2021 Annual Report

CHAIRMAN'S LETTER

Dear Shareholders,

This year, 2022, marks an important milestone for Onex. Thirty-five years ago, we became a public company, listing on the Toronto Stock Exchange. Much has changed since then, but what has remained constant is our dedication to responsible investing and our strong alignment with stakeholders, which we believe drives increased accountability and value.

Our business has remained rooted in the simple principle of finding great companies that we can sustainably grow. Over time, we expanded that to new platforms, generating new client relationships along the way. Onex now offers products across the private investing spectrum, including private equity and credit. With the addition of Gluskin Sheff, we also now reach high net worth clients, extending beyond our traditional institutional base.

As we enter 2022, we are building on a strong foundation. Last year, we made progress across all our businesses and delivered solid financial performance. Our investing capital per share increased by 24%, which is the highest annual increase in Onex' history.

In our private equity businesses, we deployed more than $3 billion of Onex and third-party capital, a record amount invested in any year of our history. We also continued to build out our operating capabilities, ensuring we effectively identify and execute on the full value opportunity within each of our investments. In total, our private equity platforms delivered gross returns of 32% to Onex in 2021.

In Onex Credit, we were focused on the integration of Onex Falcon and also brought together our Credit and Gluskin Sheff investment teams. This resulted in substantial enhancements to our product offering and strengthened our sourcing and origination capabilities. Onex Credit raised approximately $2.4 billion of new fee-generating assets in 2021, bringing its total fee-generating assets under management to nearly $23 billion. Our Gluskin Sheff clients continued to add to their investment across Onex private strategies, ending the year with more than $1.3 billion allocated – an increase of over 65% in the year.

We continue to accelerate on Onex' commitment to ESG, including diversity and inclusion. We made substantial progress on both in 2021 – including the appointment of our first Head of ESG. A strong focus in these areas makes good business sense, but it's also critical to our ability to be an employer of choice in our industry. Investing well requires strong investors and we recognize the value that an inclusive environment brings to our talent management efforts.

An important occasion for Onex last year was our Investor Day in October. This event was an opportunity for us to speak directly with our shareholders, to share our strategic roadmap for the future and present the leaders who, with their teams, are responsible for executing on it. We feel confident in the plan we presented, knowing that we have the right culture, team and expertise to successfully deliver. The replay is available on our website, and we encourage you to watch it if you have not yet had the opportunity.

To succeed today, companies must continue to evolve, while also remaining true to their values. Onex is going through a phase in its own evolution. We've made significant changes in recent years that position us well to continue to expand, grow and drive value through our business. What unites our team is our focus on our "One Onex" approach. We have incredible expertise across our organization. Leveraging this expertise and our strong relationships is driving added value every day.

We accomplished a great deal in 2021. I am proud of the work our team is doing, and we know there is more to do. The next few years will be pivotal as we execute on the strategic growth plan we've laid out. As focused, experienced, long-term investors with a strong foundation, we feel confident in our ability to continue to drive shareholder value over the long term.

From all of us at Onex, thank you for your continued support.

[signed]

Gerald W. Schwartz
Chairman and Chief Executive Officer of Onex

MANAGEMENT'S DISCUSSION AND ANALYSIS

Throughout this MD&A, all amounts are in U.S. dollars unless otherwise indicated.

This Management's Discussion and Analysis ("MD&A") provides a review of Onex Corporation's ("Onex") consolidated financial results for the year ended December 31, 2021 and assesses factors that may affect future results. The financial condition and results of operations are analyzed noting the significant factors that impacted the consolidated statements of earnings, consolidated statements of comprehensive earnings, consolidated balance sheets, consolidated statements of equity and consolidated statements of cash flows of Onex. As such, this MD&A should be read in conjunction with the consolidated financial statements and notes thereto included in this report. The financial results have been prepared using accounting policies that are consistent with International Financial Reporting Standards ("IFRS") to provide information about Onex and should not be considered as providing sufficient information to make an investment or lending decision in regard to any particular Onex operating business, private equity fund, credit strategy or other investments.

The following MD&A is the responsibility of management and is as of February 24, 2022. Preparation of the MD&A includes the review of the disclosures by senior management of Onex and by the Onex Disclosure Committee. The Board of Directors carries out its responsibility for the review of this disclosure through its Audit and Corporate Governance Committee, composed exclusively of independent directors. The Audit and Corporate Governance Committee has reviewed and recommended approval of this MD&A by the Board of Directors. The Board of Directors has approved this disclosure.

