IPO owners that requires us to pay the pre-IPO owners or their permitted assignees 85% of the amount of cash savings, if any, in U.S. federal, state, and local income tax that we actually realize as a result of these exchanges. These benefits include (1) increases in the tax basis of tangible and intangible assets of Summit Holdings and certain other tax benefits related to entering into the TRA, (2) tax benefits attributable to payments under the TRA, or (3) under certain circumstances such as an early termination of the TRA, we are deemed to realize, as a result of the increases in tax basis in connection with exchanges by the pre-IPO owners described above and certain other tax benefits attributable to payments under the TRA.

As noted above, we periodically evaluate the realizability of the deferred tax assets resulting from the exchange of LP Units for Class A common stock. If the deferred tax assets are determined to be realizable, we then assess whether payment of amounts under the TRA have become probable. If so, we record a TRA liability equal to 85% of such deferred tax assets. In subsequent periods, we assess the realizability of all of our deferred tax assets subject to the TRA. Should we determine a deferred tax asset with a valuation allowance is realizable in a subsequent period, the related valuation allowance will be released and consideration of a corresponding TRA liability will be assessed. The realizability of deferred tax assets, including those subject to the TRA, is dependent upon the generation of future taxable income during the periods in which those deferred tax assets become deductible and consideration of prudent and feasible tax-planning strategies.

The measurement of the TRA liability is accounted for as a contingent liability. Therefore, once we determine that a payment to a pre-IPO owner has become probable and can be estimated, the estimate of payment will be accrued.

Earnings per Share—The Company computes basic earnings per share attributable to stockholders by dividing income attributable to Summit Inc. by the weighted-average shares of Class A common stock outstanding. Diluted earnings per share reflects the potential dilution beyond shares for basic earnings per share that could occur if securities or other contracts to issue common stock were exercised, converted into common stock, or resulted in the issuance of common stock that would have shared in the Company’s earnings. Since the Class B common stock has no economic value, those shares are not included in the weighted-average common share amount for basic or diluted earnings per share. In addition, as the shares of Class A common stock are issued by Summit Inc., the earnings and equity interests of noncontrolling interests are not included in basic earnings per share.

Prior Year Reclassifications—We reclassified \$126.7 million and \$119.7 million of fixed overhead expenses related to production activities from general and administrative expenses to cost of revenue for the years ended 2020 and 2019, respectively, to conform to the current year presentation.

New Accounting Standards—In August 2018, the FASB issued ASU No. 2018-15, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, which reduces the accounting complexity of implementing a cloud computing service arrangement. The ASU aligns the capitalization of implementation costs among hosting arrangements and costs incurred to develop internal-use software. We adopted this ASU in the first quarter of 2020 and the adoption of this ASU did not have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-14, Compensation-Retirement Benefits-Defined Benefit Plans-General (Subtopic 715-20): Disclosure Framework Changes to The Disclosure Requirements for Defined Benefits Plans, which modifies the disclosure requirements of employer-sponsored defined benefit and other postretirement benefits plans. The ASU is effective for fiscal years beginning after December 15, 2020 and interim periods within those fiscal years. The adoption of this new ASU did not have a material impact on our consolidated financial results.

(2) Acquisitions and Dispositions

The Company has completed numerous acquisitions since its formation. The operations of each acquisition have been included in the Company's consolidated results of operations since the respective closing dates of the acquisitions. The Company measures all assets acquired and liabilities assumed at their acquisition-date fair value. Goodwill acquired during a business combination has an indefinite life and is not amortized. The following table summarizes the Company's acquisitions by region and period:

	2021	2020	2019
West	—	2	2
East	3	1	—

The purchase price allocation, primarily the valuation of property, plant and equipment for the acquisitions completed during the year ended 2021 have not yet been finalized due to the recent timing of the acquisitions, status of the valuation of property, plant and equipment and finalization of related tax returns. The following table summarizes aggregated information regarding the fair values of the assets acquired and liabilities assumed as of the respective acquisition dates:

	2021	2020
Financial assets	\$ —	\$ 8,696
Inventories	2,406	2,856
Property, plant and equipment	19,668	130,042
Intangible assets	702	—
Other assets	98	2,790
Financial liabilities	(1,742)	(4,469)
Other long-term liabilities	(470)	(16,069)
Net assets acquired	20,662	123,846
Goodwill	—	—
Purchase price	20,662	123,846
Acquisition-related liabilities	(1,149)	—
Other	—	(369)
Net cash paid for acquisitions	\$ 19,513	\$ 123,477

Acquisition-Related Liabilities—A number of acquisition-related liabilities have been recorded subject to terms in the relevant purchase agreements, including deferred consideration and noncompete payments. Noncompete payments have been accrued where certain former owners of newly acquired companies have entered into standard noncompete arrangements. Subject to terms and conditions stated in these noncompete agreements, payments are generally made over a five-year period. Deferred consideration is purchase price consideration paid in the future as agreed to in the purchase agreement and is not contingent on future events. Deferred consideration is generally scheduled to be paid in years ranging from 5 to 20 years in annual installments. The remaining payments due under these noncompete and deferred consideration agreements are as follows:

2022	\$ 13,001
2023	12,167
2024	6,870
2025	7,317
2026	6,068
Thereafter	10,385
Total scheduled payments	55,808
Present value adjustments	(10,697)
Total noncompete obligations and deferred consideration	<u>\$ 45,111</u>

Accretion on the deferred consideration and noncompete obligations is recorded in interest expense.

During 2021, as part of the Company's Elevate Summit strategy to rationalize assets, the Company sold seven businesses in the East segment and one business in the West segment, resulting in total cash proceeds of \$128.3 million and a net gain on disposition of business of \$20.0 million.

(3) Goodwill

As of January 1, 2022, the Company had 11 reporting units with goodwill for which the annual goodwill impairment test was completed. We perform the annual impairment test on the first day of the fourth quarter each year. We initially perform a qualitative analysis. As a result of this analysis, it was determined that it is more likely than not that the fair value of seven reporting units were greater than its carrying value. For the remaining reporting units we perform a two-step quantitative analysis. Step 1 of that analysis compares the estimated the fair value of the reporting units using an income approach (i.e., a discounted cash flow technique) and a market approach to the carrying value of the reporting unit. If the estimated fair value exceeds its carrying value, the goodwill of the reporting unit is not considered impaired. If the carrying value of the reporting unit exceeds its fair value, we proceed to the second step to measure the amount of potential impairment loss. Based on this analysis, it was determined that the reporting units' fair values were greater than their carrying values and no impairment charges were recognized in 2021.

These estimates of a reporting unit's fair value involve significant management estimates and assumptions, including but not limited to sales prices of similar assets, assumptions related to future profitability, cash flows, and discount rates. These estimates are based upon historical trends, management's knowledge and experience and overall economic factors, including projections of future earnings potential. Developing discounted future cash flow estimates in applying the income approach required management to evaluate its intermediate to longer-term strategies, including, but not limited to, estimates about revenue growth, operating margins, capital requirements, inflation and working capital management. The development of appropriate rates to discount the estimated future cash flows required the selection of risk premiums, which can materially affect the present value of estimated future cash flows.

The following table presents goodwill by reportable segments and in total:

	West	East	Cement	Total
Balance—December 28, 2019	\$ 584,617	\$ 410,426	\$ 204,656	\$ 1,199,699
Acquisitions (1)	19	—	—	19
Foreign currency translation adjustments	1,573	—	—	1,573
Balance—January 2, 2021	\$ 586,209	\$ 410,426	\$ 204,656	\$ 1,201,291
Dispositions (2)	(16,222)	(21,841)	—	(38,063)
Foreign currency translation adjustments	522	—	—	522
Balance—January 1, 2022	<u>\$ 570,509</u>	<u>\$ 388,585</u>	<u>\$ 204,656</u>	<u>\$ 1,163,750</u>

(1) Reflects goodwill from 2020 acquisitions and working capital adjustments from prior year acquisitions.

(2) Reflects goodwill derecognition from dispositions completed during 2021.

(4) Revenue Recognition

We derive our revenue predominantly by selling construction materials, products and providing paving and related services. Construction materials consist of aggregates and cement. Products consist of related downstream products, including ready-mix concrete, asphalt paving mix and concrete products. Paving and related service revenue is generated primarily from the asphalt paving services that we provide, and is recognized based on the proportion of costs incurred to date relative to the total estimated costs at completion. The majority of our construction service contracts, and therefore revenue, are opened and completed within one year, with the most activity during the spring, summer and fall.

Revenue by product for the years ended January 1, 2022, January 2, 2021 and December 28, 2019 consisted of the following:

	2021	2020	2019
Revenue by product*:			
Aggregates	\$ 573,157	\$ 498,007	\$ 469,670
Cement	282,081	257,629	266,235
Ready-mix concrete	702,062	668,060	607,622
Asphalt	311,046	349,350	330,750
Paving and related services	337,311	381,430	360,234
Other	204,012	177,975	187,629
Total revenue	<u>\$ 2,409,669</u>	<u>\$ 2,332,451</u>	<u>\$ 2,222,140</u>

* Revenue from the liquid asphalt terminals is included in asphalt revenue.

The following table outlines the significant changes in contract assets and contract liability balances from January 2, 2021 to January 1, 2022. Also included in the table is the net change in the estimate as a percentage of aggregate revenue for such contracts:

	Costs and estimated earnings in excess of billings	Billings in excess of costs and estimated earnings
Balance—January 2, 2021	\$ 8,666	\$ 16,499
Changes in revenue billed, contract price or cost estimates	(95)	(8,969)
Divestitures	(967)	(131)
Other	(4)	2
Balance—January 1, 2022	<u>\$ 7,600</u>	<u>\$ 7,401</u>

Accounts receivable, net consisted of the following as of January 1, 2022 and January 2, 2021:

	2021	2020
Trade accounts receivable	\$ 230,714	\$ 191,871
Construction contract receivables	47,054	47,179
Retention receivables	13,094	18,824
Receivables from related parties	292	1,339
Accounts receivable	291,154	259,213
Less: Allowance for doubtful accounts	(3,928)	(4,517)
Accounts receivable, net	<u>\$ 287,226</u>	<u>\$ 254,696</u>

Retention receivables are amounts earned by the Company but held by customers until paving and related service contracts and projects are near completion or fully completed. Amounts are generally billed and collected within one year.

(5) Inventories

Inventories consisted of the following as of January 1, 2022 and January 2, 2021:

	2021	2020
Aggregate stockpiles	\$ 130,640	\$ 137,938
Finished goods	22,690	32,993
Work in process	8,277	9,281
Raw materials	19,153	20,096
Total	<u>\$ 180,760</u>	<u>\$ 200,308</u>

(6) Property, Plant and Equipment, net and Intangibles, net

Property, plant and equipment, net consisted of the following as of January 1, 2022 and January 2, 2021:

	2021	2020
Mineral bearing land and leased interests	\$ 535,198	\$ 468,966
Land (non-mineral bearing)	196,843	197,432
Buildings and improvements	185,472	181,198
Plants, machinery and equipment	1,405,694	1,397,410
Mobile equipment and barges	560,515	543,133
Truck and auto fleet	54,700	56,163
Landfill airspace and improvements	52,258	52,202
Office equipment	47,389	45,942
Construction in progress	71,352	40,648
Property, plant and equipment	3,109,421	2,983,094
Less accumulated depreciation, depletion and amortization	(1,266,513)	(1,132,925)
Property, plant and equipment, net	<u>\$ 1,842,908</u>	<u>\$ 1,850,169</u>

Depreciation on property, plant and equipment, including assets subject to capital leases, is generally computed on a straight-line basis. Depletion of mineral reserves and leased mineral interests are computed based on the portion of the reserves used during the period compared to the gross estimated value of proven and probable reserves, which is updated periodically as circumstances dictate. Leasehold improvements are amortized on a straight-line basis over the lesser of the asset's useful life or the remaining lease term. The estimated useful lives are generally as follows:

Buildings and improvements	10 - 30 years
Plant, machinery and equipment	7 - 20 years
Office equipment	3 - 7 years
Truck and auto fleet	5 - 8 years
Mobile equipment and barges	6 - 8 years
Landfill airspace and improvements	10 - 30 years
Other	4 - 20 years

Depreciation, depletion and amortization expense of property, plant and equipment was \$195.1 million, \$195.3 million and \$196.8 million in the years ended January 1, 2022, January 2, 2021 and December 28, 2019, respectively.

Property, plant and equipment at January 1, 2022 and January 2, 2021 included \$69.0 million and \$92.7 million, respectively, of finance leases for certain equipment and a building with accumulated amortization of \$31.4 million and \$32.8 million, respectively. The equipment leases generally have terms of less than five years and the building lease had an original term of 30 years. Approximately \$17.6 million and \$24.6 million of the future obligations associated with the finance leases are included in accrued expenses as of January 1, 2022 and January 2, 2021, respectively, and the present value of the remaining finance lease payments, \$15.0 million and \$31.7 million, respectively, is included in other noncurrent liabilities on the consolidated balance sheets. Future minimum rental commitments under long-term finance leases are \$18.7 million, \$7.8 million, \$3.2 million, \$2.6 million, and \$1.0 million for the years ended 2022, 2023, 2024, 2025 and 2026, respectively.

Assets are assessed for impairment charges when identified for disposition. The net gain from asset dispositions recognized in general and administrative expenses in fiscal years 2021, 2020 and 2019 was \$5.9 million, \$7.6 million and \$10.7 million, respectively. No material impairment charges have been recognized on assets held for use in fiscal 2021, 2020 or 2019.

Intangible Assets—The Company’s intangible assets subject to amortization are primarily composed of operating permits, mineral lease agreements and reserve rights. Operating permits relate to permitting and zoning rights acquired outside of a business combination. The assets related to mineral lease agreements reflect the submarket royalty rates paid under agreements, primarily for extracting aggregates. The values were determined as of the respective acquisition dates by a comparison of market-royalty rates. The reserve rights relate to aggregate reserves to which the Company has the rights of ownership, but does not own the reserves. The intangible assets are amortized on a straight-line basis over the lives of the leases or permits, or computed based on the portion of the reserves used during the period compared to the gross estimated value of proven and probable reserves. The following table shows intangible assets by type and in total:

	January 1, 2022			January 2, 2021		
	Gross		Net	Gross		Net
	Carrying	Accumulated	Carrying	Carrying	Accumulated	Carrying
	Amount	Amortization	Amount	Amount	Amortization	Amount
Operating permits	\$ 33,671	\$ (2,467)	\$ 31,204	\$ 33,671	\$ (1,207)	\$ 32,464
Mineral leases	19,927	(8,922)	11,005	19,225	(7,571)	11,654
Reserve rights	25,586	(3,329)	22,257	6,234	(2,504)	3,730
Other	5,481	(551)	4,930	586	(582)	4
Total intangible assets	<u>\$ 84,665</u>	<u>\$ (15,269)</u>	<u>\$ 69,396</u>	<u>\$ 59,716</u>	<u>\$ (11,864)</u>	<u>\$ 47,852</u>

Amortization expense in fiscal 2021, 2020 and 2019 was \$3.7 million, \$2.7 million and \$2.1 million, respectively. The estimated amortization expense for intangible assets for each of the next five years and thereafter is as follows:

2022	\$ 4,145
2023	4,012
2024	3,916
2025	3,872
2026	3,727
Thereafter	49,724
Total	<u>\$ 69,396</u>

(7) Accrued Expenses

Accrued expenses consisted of the following as of January 1, 2022 and January 2, 2021:

	2021	2020
Interest	\$ 22,762	\$ 21,860
Payroll and benefits	38,894	46,026
Finance lease obligations	17,624	24,601
Insurance	20,480	18,355
Non-income taxes	19,409	15,669
Deferred asset purchase payments	4,912	9,749
Professional fees	1,524	828
Other (1)	21,871	23,482
Total	<u>\$ 147,476</u>	<u>\$ 160,570</u>

(1) Consists primarily of current portion of asset retirement obligations and miscellaneous accruals.

(8) Debt

Debt consisted of the following as of January 1, 2022 and January 2, 2021:

	2021	2020
Term Loan, due 2024:		
\$610.0 million and \$616.3 million, net of \$0.7 million and \$0.9 million discount at January 1, 2022 and January 2, 2021, respectively	\$ 609,298	\$ 615,425
5 1/8% Senior Notes, due 2025	—	300,000
6 1/2% Senior Notes, due 2027	300,000	300,000
5 1/4% Senior Notes, due 2029	700,000	700,000
Total	1,609,298	1,915,425
Current portion of long-term debt	6,354	6,354
Long-term debt	<u>\$ 1,602,944</u>	<u>\$ 1,909,071</u>

The contractual payments of long-term debt, including current maturities, for the five years subsequent to January 1, 2022, are as follows:

2022	\$ 6,354
2023	6,354
2024	597,252
2025	—
2026	—
Thereafter	1,000,000
Total	1,609,960
Less: Original issue net discount	(662)
Less: Capitalized loan costs	(11,925)
Total debt	<u>\$ 1,597,373</u>

Senior Notes—On September 27, 2021, Summit LLC and Summit Finance (together, the “Issuers”) redeemed all \$300.0 million in aggregate principal amount of their 5.125% senior notes due June 1, 2025 (the “2025 Notes”) using existing cash on hand at a price equal to par plus an applicable premium and the indenture under which the 2025 Notes were issued was satisfied and discharged. As a result of the redemption, charges of \$6.0 million were recognized in the quarter ended October 2, 2021, which included charges of \$3.9 million for the applicable redemption premium and \$2.1 million for the write-off of the deferred financing fees.

On August 11, 2020, the Issuers issued \$700.0 million in aggregate principal amount of 5.250% senior notes due January 15, 2029 (the “2029 Notes”). The 2029 Notes were issued at 100.0% of their par value with proceeds of \$690.4 million, net of related fees and expenses. The 2029 Notes were issued under an indenture dated August 11, 2020 (the “2020 Indenture”). The 2020 Indenture contains covenants limiting, among other things, Summit LLC and its restricted subsidiaries’ ability to incur additional indebtedness or issue certain preferred shares, pay dividends, redeem stock or make other distributions, make certain investments, sell or transfer certain assets, create liens, consolidate, merge, sell or otherwise dispose of all or substantially all of its assets, enter into certain transactions with affiliates, and designate subsidiaries as unrestricted subsidiaries. The 2020 Indenture also contains customary events of default. Interest on the 2029 Notes is payable semi-annually on January 15 and July 15 of each year commencing on January 15, 2021.

In August 2020, using the proceeds from the 2029 Notes, all of the outstanding \$650.0 million 6.125% senior notes due 2023 (the “2023 Notes”) were redeemed at a price equal to par and the indenture under which the 2023 Notes were issued was satisfied and discharged. As a result of the extinguishment, charges of \$4.1 million were recognized in the quarter ended September 26, 2020, which included charges of \$0.8 million for the write-off of original issue discount and \$3.3 million for the write-off of deferred financing fees.

On March 15, 2019, the Issuers issued \$300.0 million in aggregate principal amount of 6.500% senior notes due March 15, 2027 (the “2027 Notes”). The 2027 Notes were issued at 100.0% of their par value with proceeds of \$296.3 million, net of related fees and expenses. The 2027 Notes were issued under an indenture dated March 25, 2019, the terms of which are generally consistent with the 2020 Indenture. Interest on the 2027 Notes is payable semi-annually on March 15 and September 15 of each year commencing on September 15, 2019.

In March 2019, using the proceeds from the 2027 Notes, all of the outstanding \$250.0 million 8.500% senior notes due 2022 (the “2022 Notes”) were redeemed at a price equal to par plus an applicable premium and the indenture under which the 2022 Notes were issued was satisfied and discharged. As a result of the extinguishment, charges of \$14.6 million were recognized in the quarter ended March 30, 2019, which included charges of \$11.7 million for the applicable redemption premium and \$2.9 million for the write-off of deferred financing fees.

In 2017, the Issuers issued \$300.0 million of 5.125% senior notes due June 1, 2025 (the “2025 Notes”). The 2025 Notes were issued at 100.0% of their par value with proceeds of \$295.4 million, net of related fees and expenses. Interest on the 2025 Notes was payable semi-annually on June 1 and December 1 of each year commencing on December 1, 2017. The 2025 Notes were paid in full in September 2021 using cash on hand.

In 2015, the Issuers issued \$650.0 million of 6.125% senior notes due July 2023 (the “2023 Notes” and collectively with the 2022 Notes and the 2027 Notes, the “Senior Notes”). Of the aggregate \$650.0 million of 2023 Notes, \$350.0 million were issued at par and \$300.0 million were issued at 99.375% of par. The 2023 Notes were issued under an indenture dated July 8, 2015, the terms of which are generally consistent with the 2020 Indenture. The 2023 Notes were paid in full in August 2020 as noted above.

As of January 1, 2022 and January 2, 2021, the Company was in compliance with all covenants under the applicable indentures.

Senior Secured Credit Facilities— Summit LLC has credit facilities that provide for term loans in an aggregate amount of \$650.0 million and revolving credit commitments in an aggregate amount of \$345.0 million (the “Senior Secured Credit Facilities”). Under the Senior Secured Credit Facilities, required principal repayments of 0.25% of the refinanced aggregate amount of term debt are due on the last business day of each March, June, September and December, commencing with the March 2018 payment. The unpaid principal balance is due in full on the maturity date, which is November 21, 2024.

On February 25, 2019, Summit LLC entered into Incremental Amendment No. 4 to the credit agreement governing the Senior Secured Credit Facilities (the “Credit Agreement”) which, among other things, increased the total amount available under the revolving credit facility to \$345.0 million and extended the maturity date of the Credit Agreement with respect to the revolving credit commitments to February 25, 2024.

The revolving credit facility bears interest per annum equal to, at Summit LLC’s option, either (i) a base rate determined by reference to the highest of (a) the federal funds rate plus 0.50%, (b) the prime rate of Bank of America, N.A. and (c) LIBOR plus 1.00%, plus an applicable margin of 2.00% for base rate loans or (ii) a LIBOR rate determined by reference to Reuters prior to the interest period relevant to such borrowing adjusted for certain additional costs plus an applicable margin of 3.00% for LIBOR rate loans.

There were no outstanding borrowings under the revolving credit facility as of January 1, 2022 or January 2, 2021. As of January 1, 2022, we had remaining borrowing capacity of \$327.1 million under the revolving credit facility, which is net of \$17.9 million of outstanding letters of credit. The outstanding letters of credit are renewed annually and support required bonding on construction projects and the Company’s insurance liabilities.

Summit LLC’s Consolidated First Lien Net Leverage Ratio, as such term is defined in the Credit Agreement, should be no greater than 4.75:1.0 as of each quarter-end. As of January 1, 2022 and January 2, 2021, Summit LLC was in compliance with all financial covenants under the Credit Agreement.

Summit LLC’s wholly-owned domestic subsidiary companies, subject to certain exclusions and exceptions, are named as subsidiary guarantors of the Senior Notes and the Senior Secured Credit Facilities. In addition, Summit LLC has pledged substantially all of its assets as collateral, subject to certain exclusions and exceptions, for the Senior Secured Credit Facilities.

The following table presents the activity for the deferred financing fees for the years ended January 1, 2022 and January 2, 2021:

	Deferred financing fees
Balance—December 28, 2019	\$ 15,436
Loan origination fees	9,605
Amortization	(3,336)
Write off of deferred financing fees	(3,338)
Balance—January 2, 2021	\$ 18,367
Amortization	(3,202)
Write off of deferred financing fees	(2,116)
Balance—January 1, 2022	<u>\$ 13,049</u>

Other—On January 15, 2015, the Company’s wholly-owned subsidiary in British Columbia, Canada entered into an agreement with HSBC, which was amended on November 30, 2020, for a (i) \$6.0 million Canadian dollar (“CAD”) revolving credit commitment to be used for operating activities that bears interest per annum equal to the bank’s prime rate plus 0.20%, (ii) \$0.5 million CAD revolving credit commitment to be used for capital equipment that bears interest per annum at the bank’s prime rate plus 0.20%, (iii) \$1.5 million CAD revolving credit commitment to provide guarantees on behalf of that subsidiary and (iv) \$10.0 million CAD revolving foreign exchange facility available to purchase foreign exchange forward contracts. There were no amounts outstanding under this agreement as of January 1, 2022 or January 2, 2021.

(9) Income Taxes

Summit Inc.’s tax provision includes its proportional share of Summit Holdings’ tax attributes. Summit Holdings’ subsidiaries are primarily limited liability companies, but do include certain entities organized as C corporations and a Canadian subsidiary. The tax attributes related to the limited liability companies are passed on to Summit Holdings and then to its partners, including Summit Inc. The tax attributes associated with the C corporation and Canadian subsidiaries are fully reflected in the Company’s consolidated financial statements. For the years ended January 1, 2022, January 2, 2021 and December 28, 2019, income taxes consisted of the following:

	2021	2020	2019
Provision for income taxes:			
Current	\$ 8,030	\$ 3,827	\$ 69
Deferred	36,326	(16,012)	17,032
Income tax expense (benefit)	<u>\$ 44,356</u>	<u>\$ (12,185)</u>	<u>\$ 17,101</u>

The effective tax rate on pre-tax income differs from the U.S. statutory rate of 21% for 2021, 2020 and 2019, respectively, due to the following:

	2021	2020	2019
Income tax expense (benefit) at federal statutory tax rate	\$ 41,273	\$ 27,100	\$ 16,427
Less: Income tax benefit at federal statutory tax rate for LLC entities	(459)	(593)	(658)
State and local income taxes	7,287	5,067	3,792
Permanent differences	(5,493)	(3,345)	(6,272)
Effective tax rate change	2,317	4,257	(2,006)
Basis differences from divestitures	3,766	—	—
Unrecognized tax benefits	—	(41,548)	18,885
Tax receivable agreement (benefit) expense	28	(6)	2,436
Change in valuation allowance	—	—	(17,691)
Other	(4,363)	(3,117)	2,188
Income tax expense (benefit)	<u>\$ 44,356</u>	<u>\$ (12,185)</u>	<u>\$ 17,101</u>

The following table summarizes the components of the net deferred income tax asset (liability) as January 1, 2022 and January 2, 2021:

	2021	2020
Deferred tax assets (liabilities):		
Net intangible assets	\$ 177,220	\$ 199,497
Accelerated depreciation	(199,357)	(209,644)
Net operating loss	224,014	227,560
Investment in limited partnership	(38,548)	(33,139)
Mining reclamation reserve	3,341	3,306
Working capital (e.g., accrued compensation, prepaid assets)	39,571	45,972
Less valuation allowance	(1,675)	(1,675)
Deferred tax assets	204,566	231,877
Less foreign deferred tax liability (included in other noncurrent liabilities)	(16,939)	(18,393)
Net deferred tax asset	<u>\$ 187,627</u>	<u>\$ 213,484</u>

As of January 1, 2022, \$365.1 million of our deferred tax assets subject to our TRA are included in the net intangible assets and the net operating loss line items above.