The MD&A is presented in the following sections:

Onex Corporation's financial filings, including the 2021 Annual Report, interim quarterly reports, Annual Information Form and Management Information Circular, are available on Onex' website, www.onex.com, and on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com.

Forward-Looking/Safe Harbour Statements

This MD&A may contain, without limitation, statements concerning possible or assumed future operations, performance or results preceded by, followed by or that include words such as "believes", "expects", "potential", "anticipates", "estimates", "intends", "plans" and words of similar connotation, which would constitute forward-looking statements. Forward-looking statements are not guarantees. The reader should not place undue reliance on forward-looking statements and information because they involve significant and diverse risks and uncertainties that may cause actual operations, performance or results to be materially different from those indicated in these forward-looking statements. Except as may be required by Canadian securities law, Onex is under no obligation to update any forward-looking statements contained herein should material facts change due to new information, future events or other factors. These cautionary statements expressly qualify all forward-looking statements in this MD&A.

Non-GAAP Financial Measures and Ratios

This MD&A contains non-GAAP financial measures and ratios which have been calculated using methodologies that are not in accordance with IFRS. The presentation of financial measures and ratios in this manner does not have a standardized meaning prescribed under IFRS and is therefore unlikely to be comparable to similar financial measures or ratios presented by other companies. Onex management believes these financial measures and ratios provide helpful information to investors. Reconciliations of the non-GAAP financial measures to information contained in the consolidated financial statements have been presented where practical.

References

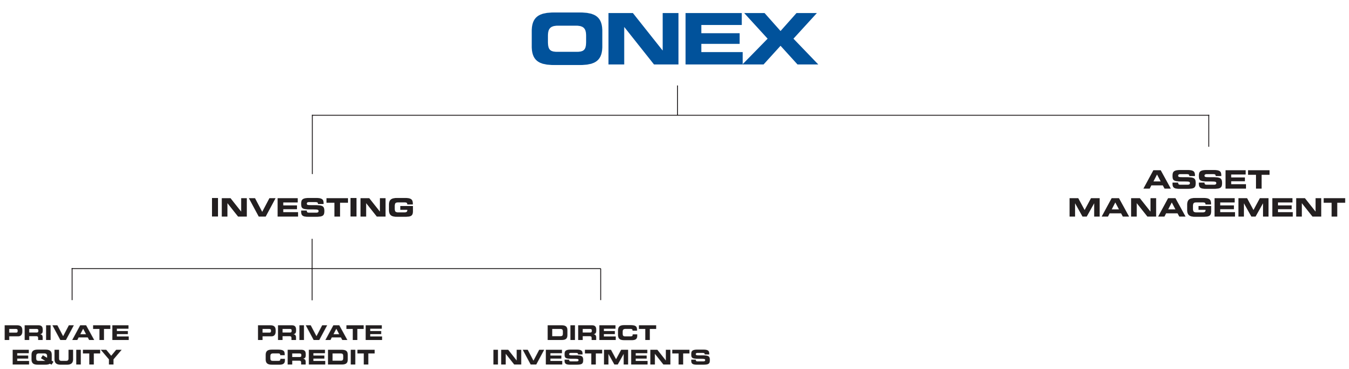
References to **Onex** or the **Company** represent Onex Corporation. References to the **Onex management team** include the management of Onex, Onex Partners, ONCAP, Onex Credit and Gluskin Sheff. References to management without the use of "team" include only the relevant group. For example, Onex management does not include management of Onex Partners, ONCAP, Onex Credit or Gluskin Sheff.

References to an **Onex Partners Group** represent Onex, the limited partners of the relevant Onex Partners Fund, the Onex management team and, where applicable, certain other limited partners as co-investors. References to an **ONCAP Group** represent Onex, the limited partners of the relevant ONCAP Fund, the Onex management team and, where applicable, certain other limited partners as co-investors. For example, references to the Onex Partners IV Group represent Onex, the limited partners of Onex Partners IV, the Onex management team and, where applicable, certain other limited partners as co-investors.

A glossary of terms commonly used within this MD&A is included on page 64.

COMPANY OVERVIEW

Onex is a public company, the shares of which trade on the Toronto Stock Exchange under the symbol ONEX. The Company manages and invests capital in its private equity, private credit and public strategies on behalf of shareholders, institutional investors and high net worth families from its offices in Toronto, New York, New Jersey, Boston and London.



Onex manages and invests $8.2 billion of its shareholders' investing capital ($90.75 or C$115.05 per fully diluted share[(1)]) as at December 31, 2021, which is primarily invested in or committed to its private equity and credit platforms. As at December 31, 2021, Onex also manages $40.0 billion of invested and committed capital, including $33.0 billion of fee-generating assets under management[(1)], on behalf of institutional investors and high net worth families from around the world, including public and private pension plans, sovereign wealth funds, insurance companies and family offices.

Critical to Onex' success is the strong alignment of interests between shareholders, limited partners, clients and the Onex management team. Onex' distinctive ownership culture is evidenced by the Onex management team's $2.4 billion investment in Onex shares, DSUs and various Onex funds.

With an experienced management team, significant financial resources and no external debt, Onex is well-positioned to continue building shareholder value through its investment activities and its asset management platform.

(1) Refer to the glossary of this MD&A for further details concerning the composition of investing capital per share and assets under management.

Private Equity

Founded in 1984, Onex is one of the oldest and most successful private equity firms. Today, the Company primarily invests in its two private equity platforms: Onex Partners for middle-market and larger transactions and ONCAP for middle-market and smaller transactions. Onex' private equity funds acquire and build high-quality businesses in partnership with talented management teams and focus on execution theses rather than macro-economic or industry trends.

Onex' private equity funds typically acquire control positions, which allow the funds to drive important strategic decisions and effect change at the operating businesses. The Onex management team and Onex private equity funds do not get involved in the daily decisions of the operating businesses.

Over 37 years, Onex has built approximately 115 operating businesses, completing approximately 790 acquisitions with a total value of approximately $103 billion. Since inception, Onex has generated a Gross MOC of 2.5 times, resulting in a 27% Gross IRR on realized, substantially realized and publicly traded investments.

Onex Credit

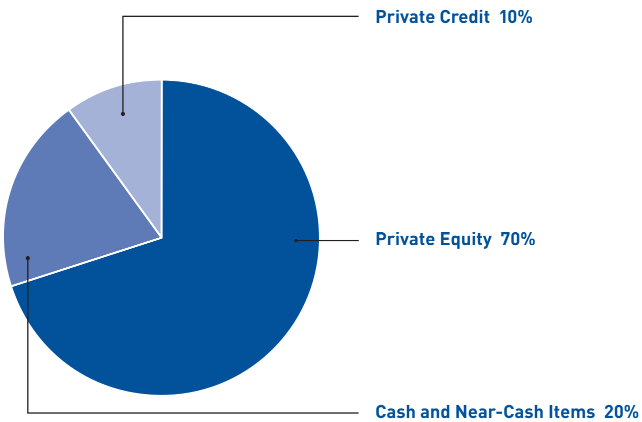
Onex Credit invests primarily in non-investment grade credit with strategies focused on CLOs, direct lending, and opportunistic and structured credit, as well as actively managed public equity and public credit funds. As at December 31, 2021, Onex Credit has fee-generating assets under management of $22.8 billion, which includes Gluskin Sheff client capital in private credit and public strategies, reflecting the integration of the Gluskin Sheff investment team into the Onex Credit platform.

Onex Credit has a successful track record of executing a disciplined approach to credit investing with a focus on capital preservation and strong risk-adjusted returns through credit cycles. The platform's sourcing capabilities and data intelligence help to better inform its investment decisions and dynamically manage its portfolios in varying market conditions. This allows Onex Credit to meet the diverse needs of institutional and high net worth investors and tailor investing strategies accordingly. The platform practises value-oriented investing, employing a rigorous bottom-up, fundamental and structural analysis of the underlying borrowers, coupled with active portfolio management, to continually seek to optimize portfolio positioning.

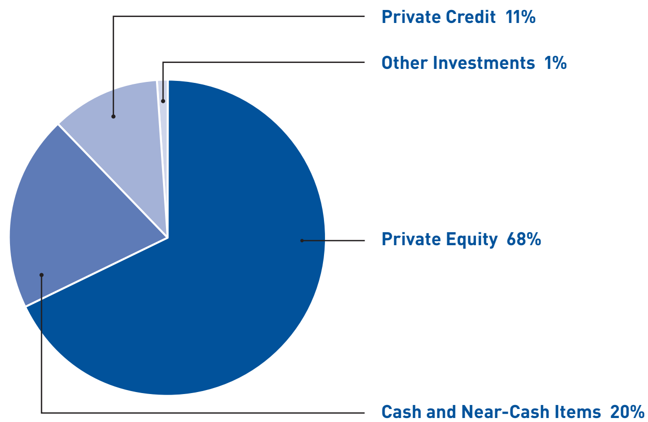
INVESTING

At December 31, 2021, substantially all of Onex' shareholder capital was invested in or committed to its private equity and private credit platforms.