Our income tax expense (benefit) was \$44.4 million, \$(12.2) million and \$17.1 million in the fiscal years ended 2021, 2020 and 2019, respectively. Our effective income tax rate in 2021 and 2020 was impacted by the IRS interpretative guidance of TCJA, a change in state tax rates and a change in the amount of our TRA liability.

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible, as well as consideration of tax-planning strategies we may seek to utilize net operating loss carryforwards that begin to expire in 2030. The Company updates the analysis, and adjusted the valuation allowance for interest expense carryforwards limited under the TCJA based on updated forecast models each year.

As of December 28, 2019 we had \$41.5 million of unrecognized tax benefits that if recognized would affect the annual effective tax rate. Those benefits were subsequently recognized in the year ended January 2, 2021. We had no unrecognized tax benefits as of January 1, 2022 and January 2, 2021, respectively. We did not recognize interest or penalties related to this amount as it is offset by other attributes.

Our net operating loss carryforward deferred tax assets begin to expire in 2030 and are expected to reverse before expiration. Therefore, we have not given consideration to any potential tax planning strategies as a source of future taxable income to monetize those net operating loss carryforwards. The Company will continue to monitor facts and circumstances, including our analysis of other sources of taxable income, in the reassessment of the likelihood that the tax benefit of our deferred tax assets will be realized.

As of January 1, 2022, Summit Inc. had federal net operating loss carryforwards of \$902 million, a portion of which expire between 2030 and 2038. As of January 1, 2022, \$581 million of our federal net operating losses were under the terms of our TRA. As of January 1, 2022 and January 2, 2021, Summit Inc. had a valuation allowance on net deferred tax assets of \$1.7 million and \$1.7 million, respectively, where realization of our net operating losses are not more likely than not.

	2021	2020
Valuation Allowance:		
Beginning balance	\$ (1,675)	\$ (1,675)
Current year decreases (increases) from operations	—	—
Ending balance	<u>\$ (1,675)</u>	<u>\$ (1,675)</u>

Tax Receivable Agreement— During 2015, the Company entered into a TRA with the holders of LP Units and certain other pre-initial public offering owners (“Investor Entities”) that provides for the payment by Summit Inc. to exchanging holders of LP Units of 85% of the benefits, if any, that Summit Inc. actually realizes (or, under certain circumstances such as an early termination of the TRA, is deemed to realize) as a result of increases in the tax basis of tangible and intangible assets of Summit Holdings and certain other tax benefits related to entering into the TRA, including tax benefits attributable to payments under the TRA.

When LP Units are exchanged for an equal number of newly-issued shares of Summit Inc.'s Class A common stock, these exchanges result in new deferred tax assets. Using tax rates in effect as of each year end, \$13.7 million and \$2.4 million of deferred tax assets were created during the years ended January 1, 2022 and January 2, 2021, respectively, when LP Units were exchanged for shares of Class A common stock.

Each year, we update our estimate as to when TRA payments will be made. The timing and cash tax savings of those payments can cause variations in the future value of TRA tax attributes. As noted above, when payments are made under the TRA, a portion of the payment made will be characterized as imputed interest under IRS regulations. We also updated our estimate of the state income tax rate that will be in effect at the date the TRA payments are made. As a result of our updated state income tax rate, and the variance in TRA tax attributes noted above, we have decreased our TRA liability \$6.8 million and increased by \$7.6 million as of January 1, 2022 and January 2, 2021, respectively.

Our TRA liability as of January 1, 2022 and January 2, 2021 was \$326.5 million and \$321.7 million, respectively.

Tax Distributions – The holders of Summit Holdings' LP Units, including Summit Inc., incur U.S. federal, state and local income taxes on their share of any taxable income of Summit Holdings. The limited partnership agreement of Summit Holdings provides for pro rata cash distributions ("tax distributions") to the holders of the LP Units in an amount generally calculated to provide each holder of LP Units with sufficient cash to cover its tax liability in respect of the LP Units. In general, these tax distributions are computed based on Summit Holdings' estimated taxable income allocated to Summit Inc. multiplied by an assumed tax rate equal to the highest effective marginal combined U.S. federal, state and local income tax rate applicable to a corporate resident in New York, New York.

For the years ended January 1, 2022 and January 2, 2021, Summit Holdings did not pay any tax distributions to holders of its LP Units, other than Summit Inc.

C Corporation Subsidiaries — The effective income tax rate for the C corporations differ from the statutory federal rate primarily due to (1) tax depletion expense (benefit) in excess of the expense recorded under U.S. GAAP, (2) state income taxes and the effect of graduated tax rates, (3) differences between book and tax basis for divested businesses, (4) various other items such as limitations on meals and entertainment and other costs and (5) unrecognized tax benefits. The effective income tax rate for the Canadian subsidiary is not significantly different from its historical effective tax rate.

No material interest or penalties were recognized in income tax expense during the years ended January 1, 2022, January 2, 2021 or December 28, 2019. Tax years from 2015 to 2019 remain open and subject to audit by federal, Canadian, and state tax authorities.

(10) Earnings Per Share

Basic earnings per share is computed by dividing net earnings by the weighted average common shares outstanding and diluted net earnings is computed by dividing net earnings, adjusted for changes in the earnings allocated to Summit Inc. as a result of the assumed conversion of LP Units, by the weighted-average common shares outstanding assuming dilution.

The following table shows the calculation of basic income per share:

	2021	2020	2019
Net income attributable to Summit Inc.	\$ 152,184	\$ 137,967	\$ 59,066
Weighted average shares of Class A stock outstanding	117,436,234	114,014,749	112,204,067
Add: Nonvested restricted stock awards of retirement eligible shares	213,846	212,443	—
Weighted average basic shares outstanding	117,650,080	114,227,192	112,204,067
Basic earnings per share	\$ 1.29	\$ 1.21	\$ 0.53
Diluted net income attributable to Summit Inc.	\$ 152,184	\$ 137,967	\$ 59,066
Weighted average shares of Class A stock outstanding	117,436,234	114,014,749	112,204,067
Add: stock options	282,677	3,390	87,290
Add: warrants	17,674	—	4,206
Add: restricted stock units	816,966	520,871	342,620
Add: performance stock units	188,381	92,758	46,535
Weighted average dilutive shares outstanding	118,741,932	114,631,768	112,684,718
Diluted earnings per share	\$ 1.28	\$ 1.20	\$ 0.52

Excluded from the above calculations were the shares noted below as they were antidilutive:

	2021	2020	2019
Antidilutive shares:			
LP Units	1,867,853	3,060,248	3,372,706
Warrants	—	100,037	—

(11) Stockholders' Equity

Our capital stock consists of 1.0 billion shares of \$0.01 par value Class A common stock authorized, of which 118,705,108 shares were issued and outstanding as of January 1, 2022. We also have authorized 250 million shares of \$0.01 par value Class B common stock, of which 99 shares were issued and outstanding as of January 1, 2022. The Class B common stock entitles holders thereof, who are also holders of LP Units, with a number of votes that is equal to the number of LP Units they hold. The Class B common stock does not participate in dividends and does not have any liquidation rights.

From time to time, limited partners of Summit Holdings exchange their LP Units for shares of Class A common stock of Summit Inc. The following table summarizes the changes in our ownership of Summit Holdings:

	Summit Inc. Shares (Class A)	LP Units	Total	Summit Inc. Ownership Percentage
Balance — December 28, 2019	113,309,385	3,249,657	116,559,042	97.2 %
Exchanges during period	376,487	(376,487)	—	
Stock option exercises	54,517	—	54,517	
Other equity transactions	650,206	—	650,206	
Balance — January 2, 2021	114,390,595	2,873,170	117,263,765	97.5 %
Exchanges during period	1,559,164	(1,559,164)	—	
Stock option exercises	1,745,940	—	1,745,940	
Other equity transactions	1,009,409	—	1,009,409	
Balance — January 1, 2022	118,705,108	1,314,006	120,019,114	98.9 %

Accumulated other comprehensive income (loss) - The changes in each component of accumulated other comprehensive income (loss) consisted of the following:

	Change in retirement plans	Foreign currency translation adjustments	Accumulated other comprehensive income (loss)
Balance — December 28 , 2019	\$ 2,171	\$ 1,277	\$ 3,448
Postretirement liability adjustment, net of tax	(1,638)	—	(1,638)
Foreign currency translation adjustment, net of tax	—	3,393	3,393
Balance — January 2, 2021	\$ 533	\$ 4,670	\$ 5,203
Postretirement liability adjustment, net of tax	975	—	975
Foreign currency translation adjustment, net of tax	—	905	905
Balance — January 1, 2022	<u>\$ 1,508</u>	<u>\$ 5,575</u>	<u>\$ 7,083</u>

(12) Supplemental Cash Flow Information

Supplemental cash flow information for the years ended January 1, 2022, January 2, 2021 and December 28, 2019 was as follows:

	2021	2020	2019
Cash payments:			
Interest	\$ 81,592	\$ 99,551	\$ 104,614
Payments for income taxes, net	7,580	1,754	(919)
Operating cash payments on operating leases	10,955	10,452	10,618
Operating cash payments on finance leases	2,162	3,132	3,051
Finance cash payments on finance leases	17,278	14,408	13,164
Non cash financing activities:			
Right of use assets obtained in exchange for operating lease obligations	\$ 11,528	\$ 4,849	\$ 5,842
Right of use assets obtained in exchange for finance leases obligations	1,125	18,016	23,965
Exchange of LP Units to shares of Class A common stock	48,425	8,227	3,847

(13) Stock-Based Compensation

Prior to the IPO and related Reorganization, the capital structure of Summit Holdings consisted of six different classes of limited partnership units, each of which was subject to unique distribution rights. In connection with the IPO and the related Reorganization, the limited partnership agreement of Summit Holdings was amended and restated to, among other things, modify its capital structure by creating LP Units. Holders of the LP Units periodically exchange their LP Units for shares of Class A common Stock of Summit Inc.

Omnibus Incentive Plan

In 2015, our Board of Directors and stockholders adopted the Summit Materials, Inc. 2015 Omnibus Incentive Plan (the "Plan"), which allows for grants of equity-based awards in the form of stock options, stock appreciation rights, restricted stock and restricted stock units, performance units, and other stock-based awards. The Plan authorizes the issuance of up to 13,500,000 shares of Class A common stock in the form of restricted stock units and stock options.

At the May 2021 Annual Meeting, stockholders approved an increase to the number of shares of the Company's Class A common stock that may be issued under the Plan by 4,000,000 shares of Class A common stock from the 13,500,000 shares of Class A common stock which were previously authorized for issuance to a total of 17,500,000, of which 7.9 million shares of Class A common stock were available for future grants as of January 1, 2022.

Employee Stock Purchase Plan

At the May 2021 Annual Meeting, stockholders approved the Summit Materials, Inc. 2021 Employee Stock Purchase Plan (the "ESPP"), which authorized 5,500,000 shares of Class A common stock for issuance under the ESPP. All eligible employees may voluntarily enroll to purchase the Company's Class A common stock through payroll deductions at a price equal to 85% of the lower of the fair market values of the stock as of the beginning or the end of six-month offering periods.

Compensation expense is measured as the discount the employee is entitled to upon purchase and is recognized over the offering period. As of January 1, 2022, 5.5 million shares of Class A common stock were reserved for future issuance through the ESPP.

Restricted Stock

Restricted Stock with Service-Based Vesting—Under the Plan, the Compensation Committee of the Board of Directors (the “Compensation Committee”) has granted restricted stock to members of the Board of Directors, executive officers and other key employees. These awards contain service conditions associated with continued employment or service. The terms of the restricted stock provide voting and regular dividend rights to holders of the awards. Upon vesting, the restrictions on the restricted stock lapse and the shares are considered issued and outstanding for accounting purposes.

In each of 2021, 2020 and 2019, the Compensation Committee granted restricted stock to executives and key employees under the Plan as part of our annual equity award program, which vest over a two or three year period, subject to continued employment or service. From time to time, the Compensation Committee grants restricted stock to newly hired or promoted employees or other employees who have achieved extraordinary personal performance objectives.

Further, in each of 2021, 2020 and 2019, the Compensation Committee granted 34,672, 42,736 and 65,144 shares, respectively, to non-employee members of the Board of Directors for their annual service as directors. These restricted stock grants vest over a one year period.

In measuring compensation expense associated with the grant of restricted stock, we use the fair value of the award, determined as the closing stock price for our Class A common stock on the date of grant. Compensation expense is recorded monthly over the vesting period of the award.

Restricted stock with Service- and Market-Condition-Based Vesting—In 2021, 2020 and 2019, the Compensation Committee granted restricted stock to certain members of our executive team as part of their annual compensation package. The restricted stock vests at the end of a three year performance period, based on our total stock return (“TSR”) ranking relative to companies in the S&P Building & Construction Select Industry Index, subject to continued employment.

Compensation expense is recorded monthly over the vesting period of the awards. The following table summarizes information for the equity awards granted in 2021:

	Options		Restricted Stock Units		Performance Stock Units		Warrants	
	Number of options	Weighted average grant-date fair value per unit	Number of restricted stock units	Weighted average grant-date fair value per unit	Number of performance stock units	Weighted average grant-date fair value per unit	Number of warrants	Weighted average grant-date fair value per unit
Beginning balance—January 2, 2021	2,038,473	\$ 9.16	2,134,951	\$ 18.64	428,875	\$ 28.64	100,037	\$ 18.00
Granted	—	—	727,655	28.91	129,060	47.34	—	—
Forfeited/ Canceled	—	—	(360,349)	19.06	(147,578)	36.10	—	—
Exercised	(1,745,940)	9.30	—	—	—	—	(68,518)	18.00
Vested	—	—	(1,020,265)	19.82	—	—	—	—
Balance—January 1, 2022	<u>292,533</u>	<u>\$ 9.22</u>	<u>1,481,992</u>	<u>\$ 22.76</u>	<u>410,357</u>	<u>\$ 31.84</u>	<u>31,519</u>	<u>\$ 18.00</u>

The fair value of the time-vesting options granted was estimated as of the grant date using the Black-Scholes-Merton model, which requires the input of subjective assumptions, including the expected volatility and the expected term. No options to purchase common stock were granted in 2021, 2020 and 2019. The fair value of the performance stock units granted was estimated as of the grant date using Monte Carlo simulations, which requires the input of subjective assumptions, including the expected volatility and the expected term.

Performance Stock Units

	2021	2020	2019
Risk-free interest rate	0.29%	0.85%	2.49%
Dividend yield	N/A	N/A	N/A
Volatility	70%	39%	36%
Expected term	3 years	3 years	3 years

The risk-free rate is based on the yield at the date of grant of a U.S. Treasury security with a maturity period approximating the expected term. As Summit Holdings has not historically and does not plan to issue regular dividends, a dividend yield of zero was used. The volatility assumption is based on reported data of a peer group of publicly traded companies for which historical information was available adjusted for the Company's capital structure. The expected term is based on expectations about future exercises and represents the period of time that the units granted are expected to be outstanding.

Compensation expense for time-vesting interests granted is based on the grant date fair value. The Company recognizes compensation costs on a straight-line basis over the service period, which is generally the vesting period of the award. Forfeitures are recognized as they occur. Share-based compensation expense, which is recognized in general and administrative expenses, totaled \$19.7 million, \$28.9 million and \$20.4 million in the years ended January 1, 2022, January 2, 2021 and December 28, 2019, respectively. As of January 1, 2022, unrecognized compensation cost totaled \$21.7 million. The weighted average remaining contractual term over which the unrecognized compensation cost is to be recognized is 1.8 years as of year-end 2021.

As of January 1, 2022, the intrinsic value of outstanding options, restricted stock units and performance stock units was \$6.0 million, \$59.5 million and \$16.5 million, respectively, and the remaining contractual term was 3.9 years, 0.8 years and 1.1 years, respectively. The weighted average strike price of 0.3 million exercisable stock options outstanding as of January 1, 2022 was \$19.75 per share.

(14) Employee Benefit Plans

Defined Contribution Plan—The Company sponsors employee 401(k) savings plans for its employees, including certain union employees. The plans provide for various required and discretionary Company matches of employees' eligible compensation contributed to the plans. The expense for the defined contribution plans was \$10.9 million, \$12.1 million and \$11.7 million for the years ended January 1, 2022, January 2, 2021 and December 28, 2019, respectively.

Defined Benefit and Other Postretirement Benefits Plans—The Company's subsidiary, Continental Cement, sponsors two noncontributory defined benefit pension plans for hourly and salaried employees. The plans are closed to new participants and benefits are frozen. Pension benefits for eligible hourly employees are based on a monthly pension factor for each year of credited service. Pension benefits for eligible salaried employees are generally based on years of service and average eligible compensation. Continental Cement also sponsors two unfunded healthcare and life insurance benefits plans for certain eligible retired employees.

The funded status of the pension and other postretirement benefit plans is recognized in the consolidated balance sheets as the difference between the fair value of plan assets and the benefit obligations. For defined benefit pension plans, the benefit obligation is the projected benefit obligation ("PBO") and for the healthcare and life insurance benefits plans, the benefit obligation is the accumulated postretirement benefit obligation ("APBO"). The PBO represents the actuarial present value of benefits expected to be paid upon retirement based on estimated future compensation levels. However, since the plans' participants are not subject to future compensation increases, the plans' PBO equals the accumulated benefit obligation ("ABO"). The APBO represents the actuarial present value of postretirement benefits attributed to employee services already rendered. The fair value of plan assets represents the current market value of assets held by an irrevocable trust fund for the sole benefit of participants. The measurement of the benefit obligations is based on the Company's estimates and actuarial valuations. These valuations reflect the terms of the plan and use participant-specific information, such as compensation, age and years of service, as well as certain assumptions that require significant judgment, including estimates of discount rates, expected return on plan assets, rate of compensation increases, interest-crediting rates and mortality rates.

The Company uses December 31 as the measurement date for its defined benefit pension and other postretirement benefit plans.

Obligations and Funded Status—The following information is as of January 1, 2022 and January 2, 2021 and for the years ended January 1, 2022, January 2, 2021 and December 28, 2019:

	2021		2020	
	Pension benefits	Healthcare & Life Ins.	Pension benefits	Healthcare & Life Ins.
Change in benefit obligations:				
Beginning of period	\$ 27,827	\$ 9,229	\$ 26,181	\$ 9,090
Service cost	58	194	71	176
Interest cost	550	189	733	242
Actuarial (gain) loss	(1,594)	1,143	2,425	676
Benefits paid	(1,575)	(965)	(1,583)	(955)
End of period	<u>\$ 25,266</u>	<u>\$ 9,790</u>	<u>\$ 27,827</u>	<u>\$ 9,229</u>
Change in fair value of plan assets:				
Beginning of period	\$ 19,058	\$ —	\$ 18,242	\$ —
Actual return on plan assets	1,304	—	1,916	—
Employer contributions	1,217	965	483	955
Benefits paid	(1,575)	(965)	(1,583)	(955)
End of period	<u>\$ 20,004</u>	<u>\$ —</u>	<u>\$ 19,058</u>	<u>\$ —</u>
Funded status of plans				
Current liabilities	\$ —	\$ (723)	\$ —	\$ (636)
Noncurrent liabilities	(5,262)	(9,067)	(8,769)	(8,593)
Liability recognized	<u>\$ (5,262)</u>	<u>\$ (9,790)</u>	<u>\$ (8,769)</u>	<u>\$ (9,229)</u>
Amounts recognized in accumulated other comprehensive income:				
Net actuarial (gain) loss	\$ 8,261	\$ 3,591	\$ 10,689	\$ 2,707
Prior service cost	—	(1,449)	—	(1,690)
Total amount recognized	<u>\$ 8,261</u>	<u>\$ 2,142</u>	<u>\$ 10,689</u>	<u>\$ 1,017</u>

The amount recognized in accumulated other comprehensive income (“AOCI”) is the actuarial loss (credit) and prior service cost, which has not yet been recognized in periodic benefit cost.

	2021		2020		2019	
	Pension benefits	Healthcare & Life Ins.	Pension benefits	Healthcare & Life Ins.	Pension benefits	Healthcare & Life Ins.
Amounts recognized in other comprehensive (income) loss:						
Net actuarial loss (gain)	\$ (2,000)	\$ 1,143	\$ 1,728	\$ 675	\$ 1,760	\$ 165
Amortization of prior year service cost	—	241	—	241	—	241
Amortization of gain	(428)	(259)	(326)	(89)	(202)	(39)
Total amount recognized	<u>\$ (2,428)</u>	<u>\$ 1,125</u>	<u>\$ 1,402</u>	<u>\$ 827</u>	<u>\$ 1,558</u>	<u>\$ 367</u>
Components of net periodic benefit cost:						
Service cost	\$ 58	\$ 194	\$ 71	\$ 176	\$ 60	\$ 166
Interest cost	550	189	733	242	928	321
Amortization of gain	428	259	326	89	202	39
Expected return on plan assets	(898)	—	(1,221)	—	(1,244)	—
Amortization of prior service credit	—	(241)	—	(241)	—	(241)
Net periodic (expense) benefit cost	<u>\$ 138</u>	<u>\$ 401</u>	<u>\$ (91)</u>	<u>\$ 266</u>	<u>\$ (54)</u>	<u>\$ 285</u>

Assumptions—Weighted-average assumptions used to determine the benefit obligations as of year-end 2021 and 2020 are:

	2021		2020	
	Pension benefits	Healthcare & Life Ins.	Pension benefits	Healthcare & Life Ins.
Discount rate	2.49% - 2.70%	2.30% - 2.50%	1.84% - 2.14%	1.80% - 1.82%
Expected long-term rate of return on plan assets	5.00%	N/A	7.00%	N/A

Weighted-average assumptions used to determine net periodic benefit cost for years ended January 1, 2022, January 2, 2021 and December 28, 2019:

	2021		2020		2019	
	Pension benefits	Healthcare & Life Ins.	Pension benefits	Healthcare & Life Ins.	Pension benefits	Healthcare & Life Ins.
Discount rate	1.84% - 2.14%	1.82% - 2.50%	2.78% - 2.96%	2.73% - 2.79%	3.90% - 4.02%	3.87% - 3.91%
Expected long-term rate of return on plan assets	5.00%	N/A	7.00%	N/A	7.00%	N/A

The expected long-term return on plan assets is based upon the Plans' consideration of historical and forward-looking returns and the Company's estimation of what a portfolio, with the target allocation described below, will earn over a long-term horizon. The discount rate is derived using the FTSE Pension Discount Curve.

Assumed health care cost trend rates were 8.0% as of year-end 2021 and 2020, grading to an ultimate trend rate of 4.5% in 2035. Assumed health care cost trend rates have a significant effect on the amounts reported for the Company's healthcare and life insurance benefits plans.

Plan Assets—The defined benefit pension plans' (the "Plans") investment strategy is to minimize investment risk while generating acceptable returns. The Plans currently invest a relatively high proportion of the plan assets in fixed income securities, while the remainder is invested in equity securities, cash reserves and precious metals. The equity securities are diversified into funds with growth and value investment strategies. The target allocation for plan assets is as follows: equity securities—30%; fixed income securities—63%; cash reserves—5%; and precious metals—2%. The Plans' current investment allocations are within the tolerance of the target allocation. The Company had no Level 3 investments as of or for the years ended January 1, 2022 and January 2, 2021.

At year-end 2021 and 2020, the Plans' assets were invested predominantly in fixed-income securities and publicly traded equities, but may invest in other asset classes in the future subject to the parameters of the investment policy. The Plans' investments in fixed-income assets include U.S. Treasury and U.S. agency securities and corporate bonds. The Plans' investments in equity assets include U.S. and international securities and equity funds. The Company estimates the fair value of the Plans' assets using various valuation techniques and, to the extent available, quoted market prices in active markets or observable market inputs. The descriptions and fair value methodologies for the Plans' assets are as follows:

Fixed Income Securities—Corporate and government bonds are classified as Level 2 assets, as they are either valued at quoted market prices from observable pricing sources at the reporting date or valued based upon comparable securities with similar yields and credit ratings.

Equity Securities—Equity securities are valued at the closing market price reported on a U.S. exchange where the security is actively traded and are therefore classified as Level 1 assets.

Cash—The carrying amounts of cash approximate fair value due to the short-term maturity.

Precious Metals—Precious metals are valued at the closing market price reported on a U.S. exchange where the security is actively traded and are therefore classified as Level 1 assets.

The fair value of the Plans' assets by asset class and fair value hierarchy level as of January 1, 2022 and January 2, 2021 are as follows:

	2021		
	Total fair value	Quoted prices in active markets for identical assets (Level 1)	Observable inputs (Level 2)
Fixed income securities:			
Intermediate—government	\$ 3,412	\$ 3,412	\$ —
Intermediate—corporate	4,424	—	4,424
Short-term—government	1,727	1,727	—
Short-term—corporate	79	—	79
International	821	—	821
Equity securities:			
U.S. Large cap value	1,912	1,912	—
U.S. Large cap growth	1,330	1,330	—
U.S. Mid cap value	750	750	—
U.S. Mid cap growth	526	526	—
U.S. Small cap value	730	730	—
U.S. Small cap growth	491	491	—
International	1,188	396	792
Emerging Markets	374	374	—
Commodities Broad Basket	1,058	202	856
Cash	1,182	1,182	—
Total	<u>\$ 20,004</u>	<u>\$ 13,032</u>	<u>\$ 6,972</u>

	2020		
	Total fair value	Quoted prices in active markets for identical assets (Level 1)	Observable inputs (Level 2)
Fixed income securities:			
Intermediate—government	\$ 3,294	\$ 3,294	\$ —
Intermediate—corporate	3,218	—	3,218
Short-term—government	705	705	—
Short-term—corporate	448	—	448
International	1,086	—	1,086
Equity securities:			
U.S. Large cap value	1,516	1,516	—
U.S. Large cap growth	1,483	1,483	—
U.S. Mid cap value	631	631	—
U.S. Mid cap growth	619	619	—
U.S. Small cap value	663	663	—
U.S. Small cap growth	650	650	—
International	1,227	407	820
Emerging Markets	409	409	—
Commodities Broad Basket	1,002	182	820
Cash	2,107	2,107	—
Total	<u>\$ 19,058</u>	<u>\$ 12,666</u>	<u>\$ 6,392</u>

Cash Flows—The Company expects to contribute approximately \$0.8 million and \$0.7 million in 2022 to its pension plans and to its healthcare and life insurance benefits plans, respectively.