Onex' Investment Allocation at December 31, 2021



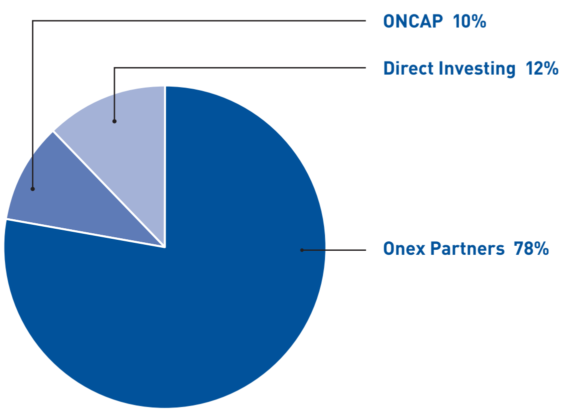
Onex' Investment Allocation at December 31, 2020



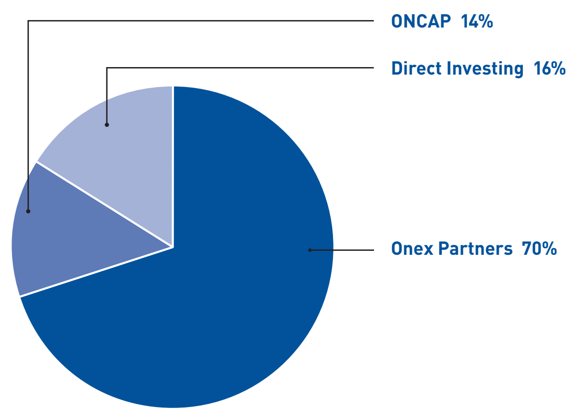
Private Equity

As at December 31, 2021, Onex' investments in private equity totalled $5.8 billion (December 31, 2020 – $4.6 billion, including $269 million of unrealized carried interest (2020 – $87 million)).

Onex' $5.8 billion Investment in Private Equity at December 31, 2021



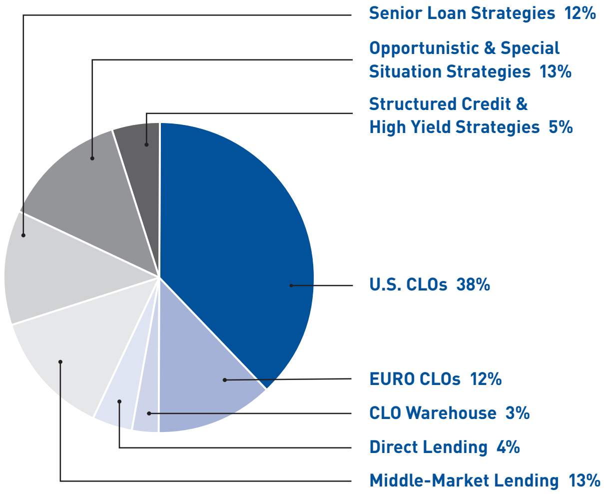
Onex' $4.6 billion Investment in Private Equity at December 31, 2020



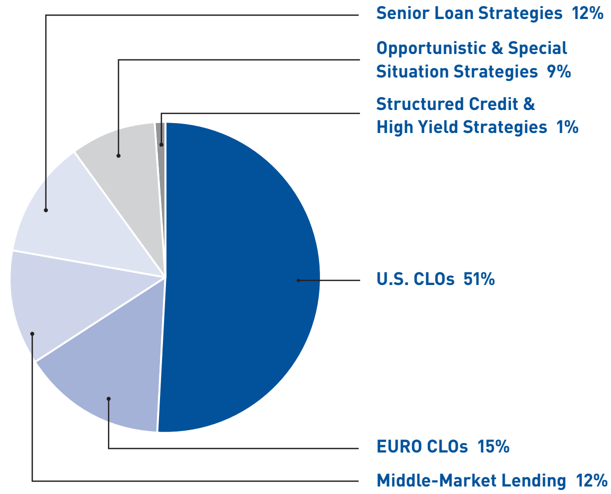
Private Credit

As at December 31, 2021, Onex' investments in private credit strategies totalled $823 million (December 31, 2020 – $751 million), including $18 million of unrealized carried interest (2020 – nil).