The estimated benefit payments for each of the next five years and the five-year period thereafter are as follows:

	Pension benefits	Healthcare and Life Insurance Benefits
2022	\$ 1,693	\$ 723
2023	1,695	716
2024	1,655	720
2025	1,615	730
2026	1,595	736
2027 - 2031	7,371	3,560

Multiemployer Pension Plans— In 2018, through an acquisition, the Company assumed an obligation to contribute to a number of multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in multiemployer pension plans are different from single-employer plans. Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer ceases contributing to the plan, the unfunded obligations of the plan are the responsibility of the remaining participating employers.

The Company's participation in these plans for the annual period ended December 31, 2021, is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number, if applicable. Unless otherwise noted, the most recent Pension Protection Act (PPA) zone status available in 2021 and 2020 is for the plan 's year end at December 31, 2021, and December 31, 2020, respectively. The zone status is based on information the Company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are less than 80% funded and plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is either pending or has been implemented. The "Surcharge Imposed" column indicates whether a surcharge has been imposed on contributions to the plan. The last column lists the expiration date(s) of the collective-bargaining agreement(s) to which the plans are subject. There have been no significant changes that affect the comparability of 2021 and 2020 contributions.

Pension Trust Fund	EIN/ Pension Plan Number	Pension Protection Act Zone Status		FIP/RP Status Pending/ Implemented	Contributions of Company (\$ in thousands)		Surcharge Imposed	Expiration Date of Collective- Bargaining Agreement
		2021	2020		2021	2020		
Construction Industry Laborers Pension Fund	43-6060737 /001	Green - as of December 31, 2020	Green - as of December 31, 2019	None	\$ 107	\$ 100	No	3/31/2026
Operating Engineers Local 101 Pension Plan	43-6059213 /001	Green - as of December 31, 2020	Green - as of December 31, 2019	None	19	20	No	3/31/2026
Total Contributions					\$ 126	\$ 120		

The Company was not listed as providing more than 5% of the total contributions for the Operating Engineers Local 101 Pension Plan or the Construction Industry Laborers Pension Fund for the plan years 2021 and 2020 per the plans' Forms 5500. As of the date of the filing of this annual report on Form 10-K, Forms 5500 were not available for the plan year ending December 31, 2021.

(15) Accrued Mining and Landfill Reclamation

The Company has asset retirement obligations arising from regulatory or contractual requirements to perform certain reclamation activities at the time that certain quarries and landfills are closed, which are primarily included in other noncurrent liabilities on the consolidated balance sheets. The current portion of the liabilities, \$7.4 million and \$10.0 million as of January 1, 2022 and January 2, 2021, respectively, is included in accrued expenses on the consolidated balance sheets. The total undiscounted anticipated costs for site reclamation as of January 1, 2022 and January 2, 2021 were \$112.4 million and \$112.8 million, respectively. The liabilities were initially measured at fair value and are subsequently adjusted for accretion expense, payments and changes in the amount or timing of the estimated cash flows. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's remaining useful

life. The following table presents the activity for the asset retirement obligations for the years ended January 1, 2022 and January 2, 2021:

	2021	2020
Beginning balance	\$ 43,603	\$ 36,676
Acquired obligations	337	861
Change in cost estimate	1,427	6,523
Settlement of reclamation obligations	(3,240)	(3,095)
Accretion expense	2,924	2,638
Ending balance	<u>\$ 45,051</u>	<u>\$ 43,603</u>

(16) Commitments and Contingencies

The Company is party to certain legal actions arising from the ordinary course of business activities. Accruals are recorded when the outcome is probable and can be reasonably estimated. While the ultimate results of claims and litigation cannot be predicted with certainty, management expects that the ultimate resolution of all current pending or threatened claims and litigation will not have a material effect on the Company's consolidated financial position, results of operations or liquidity. The Company records legal fees as incurred.

In March 2018, we were notified of an investigation by the Canadian Competition Bureau (the "CCB") into pricing practices by certain asphalt paving contractors in British Columbia, including Winvan Paving, Ltd. ("Winvan"). We believe the investigation is focused on time periods prior to our April 2017 acquisition of Winvan and we are cooperating with the CCB. Although we currently do not believe this matter will have a material adverse effect on our business, financial condition or results of operations, we are currently not able to predict the ultimate outcome or cost of the investigation.

Environmental Remediation and Site Restoration—The Company's operations are subject to and affected by federal, state, provincial and local laws and regulations relating to the environment, health and safety and other regulatory matters. These operations require environmental operating permits, which are subject to modification, renewal and revocation. The Company regularly monitors and reviews its operations, procedures and policies for compliance with these laws and regulations. Despite these compliance efforts, risk of environmental liability is inherent in the operation of the Company's business, as it is with other companies engaged in similar businesses and there can be no assurance that environmental liabilities or noncompliance will not have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity.

Other—The Company is obligated under various firm purchase commitments for certain raw materials and services that are in the ordinary course of business. Management does not expect any significant changes in the market value of these goods and services during the commitment period that would have a material adverse effect on the financial condition, results of operations and cash flows of the Company. The terms of the purchase commitments generally approximate one year.

(17) Leases

We lease construction and office equipment, distribution facilities and office space. Leases with an initial term of 12 months or less, including month to month leases, are not recorded on the balance sheet. Lease expense for short-term leases is recognized on a straight line basis over the lease term. For lease agreements we have entered into or reassessed, we combine lease and nonlease components. While we also own mineral leases for mining operations, those leases are outside the scope of ASU No. 2016-2, Leases (Topic 842). Assets acquired under finance leases are included in property, plant and equipment.

Many of our leases include options to purchase the leased equipment. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants. The components of lease expense were as follows:

	2021	2020	2019
Operating lease cost	\$ 10,650	\$ 10,134	\$ 10,451
Variable lease cost	382	316	423
Short-term lease cost	42,764	44,066	38,417
Financing lease cost:			
Amortization of right-of-use assets	9,902	12,598	11,062
Interest on lease liabilities	2,097	3,068	3,171
Total lease cost	<u>\$ 65,795</u>	<u>\$ 70,182</u>	<u>\$ 63,524</u>

	2021	2020
Supplemental balance sheet information related to leases:		
Operating leases:		
Operating lease right-of-use assets	<u>\$ 30,150</u>	<u>\$ 28,543</u>
Current operating lease liabilities	\$ 6,497	\$ 8,188
Noncurrent operating lease liabilities	28,880	21,500
Total operating lease liabilities	<u>\$ 35,377</u>	<u>\$ 29,688</u>
Finance leases:		
Property and equipment, gross	\$ 68,982	\$ 92,679
Less accumulated depreciation	(31,404)	(32,828)
Property and equipment, net	<u>\$ 37,578</u>	<u>\$ 59,851</u>
Current finance lease liabilities	\$ 17,624	\$ 24,601
Long-term finance lease liabilities	14,982	31,727
Total finance lease liabilities	<u>\$ 32,606</u>	<u>\$ 56,328</u>

	2021	2020
Weighted average remaining lease term (years):		
Operating leases	9.7	8.7
Finance lease	2.3	2.4

Weighted average discount rate:		
Operating leases	4.4 %	5.3 %
Finance leases	5.2 %	5.2 %

Maturities of lease liabilities, as of January 1, 2022, were as follows:

	Operating Leases	Finance Leases
2022	\$ 7,819	\$ 18,737
2023	6,017	7,800
2024	4,612	3,209
2025	3,387	2,583
2026	2,763	990
Thereafter	19,967	1,843
Total lease payments	44,565	35,162
Less imputed interest	(9,188)	(2,556)
Present value of lease payments	<u>\$ 35,377</u>	<u>\$ 32,606</u>

The Company has lease agreements associated with quarry facilities under which royalty payments are made. The payments are generally based on tons sold in a particular period; however, certain agreements have minimum annual payments. Royalty expense recorded in cost of revenue during the years ended January 1, 2022, January 2, 2021 and December 28, 2019 was \$34.8 million, \$29.2 million and \$24.3 million, respectively. Minimum contractual commitments for the subsequent five years under royalty agreements are as follows:

	Royalty Agreements
2022	\$ 10,975
2023	10,954
2024	10,466
2025	10,158
2026	9,100

(18) Fair Value of Financial Instruments

Fair Value Measurements—Certain acquisitions made by the Company require the payment of contingent amounts of purchase consideration. These payments are contingent on specified operating results being achieved in periods subsequent to the acquisition and will only be made if earn-out thresholds are achieved. Contingent consideration obligations are measured at fair value each reporting period. Any adjustments to fair value are recognized in earnings in the period identified.

The fair value of contingent consideration as of January 1, 2022 and January 2, 2021 was:

	2021	2020
Current portion of acquisition-related liabilities and Accrued expenses:		
Contingent consideration	\$ 129	\$ 654
Acquisition-related liabilities and Other noncurrent liabilities:		
Contingent consideration	\$ 1,239	\$ 1,209

The fair value accounting guidance establishes the following fair value hierarchy that prioritizes the inputs used to measure fair value:

Level 1 — Quoted prices in active markets for identical assets and liabilities.

Level 2 — Observable inputs, other than quoted prices, for similar assets or liabilities in active markets.

Level 3 — Unobservable inputs, which includes the use of valuation models.

Financial Instruments—The Company's financial instruments include debt and certain acquisition-related liabilities (deferred consideration and noncompete obligations). The carrying value and fair value of these financial instruments as of January 1, 2022 and January 2, 2021 were:

	January 1, 2022		January 2, 2021	
	Fair Value	Carrying Value	Fair Value	Carrying Value
<i>Level 1</i>				
Long-term debt(1)	\$ 1,653,085	\$ 1,609,298	\$ 1,971,087	\$ 1,915,425
<i>Level 3</i>				
Current portion of deferred consideration and noncompete obligations(2)	12,981	12,981	9,611	9,611
Long term portion of deferred consideration and noncompete obligations(3)	32,130	32,130	11,037	11,037

(1) \$6.4 million was included in current portion of debt as of January 1, 2022 and January 2, 2021.

(2) Included in current portion of acquisition-related liabilities on the consolidated balance sheets.

(3) Included in acquisition-related liabilities on the consolidated balance sheets.

Level 1 fair values are used to value investments in publicly-traded entities and assumed obligations for publicly-traded long-term debt.

Level 2 fair values are typically used to value acquired receivables, inventories, machinery and equipment, land, buildings, deferred income tax assets and liabilities, liabilities for asset retirement obligations, environmental remediation and compliance obligations. Additionally, Level 2 fair values are typically used to value assumed contracts at other-than-market rates.

Level 3 fair values are used to value acquired mineral reserves and leased mineral interests and other identifiable intangible assets. The fair values of mineral reserves and leased mineral interests are determined using an excess earnings approach, which requires management to estimate future cash flows. The estimate of future cash flows is based on available historical information and forecasts determined by management, but is inherently uncertain. Key assumptions in estimating future cash flows include sales price, volumes and expected profit margins, net of capital requirements. The present value of the projected net cash flows represents the fair value assigned to mineral reserves and mineral interests. The discount rate is a significant assumption used in the valuation model and is based on the required rate of return that a hypothetical market participant would assume if purchasing the acquired business.

The Level 3 fair values of contingent consideration were based on projected probability-weighted cash payments and a 9.5% discount rate, which reflects a market discount rate. Changes in fair value may occur as a result of a change in actual or projected cash payments, the probability weightings applied by the Company to projected payments or a change in the discount rate. Significant increases or decreases in any of these inputs in isolation could result in a lower, or higher, fair value measurement. There were no material adjustments to the fair value of contingent consideration in 2021 or 2020. The fair values of the deferred consideration and noncompete obligations were determined based on the cash payment terms in the purchase agreements and a discount rate reflecting the Company's credit risk. The discount rate used is generally consistent with that used when the obligations were initially recorded.

Securities with a maturity of three months or less are considered cash equivalents and the fair value of these assets approximates their carrying value.

(19) Segment Information

The Company has three operating segments: West; East; and Cement, which are its reporting segments. These segments are consistent with the Company's management reporting structure. The operating results of each segment are regularly reviewed and evaluated by the Chief Executive Officer, the Company's Chief Operating Decision Maker ("CODM"). The CODM primarily evaluates the performance of its segments and allocates resources to them based on a segment profit metric that we call Adjusted EBITDA, which is computed as earnings from continuing operations before interest, taxes, depreciation, depletion, amortization, accretion, share-based compensation, and transaction costs, as well as various other non-recurring, non-cash amounts.

The West and East segments have several acquired subsidiaries that are engaged in various activities including quarry mining, aggregate production and contracting. The Cement segment is engaged in the production of Portland cement. Assets employed by each segment include assets directly identified with those operations. Corporate assets consist primarily of cash, property, plant and equipment for corporate operations and other assets not directly identifiable with a reportable business segment. The accounting policies applicable to each segment are consistent with those used in the consolidated financial statements.

The following tables display selected financial data for the Company's reportable business segments as of and for the years ended January 1, 2022, January 2, 2021 and December 28, 2019:

	2021	2020	2019
Revenue*:			
West	\$ 1,262,061	\$ 1,262,196	\$ 1,122,338
East	849,374	799,633	809,098
Cement	298,234	270,622	290,704
Total revenue	<u>\$ 2,409,669</u>	<u>\$ 2,332,451</u>	<u>\$ 2,222,140</u>

* Intercompany sales are immaterial and the presentation above only reflects sales to external customers.

	2021	2020	2019
Income from operations before taxes	\$ 198,637	\$ 129,055	\$ 78,224
Interest expense	92,240	103,595	116,509
Depreciation, depletion and amortization	226,442	218,682	214,886
Accretion	2,924	2,638	2,216
Loss on debt financings	6,016	4,064	14,565
Tax receivable agreement benefit	(6,779)	(7,559)	16,237
Gain on sale of businesses	(20,011)	—	—
Non-cash compensation	19,705	28,857	20,403
Other	908	2,957	(3,800)
Total Adjusted EBITDA	<u>\$ 520,082</u>	<u>\$ 482,289</u>	<u>\$ 459,240</u>

Total Adjusted EBITDA by Segment:

West	\$ 271,560	\$ 271,052	\$ 204,868
East	181,483	162,275	187,625
Cement	117,159	92,956	103,438
Corporate and other	(50,120)	(43,994)	(36,691)
Total Adjusted EBITDA	<u>\$ 520,082</u>	<u>\$ 482,289</u>	<u>\$ 459,240</u>

	2021	2020	2019
Purchases of property, plant and equipment			
West	\$ 94,056	\$ 67,500	\$ 71,397
East	89,727	92,528	77,894
Cement	26,962	15,071	25,691
Total reportable segments	210,745	175,099	174,982
Corporate and other	1,237	2,150	2,513
Total purchases of property, plant and equipment	<u>\$ 211,982</u>	<u>\$ 177,249</u>	<u>\$ 177,495</u>

	2021	2020	2019
Depreciation, depletion, amortization and accretion:			
West	\$ 99,470	\$ 93,866	\$ 93,256
East	86,623	86,205	81,403
Cement	39,024	37,267	38,447
Total reportable segments	225,117	217,338	213,106
Corporate and other	4,249	3,982	3,996
Total depreciation, depletion, amortization and accretion	<u>\$ 229,366</u>	<u>\$ 221,320</u>	<u>\$ 217,102</u>

	2021	2020	2019
Total assets:			
West	\$ 1,512,298	\$ 1,503,382	\$ 1,379,684
East	1,292,638	1,303,742	1,288,835
Cement	844,086	850,835	868,528
Total reportable segments	3,649,022	3,657,959	3,537,047
Corporate and other	590,103	650,052	530,509
Total	<u>\$ 4,239,125</u>	<u>\$ 4,308,011</u>	<u>\$ 4,067,556</u>

SUMMIT MATERIALS, LLC AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements and notes thereto for Summit Materials, LLC and subsidiaries are included as Exhibit 99.1 to this Annual Report on Form 10-K and are incorporated by reference herein.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures

Summit Inc. and Summit LLC maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, that are designed to ensure that information required to be disclosed in Summit Inc.'s reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to Summit Inc.'s and Summit LLC's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. Any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. Summit Inc.'s and Summit LLC's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of Summit Inc.'s disclosure controls and procedures as of January 1, 2022. Based upon that evaluation, Summit Inc.'s and Summit LLC's Chief Executive Officer and Chief Financial Officer concluded that, as of January 1, 2022, Summit Inc.'s and Summit LLC's disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

The Stockholders of Summit Materials, Inc.:

The management of Summit Materials, Inc. and Summit Materials, LLC is responsible for establishing and maintaining adequate internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Our internal control system was designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of published 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.

Our management evaluated the effectiveness of our internal control over financial reporting as of January 1, 2022. In making this evaluation, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control – Integrated Framework (2013). Based on our evaluation we believe that, as of January 1, 2022 our internal control over financial reporting is effective based on those criteria.

KPMG LLP has issued an audit report on the effectiveness of Summit Materials, Inc.'s internal control over financial reporting. The KPMG LLP report immediately follows this report. This annual report does not include an attestation report of Summit Materials, LLC's independent registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by Summit Materials, LLC's registered public accounting firm pursuant to rules of the Securities and Exchange Commission applicable to "non-accelerated filers."

/s/ Anne P. Noonan
Chief Executive Officer

/s/ Brian J. Harris
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Summit Materials, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Summit Materials, Inc. and subsidiaries' (the Company) internal control over financial reporting as of January 1, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 1, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of January 1, 2022 and January 2, 2021, the related consolidated statements of operations, comprehensive income, cash flows, and changes in stockholders' equity for each of the fiscal years in the three-year period ended January 1, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated February 24, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. 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 of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included 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/ KPMG LLP

Denver, Colorado
February 24, 2022

Changes in Internal Control over Financial Reporting

There was no change in Summit Materials, Inc.'s or Summit Materials, LLC's internal control over financial reporting that occurred during their last fiscal quarter that has materially affected, or is reasonably likely to materially affect, their internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this item is incorporated by reference to our definitive proxy statement with respect to the 2022 annual meeting of stockholders to be filed with the SEC within 120 days of the fiscal year ended January 1, 2022 (the "2022 Proxy Statement"), except that certain information regarding our executive officers called for by Item 401(b) and (e) of Regulation S-K has been included in Part 1 of this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information set forth under the heading "Our Pay" in our 2022 Proxy Statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

The information required to be set forth herein pursuant to Item 403 of Regulation S-K is included in the section entitled "Our Stockholders—Holdings of Major Stockholders" in our 2022 Proxy Statement is incorporated herein by reference. The information regarding certain Company equity compensation plans called for by Item 201(d) of Regulation S-K is set forth below.

Securities Authorized for Issuance Under Equity Compensation Plans

	As of January 1, 2022		
	Number of securities to be issued upon exercise of outstanding options and rights	Weighted-average exercise price of outstanding options and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plan approved by stockholders(1)	17,500,000	\$ 19.75	7,917,071

(1) Relates only to the Omnibus Incentive Plan detailed below.

In connection with our IPO, the board of directors and our then sole voting stockholder adopted the Omnibus Incentive Plan under which 13,500,000 shares of common stock were reserved. At the May 2021 Annual Meeting, stockholders approved an increase to the number of shares of the Company's Class A common stock that may be issued under the Plan by 4,000,000 shares of Class A common stock to a total of 17,500,000. The Omnibus Incentive Plan provides for the granting of stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based and performance compensation awards to eligible employees, officers, directors, consultants and advisors of the Company. If an award under the Omnibus Incentive Plan terminates, lapses or is settled without the payment of the full number of shares subject to the award, the undelivered shares may be granted again under the Omnibus Incentive Plan. As of January 1, 2022, there were no equity compensation plans not approved by stockholders of Summit Inc.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information required to be set forth herein is included in the sections entitled “Certain Relationships and Related Person Transactions” in our 2022 Proxy Statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information provided under the heading “Item 3—Ratification of Appointment of KPMG” included in our 2022 Proxy Statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

1. Financial statements:

Financial statements for Summit Inc. and Summit LLC are included under Item 8 of this report, which incorporates Exhibit 99.1 with respect to Summit LLC.

2. Financial statement schedules:

Financial statement schedules are omitted because of the absence of conditions under which they are required or because the required information is provided in the financial statements or notes thereto.

3. Exhibits:

- 2.1 Asset Purchase Agreement, dated as of April 16, 2015, among Continental Cement Company, L.L.C., Lafarge North America Inc., Summit Materials, LLC and Summit Materials Holdings L.P. (incorporated by reference to Exhibit 2.1 of Summit Materials, LLC’s Current Report on Form 8-K filed on April 17, 2015 (File No. 333-187556)).
- 2.2 Asset Purchase Agreement, dated as of April 16, 2015, among Continental Cement Company, L.L.C., Lafarge North America Inc., Summit Materials, LLC and Summit Materials Holdings L.P. (incorporated by reference to Exhibit 2.2 of Summit Materials, LLC’s Current Report on Form 8-K filed on April 17, 2015 (File No. 333-187556)).
- 3.1 Certificate of Formation of Summit Materials, LLC, as amended (incorporated by reference to Exhibit 3.1 to Summit Materials, LLC’s Registration Statement on Form S-4, filed March 27, 2013 (File No. 333-187556)).
- 3.2 Second Amended and Restated Limited Liability Company Agreement of Summit Materials, LLC (incorporated by reference to Exhibit 3.4 to the Registrants’ Quarterly Report on Form 10-Q filed on October 30, 2019 (File No. 001-36783)).
- 3.3 Restated Certificate of Incorporation of Summit Materials, Inc. (incorporated by reference to Exhibit 3.1 to Summit Materials, Inc.’s Current Report on Form 8-K filed on May 19, 2021 (File No. 001-36873)).
- 3.4 Amended and Restated By-Laws of Summit Materials, Inc. (incorporated by reference to Exhibit 3.3 to Summit Materials, Inc.’s Current Report on Form 8-K filed on May 19, 2021 (File No. 001-36873)).
- 4.1 Description of Registrant's Securities
- 4.2 Indenture, dated as of March 15, 2019, among Summit Materials, LLC as the Issuer, Summit Materials Finance Corp. as the Co-Issuer, the Guarantors named therein and Wilmington Trust, National Association, as trustee, (incorporated by reference to Exhibit 4.1 to the Registrants’ Current Report on Form 8-K, filed March 15, 2019 (File No. 001-36873)).
- 4.3 Form of 6.500% Senior Note due 2027 (included in Exhibit 4.4).
- 4.4 Indenture, dated as of August 11, 2020, by and among Summit Materials, LLC, Summit Materials Finance Corp., the subsidiary guarantors on the signature pages thereto and Wilmington Trust, National Association, as trustee, (incorporated by reference to Exhibit 4.1 to the Registrants’ Current Report on Form 8-K, filed August 11, 2020 (File No. 001-36873)).
- 4.5 Form of 5.25% Senior Note due 2029 (included in Exhibit 4.6).

- 10.1 Fourth Amended and Restated Limited Partnership Agreement of Summit Materials Holdings L.P., dated as of March 11, 2015 (incorporated by reference to Exhibit 10.1 to Summit Materials, Inc.'s Current Report on Form 8-K filed on March 17, 2015 (File No. 001-36873)).
- 10.2 Tax Receivable Agreement, dated as of March 11, 2015, by and among Summit Materials, Inc. and each of the other persons from time to time party thereto (incorporated by reference to Exhibit 10.3 to Summit Materials, Inc.'s Current Report on Form 8-K filed on March 17, 2015 (File No. 001-36873)).
- 10.3 Exchange Agreement, dated as of March 11, 2015, among Summit Materials, Inc., Summit Holdings and the holders of LP Units from time to time party thereto (incorporated by reference to Exhibit 10.2 to Summit Materials, Inc.'s Current Report on Form 8-K filed on March 17, 2015 (File No. 001-36873)).
- 10.4 Amendment No. 1 to Exchange Agreement, dated as of August 4, 2015, among Summit Materials, Inc., Summit Holdings and the other parties identified on the signature pages thereto (incorporated by reference to Exhibit 10.1 to Summit Materials, LLC's Quarterly Report on Form 10-Q filed on November 3, 2015 (File No. 333-187556)).
- 10.5+ Summit Materials, Inc. Amended and Restated 2015 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.1 to Summit Materials, Inc.'s Current Report on Form 8-K filed on May 18, 2021 (File No. 001-36873)).
- 10.6+ Form of Restricted LP Unit Agreement (incorporated by reference to Exhibit 10.7 to Summit Materials, Inc.'s Amendment No. 1 to the Registration Statement on Form S-1, filed January 9, 2015 (File No. 333-201058)).
- 10.7+ Form of Stock Option Agreement (Leverage Restoration Options) (incorporated by reference to Exhibit 10.8 to Summit Materials, Inc.'s Amendment No. 1 to the Registration Statement on Form S-1, filed January 9, 2015 (File No. 333-201058)).
- 10.8+ Form of Restricted Stock Unit Award Notice and Agreement for Directors (incorporated by reference to Exhibit 10.1 to the Registrants' Quarterly Report on Form 10-Q, filed May 4, 2016 (File No. 001-36873)).
- 10.9+ Form of Restricted Stock Unit Award Notice and Agreement for Executive Officers (incorporated by reference to Exhibit 10.2 to the Registrants' Quarterly Report on Form 10-Q, filed May 4, 2016 (File No. 001-36873)).
- 10.10+ Form of Nonqualified Stock Option Award Notice and Agreement for Executive Officers (incorporated by reference to Exhibit 10.3 to the Registrants' Quarterly Report on Form 10-Q, filed May 4, 2016 (File No. 001-36873)).
- 10.11+ Form of Performance Unit Award Notice and Agreement for Executive Officers (incorporated by reference to Exhibit 10.4 to the Registrants' Quarterly Report on Form 10-Q, filed May 4, 2016 (File No. 001-36873)).
- 10.12+ Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.9 to Summit Materials, Inc.'s Amendment No. 1 to the Registration Statement on Form S-1, filed January 9, 2015 (File No. 333-201058)).
- 10.13 Credit Agreement, dated as of January 30, 2012, by and among Summit Materials, LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Citigroup Global Markets Inc., as joint lead arrangers, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., UBS Securities LLC, Barclays Capital, Credit Suisse Securities (USA) LLC and Deutsche Bank Securities Inc., as joint bookrunners, Bank of America, N.A., as administrative agent, collateral agent and swing line lender, Bank of America, N.A., as letter of credit issuer, and Citigroup Global Markets Inc., as syndication agent (incorporated by reference to Exhibit 10.1 of Amendment No. 1 to Summit Materials, LLC's Registration Statement on Form S-4, filed May 3, 2013 (File No. 333-187556)).
- 10.14 Amendment No. 1, dated as of February 5, 2013, to the Credit Agreement, dated as of January 30, 2012, by and among Summit Materials, LLC, Bank of America, N.A. as sole lead arranger, and Bank of America, N.A. and Citigroup Global Markets Inc., as joint bookrunners (incorporated by reference to Exhibit 10.2 of Summit Materials, LLC's Registration Statement on Form S-4, filed March 27, 2013 (File No. 333-187556)).
- 10.15 Amendment No. 2, dated as of January 16, 2014, to the Credit Agreement, dated as of January 30, 2012, by and among Summit Materials, LLC, the guarantors party thereto, Bank of America, N.A., as administrative agent, collateral agent, L/C issuer and swing line lender and the other parties thereto (incorporated by reference to Exhibit 10.1 to Summit Materials, LLC's Current Report on Form 8-K, filed January 23, 2014 (File No. 333-187556)).
- 10.16 Amendment No. 3, dated as of March 11, 2015, to the Credit Agreement, dated as of January 30, 2012, by and among Summit Materials, LLC, the guarantors party thereto, Bank of America, N.A., as administrative agent, collateral agent, L/C issuer and swing line lender and the other parties thereto (incorporated by reference to Exhibit 10.1 filed Summit Materials, LLC's Current Report on Form 8-K, filed March 17, 2015 (File No. 333-187556)).
- 10.17 Tranche A Revolving Credit Commitment Conversion Agreement, dated as of February 11, 2013, under the Credit Agreement, dated as of January 30, 2012, among Summit Materials, LLC, the guarantors party thereto, the several banks and other financial institutions or entities from time to time parties to the Credit Agreement, Bank of America, N.A., as administrative agent, collateral agent, L/C issuer and swing line lender and the other parties thereto (incorporated by reference to Exhibit 10.3 of Summit Materials, LLC's Registration Statement on Form S-4, filed March 27, 2013 (File No. 333-187556)).

- 10.18 Security Agreement, dated as of January 30, 2012, by and among the grantors identified therein and Bank of America, N.A., as collateral agent (incorporated by reference to Exhibit 10.4 of Summit Materials, LLC's Registration Statement on Form S-4, filed March 27, 2013 (File No. 333-187556)).
- 10.19 Restatement Agreement, providing for the Amended and Restated Credit Agreement, dated as of July 17, 2015, among Summit Materials, LLC, Summit Materials Intermediate Holdings, LLC, the subsidiary guarantors party thereto, the lenders party thereto and Bank of America, N.A., as administrative agent, collateral agent, L/C issuer and swing line lender (incorporated by reference to Exhibit 10.1 to Summit Materials, Inc.'s Current Report on Form 8-K filed on July 20, 2015 (File No. 001-36873)).
- 10.20 Amendment No. 1, dated as of January 19, 2017, to the Amended and Restated Credit Agreement, dated as of July 17, 2015, among Summit Materials, LLC, as the borrower, the guarantors party thereto, the several banks and other financial institutions or entities from time to time party thereto, Bank of America, N.A., as administrative agent, collateral agent, L/C issuer and swing line lender and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Registrants' Current Report on Form 8-K, filed January 19, 2017 (File No. 001-36873)).
- 10.21 Amendment No. 2, dated as of November 21, 2017, to the Amended and Restated Credit Agreement, dated as of July 17, 2015, among Summit Materials, LLC, as the borrower, the guarantors party thereto, the several banks and other financial institutions or entities from time to time party thereto, Bank of America, N.A., as administrative agent, collateral agent, L/C issuer and swing line lender and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Registrants' Current Report on Form 8-K filed on November 21, 2017 (File No. 001-36873)).
- 10.22 Amendment No. 3, dated as of May 22, 2018, to the Amended and Restated Credit Agreement, dated as of July 17, 2015 (as amended by Amendment No. 1, dated as of January 19, 2017 and Amendment No. 2, dated as of November 21, 2017), among Summit Materials, LLC, as the borrower, the guarantors party thereto, the several banks and other financial institutions or entities from time to time party thereto, Bank of America, N.A., as administrative agent, collateral agent, L/C issuer and swing line lender and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Registrants' Current Report on Form 8-K, filed May 22, 2018).
- 10.23 Incremental Amendment No. 4, dated as of February 25, 2019, to the Amended and Restated Credit Agreement, dated as of July 17, 2015 (as amended by Amendment No. 1, dated as of January 19, 2017, Amendment No. 2, dated as of November 21, 2017, and Amendment No. 3, dated as of May 22, 2018), among Summit Materials, LLC, as the borrower, the guarantors party thereto, the several banks and other financial institutions or entities from time to time party thereto, Bank of America, N.A., as administrative agent, collateral agent, L/C issuer and swing line lender and the other parties thereto (incorporated by reference to Exhibit 10.1 to the Registrants' Current Report on Form 8-K, filed February 25, 2019).
- 10.24+ Form of Management Interest Subscription Agreement for executive officers (incorporated by reference to Exhibit 10.8 to Summit Materials, LLC's Annual Report on Form 10-K, filed March 7, 2014 (File No. 333-187556)).
- 10.25+ Form of Management Interest Subscription Agreement for directors (incorporated by reference to Exhibit 10.9 to Summit Materials, LLC's Annual Report on Form 10-K, filed March 7, 2014 (File No. 333-187556)).
- 10.26+ Employment Agreement, dated as of December 3, 2013, between Summit Materials Holdings L.P. and Brian J. Harris (incorporated by reference to Exhibit 10.1 to Summit Materials, LLC's current Quarterly Report on Form 8-K/A, filed December 4, 2013 (File No. 333-187556)).
- 10.27 Contribution and Purchase Agreement, dated December 18, 2014, between Summit Materials, Inc., Summit Materials Holdings L.P., Summit Materials Holdings GP, Ltd., and Summit Owner Holdco LLC, and Missouri Materials Company, L.L.C., J&J Midwest Group, L.L.C., R. Michael Johnson Family Limited Liability Company, and Thomas A. Beck Family, LLC, and Continental Cement Company, L.L.C (incorporated by reference to Exhibit 10.27 to Summit Materials, Inc.'s Registration Statement on Form S-1/A, filed on January 9, 2015 (File No. 333-201058)).
- 10.28+ Form of Warrant to Purchase Class A Common Stock (incorporated by reference to Exhibit 10.28 to Summit Materials, Inc.'s Amendment No. 3 to the Registration Statement on Form S-1, filed March 2, 2015 (File No. 333-201058)).
- 10.29+ Summit Materials, Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.2 to Summit Materials, Inc.'s Current Report on Form 8-K filed on December 21, 2017 (File No. 001-36873)).
- 10.30+ Omnibus Amendment to Participation Notice and Agreements Under the Summit Materials, Inc. Executive Severance Plan (incorporated by reference to Exhibit 10.3 to Summit Materials, Inc.'s Quarterly Report on Form 10-Q filed on August 5, 2021 (File No. 001-36873)).
- 10.31+ Summit Materials, Inc. Executive Severance Plan Form Participation Notice and Agreement (incorporated by reference to Exhibit 10.4 to Summit Materials, Inc.'s Quarterly Report on Form 10-Q filed on August 5, 2021 (File No. 001-36873)).
- 10.32+ Form of Restricted Stock Unit Award Notice and Agreement (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q, filed October 28, 2020 (File No. 001-36873)).
- 10.33+ Form of Performance Unit Award Notice and Agreement (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q, filed October 28, 2020 (File No. 001-36873)).

- 10.34+ Form of Special Executive Restricted Stock Unit Award Notice and Agreement (incorporated by reference to Exhibit 10.1 to the Registrants' Current Report on Form 8-K, filed August 3, 2020 (File No. 001-36873)).
- 10.35+ Offer Letter, dated as of July 20, 2020, by and between Summit Materials, Inc. and Anne P. Noonan ((incorporated by reference to Exhibit 10.1 to the Summit Materials, Inc.'s Current Report on Form 8-K, filed July 21, 2020 (File No. 001-36873))).
- 10.36+ Form of Performance Unit Award Notice and Agreement for Executives (incorporated by reference to Exhibit 10.1 to Summit Materials, Inc.'s Quarterly Report on Form 10-Q, filed on May 11, 2011 (File No. 001-36873)).
- 10.37+ Form of Restricted Stock Unit Award Notice and Agreement for Executive Officers (incorporated by reference to Exhibit 10.2 to Summit Materials, Inc.'s Quarterly Report on Form 10-Q, filed on May 11, 2011 (File No. 001-36873)).
- 10.38+ Form of Restricted Stock Unit Award Notice and Agreement for Directors (incorporated by reference to Exhibit 10.3 to Summit Materials, Inc.'s Quarterly Report on Form 10-Q, filed on May 11, 2011 (File No. 001-36873)).
- 10.39+ Summit Materials, Inc. 2021 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.2 to Summit Materials, Inc.'s Current Report on Form 8-K filed on May 18, 2021 (File No. 001-36873)).
- 21* Subsidiaries of Summit Materials, LLC and Summit Materials, Inc.
- 23.1* Consent of KPMG LLP, Independent Registered Public Accounting Firm.
- 23.2* Consent of Qualified Person.
- 31.1* Summit Materials, Inc.'s Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2* Summit Materials, Inc.'s Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.3* Summit Materials, LLC's Certification of the Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.4* Summit Materials, LLC's Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1** Summit Materials, Inc.'s Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2** Summit Materials, Inc.'s Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.3** Summit Materials, LLC's Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.4** Summit Materials, LLC's Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 95.1* Mine Safety Disclosures.
- 99.1* Summit Materials, LLC's Consolidated Financial Statements and Notes to Consolidated Financial Statements.
- 101.1NS* Inline XBRL Instance Document
- 101.SCH* Inline XBRL Taxonomy Extension Schema Document.
- 101.CAL* Inline XBRL Taxonomy Extension Calculation Linkbase Document.
- 101.DEF* Inline XBRL Taxonomy Extension Definition Linkbase Document.
- 101.LAB* Inline XBRL Taxonomy Extension Label Linkbase Document.
- 101.PRE* Inline XBRL Taxonomy Extension Presentation Linkbase Document.
- 104.1* Cover Page Interactive Data File (embedded with the Inline XBRL document).

* Filed herewith

** Furnished herewith

+ Indicates management or compensating plan or arrangement

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

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 registrants have duly caused this report to be signed on their behalf by the undersigned, thereunto duly authorized.

SUMMIT MATERIALS, INC.
SUMMIT MATERIALS, LLC

Date: February 24, 2022

By: /s/ Anne P. Noonan

Anne P. Noonan
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Act of 1934, this report has been signed by the following persons in the capacities indicated on the 24th day of February 2022.

<u>Signature</u>	<u>Title</u>
<u>/s/ Anne P. Noonan</u> Anne P. Noonan	President and Chief Executive Officer; Director of Summit Materials, Inc. (Principal Executive Officer)
<u>/s/ Brian J. Harris</u> Brian J. Harris	Chief Financial Officer (Principal Financial and Accounting Officer)
<u>/s/ Joseph S. Cantie</u> Joseph S. Cantie	Director of Summit Materials, Inc.
<u>/s/ Anne M. Cooney</u> Anne M. Cooney	Director of Summit Materials, Inc.
<u>/s/ Susan A. Ellerbusch</u> Susan A. Ellerbusch	Director of Summit Materials, Inc.
<u>/s/ Howard L. Lance</u> Howard L. Lance	Director of Summit Materials, Inc.
<u>/s/ John R. Murphy</u> John R. Murphy	Director of Summit Materials, Inc.
<u>/s/ Tamla Oates-Forney</u> Tamla Oates-Forney	Director of Summit Materials, Inc.
<u>/s/ Anne K. Wade</u> Anne K. Wade	Director of Summit Materials, Inc.
<u>/s/ Steven H. Wunning</u> Steven H. Wunning	Director of Summit Materials, Inc.

NON-GAAP FINANCIAL MEASURES

(\$ in millions)	3 Months Ended		Last 12 Months Ended ⁽¹⁾								
	January 1, 2022	January 2, 2021	January 1, 2022	October 2, 2021	July 3, 2021	April 3, 2021	January 2, 2021	September 26, 2020	June 27, 2020	March 28, 2020	December 28, 2019
Net income (loss)	\$44	\$36	\$154	\$146	\$164	\$165	\$141	\$141	\$107	\$86	\$61
Interest Expense	20	26	92	98	99	100	104	106	110	114	117
Income tax (benefit) expense	11	13	44	47	7	5	(12)	(42)	23	22	17
Depreciation, depletion, amortization, and accretion expense	56	58	229	231	230	226	222	216	214	213	217
Loss on debt financings	-	-	6	6	4	4	4	4	-	-	15
Gain on sale of business	(5)	-	(20)	(15)	(15)	(16)	-	-	-	-	-
Tax receivable agreement benefit	(7)	(8)	(7)	(8)	(8)	(8)	(8)	16	16	16	16
Non-cash compensation	5	6	20	21	29	29	29	28	20	19	20
Other	-	(2)	2	(1)	2	3	2	4	(2)	(1)	(4)
Adjusted EBITDA	\$124	\$129	\$520	\$525	\$512	\$508	\$482	\$473	\$488	\$469	\$459
EBITDA for certain completed acquisitions, net of dispositions (2)			(3)	(5)	(5)	6	11	15	-	-	-
Acquisition transaction expenses			3	3	2	3	3	2	3	2	2
Further Adjusted EBITDA (3)			\$520	\$523	\$509	\$517	\$496	\$490	\$491	\$471	\$461
Net Revenue	\$553	\$572	\$2,233	\$2,251	\$2,234	\$2,191	\$2,135	\$2,069	\$2,090	\$2,067	\$2,031
Adjusted EBITDA Margin (4)	22.5%	22.6%	23.3%	23.3%	22.9%	23.2%	22.6%	22.9%	23.4%	22.7%	22.6%
Net Debt			\$1,308	\$1,436	\$1,530	\$1,646	\$1,574	\$1,732	\$1,717	\$1,774	\$1,667
Total Net Leverage (5)			2.5x	2.7x	3.0x	3.2x	3.2x	3.5x	3.5x	3.8x	3.6x

(1) Last twelve month ("LTM") information corresponding to fiscal years (i.e., the periods ended January 1, 2022, January 2, 2021 and December 28, 2019 reflects our audited historical results for such fiscal years. Information presented for other LTM periods (i.e., October 2, 2021, July 3, 2021, April 3, 2021, September 26, 2020, June 27, 2020 and March 28, 2020) reflect unaudited trailing four quarter financial information calculated by starting with the results from the most recent audited fiscal year included in such LTM period and then (x) adding quarterly information for subsequent fiscal quarters and (y) subtracting quarterly information for the corresponding prior year period. For example, LTM October 2, 2021 has been calculated by starting with the data from the twelve months ended January 2, 2021 and then adding data for the nine months ended October 2, 2021, followed by subtracting data for the nine months ended September 26, 2020. This presentation is not in accordance with U.S. GAAP. However, we believe this information is useful to investors as we use it to evaluate our financial performance for ongoing planning purposes, including a continuous assessment of our financial performance in comparison to budgets and internal projections. We also use such LTM financial data to test compliance with covenants under our senior secured credit facilities. This presentation has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under U.S. GAAP. Please see our Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q for the relevant periods for the historical amounts used to calculate the LTM information presented.

(2) EBITDA for certain completed acquisitions, net of dispositions, is pro forma for all acquisitions completed as of the date listed.

(3) Further Adjusted EBITDA is calculated using trailing four quarter financial data to test compliance with covenants under our senior secured credit facilities.

(4) Adjusted EBITDA Margin defined as Adjusted EBITDA as a percentage of net revenue.

(5) Net Leverage defined as net debt divided by Further Adjusted EBITDA.

NON-GAAP RECONCILIATION OF RETURN ON INVESTED CAPITAL

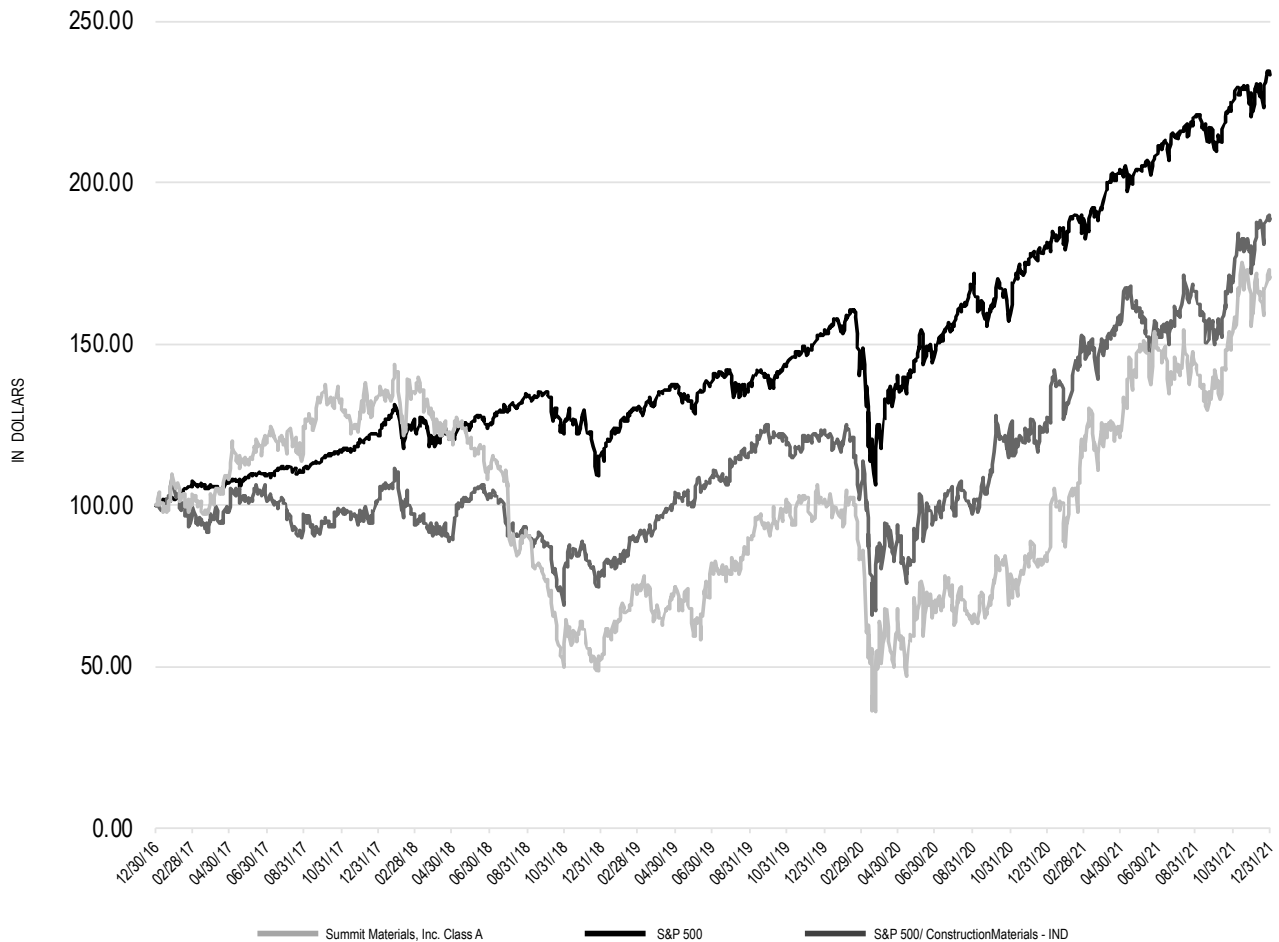
Return on Invested Capital Calculation (\$ in thousands)	5-Quarter Average ¹		
	Q4 2021	Q4 2020	Q4 2019
Total Liabilities & Shareholders Equity	4,313,485	4,154,245	3,956,706
Less: Cash	(377,213)	(294,156)	(150,982)
Less: TRA Long-Term Liability	(326,749)	(326,503)	(313,241)
Less: Trade AP	(141,498)	(129,465)	(121,905)
Less: Billings in Excess of Costs	(12,397)	(14,233)	(11,914)
Less: Accrued Expenses	(145,183)	(133,020)	(109,794)
Total Investment	3,310,446	3,256,867	3,248,869

	Fiscal Year		
	2021	2020	2019
Adjusted EBITDA	520,082	482,289	459,240
Less: Depreciation, depletion, and amortization (DD&A)	(226,442)	(218,682)	(214,886)
Less: Accretion	(2,924)	(2,638)	(2,216)
Adj. EBITDA, less DD&A and accretion	290,716	260,969	242,138
Divided by: Investment	3,310,446	3,256,867	3,248,869
ROIC	8.8%	8.0%	7.5%

(1) 5 quarter average reflects reported average of balance sheet items for the 5 quarters ended January 1, 2022, January 2, 2021 and December 28, 2019.

NON-GAAP FINANCIAL MEASURES: Included in this Annual Report are certain non-GAAP financial measures, such as Adjusted EBITDA, designed to complement the financial information presented in accordance with U.S. GAAP because management believes such measures are useful to investors. These non-GAAP financial measures should be considered only as supplemental to, and not superior to, financial measures provided in accordance with GAAP. Please refer to the discussion entitled "Non-GAAP Performance Measures" beginning on page 55 of our Annual Report on Form 10-K for a reconciliation of the historical non-GAAP financial measures included in this Annual Report to the most directly comparable financial measures prepared in accordance with GAAP.

INDEXED TOTAL SHAREHOLDER RETURN



Comparative Total Return	2017	2018	2019	2020	2021
Summit Materials, Inc. Class A - Total Return	134.01	52.85	101.87	85.59	171.09
S&P 500 - Total Return	121.83	116.49	153.17	181.35	233.41
S&P 500 / Construction Materials - IND - Total Return	102.13	79.71	123.42	127.61	189.14

The above graph shows the comparison of cumulative total shareholder return, calculated on a dividend reinvested basis, for (i) our Class A Common Stock (“SUM”), (ii) the Standard & Poor’s Composite—500 Stock Index (the “S&P 500”), and (iii) the Standard & Poor’s Composite—500 Materials Index (the “S&P 500 Materials Index”), an independently prepared index that includes companies in the building materials industry. Pursuant to rules of the Securities and Exchange Commission, the comparison assumes \$100 was invested on December 30, 2016 in our Class A Common Stock and in each of the indices. Data points on the graph correspond to our fiscal quarters. Historic stock price performance is not necessarily indicative of future stock price performance.

BOARD OF DIRECTORS

HOWARD L. LANCE

Chairman, Member of the Human Capital and Compensation Committee and the Governance and Sustainability Committee
Former President and Chief Executive Officer of Maxar Technologies Inc.

JOSEPH S. CANTIE

Member of the Audit Committee
Former Executive Vice President and Chief Financial Officer of ZF TRW, a division of ZF Friedrichshafen AG

ANNE M. COONEY

Chair of the Governance and Sustainability Committee and Member of the Human Capital and Compensation Committee
Former President, Process Industries and Drives Division of Siemens Industry, Inc.

SUSAN A. ELLERBUSCH

Member of the Audit Committee
Senior Vice President, Strategic Direction for the Americas of Air Liquide S.A.

JOHN R. MURPHY

Chair of the Audit Committee and Member of the Governance and Sustainability Committee
Former Senior Vice President and Chief Financial Officer of Smurfit-Stone Container Corporation

ANNE P. NOONAN

President and CEO of Summit Materials, Inc.

TAMLA OATES-FORNEY

Member of the Human Capital and Compensation Committee
Senior Vice President and Chief People Officer of Waste Management

ANNE K. WADE

Member of the Audit Committee
Former Senior Vice President and Director of Capital International, a part of the Capital Group Companies

STEVEN H. WUNNING

Chair of the Human Capital and Compensation Committee and Member of the Governance and Sustainability Committee
Former Group President and Executive Office Member for Caterpillar Inc.

INVESTOR RELATIONS

Anyone seeking information about Summit Materials, Inc. is encouraged to visit us online at investors.summit-materials.com. Prospective and current investors may also contact our investor relations department at:

Phone: 303-893-0012

Email: Karli.Anderson@summit-materials.com

STOCK EXCHANGE LISTING

Our common stock is listed on the New York Stock Exchange under the ticker symbol “**SUM.**”

TRANSFER AGENT AND REGISTRAR

Stockholders with questions concerning their stock holdings or with address changes should contact:

Broadridge Corporate Issuer Solutions

PO Box 1342

Brentwood, NY 11717

CORPORATE GOVERNANCE

Information concerning our corporate governance practices, including our Code of Business Conduct and Ethics, Committee Charters and Corporate Governance Guidelines, is available at:

investors.summit-materials.com.

ANNUAL MEETING OF STOCKHOLDERS

The 2022 Annual Meeting of Stockholders of Summit Materials, Inc. will be held at **8:00 a.m., Central Time, on Wednesday, May 18, 2022** at the Post Oak Hotel at Uptown Houston, 1600 West Loop South, Houston, TX 77027 and on the Internet through a virtual web conference at www.virtualshareholdermeeting.com/SUM2022

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP

1225 17th Street • Suite 800

Denver, CO 80202





SUMMIT

Materials



BOXLEY



CON-AGG
COMPANIES

CORNEJO

HAMM
COMPANIES

Hinkle

KILGORE
COMPANIES


MAINLAND
CONSTRUCTION MATERIALS


R.K. HALL
CONSTRUCTION

OUR FAMILY OF COMPANIES

SUMMIT MATERIALS HEADQUARTERS

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summit-materials.com