Onex' $823 million Investment in Private Credit Strategies at December 31, 2021



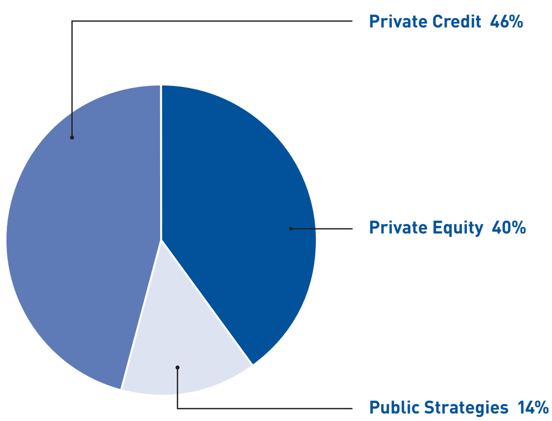
Onex' $751 million Investment in Private Credit Strategies at December 31, 2020



ASSET MANAGEMENT

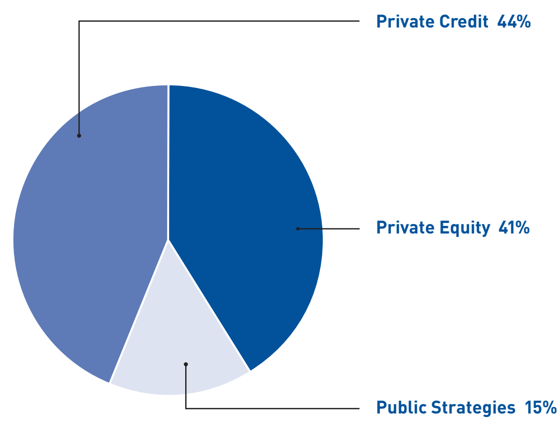
As of December 31, 2021, Onex managed $40.0 billion (December 31, 2020 – $36.3 billion) of invested and committed capital on behalf of institutional investors and high net worth families from around the world.

Onex' $40.0 billion of Assets under Management at December 31, 2021[1]



(1) Excludes Onex capital.

Onex' $36.3 billion of Assets under Management at December 31, 2020[1]



(1) Excludes Onex capital.

Onex' asset management platform provides the Company with two significant financial benefits: (i) a committed stream of management fees and (ii) the opportunity to share in investors' gains. As at December 31, 2021, Onex has run-rate management fees[1] of $273 million from fee-generating assets under management of $33.0 billion, consisting of $116 million from private equity and $157 million from Onex Credit. At December 31, 2021, Onex managed $26.3 billion of capital from which it may earn carried interest or performance fees.

Private Equity

In private equity, Onex has raised five Onex Partners and four ONCAP Funds since 1999 and is currently investing Onex Partners V, a $7.15 billion fund, and ONCAP IV, a $1.1 billion fund.

During the initial fee period of the Onex Partners and ONCAP Funds, Onex receives a management fee based on limited partners' committed capital. At December 31, 2021, the management fees of Onex Partners V and ONCAP IV were determined on this basis, with management fee rates of 1.7% and 2.0%, respectively.

Following the termination of the initial fee period, Onex is entitled to a management fee based on limited partners' net funded commitments. At December 31, 2021, management fees were determined on this basis for Onex Partners IV (1.0%) and ONCAP III (1.5%). As realizations occur in these funds, the management fees earned by Onex will decrease.

Onex is entitled to 40% of the carried interest realized from limited partners in the Onex Partners and ONCAP Funds, while Onex Partners and ONCAP management are entitled to the remaining 60%. Carried interest is typically calculated as 20% of the realized net gains of the limited partners in each Fund, provided the limited partners have achieved a minimum 8% net compound annual return on their investment.

($ millions)	**Carried Interest Received**
2017	**$ 121**
2018	**37**
2019	**43**
2020	**–**
2021	**48**
Total	**$ 249**

Onex' share of unrealized carried interest at December 31, 2021 from private equity investments totalled $269 million. The amount of carried interest ultimately received by Onex is based on realizations, the timing of which can vary significantly from year to year.

(1) Refer to page 67 of this MD&A for further details concerning the composition of run-rate management fees.

The following table summarizes the performance of the Onex Partners and ONCAP Funds from their inception up to December 31, 2021. Net IRR and Net MOC represent the performance for fee-paying limited partners.

		Performance Returns[1]			
	Vintage	Gross IRR	Net IRR[2]	Gross MOC	Net MOC[2]
Onex Partners Funds – Invested					
Onex Partners I[3]	2003	55%	38%	4.0x	3.1x
Onex Partners II	2006	17%	13%	2.2x	1.8x
Onex Partners III	2009	17%	11%	2.1x	1.8x
Onex Partners IV	2014	14%	10%	1.7x	1.5x
Total Onex Partners Funds – Invested[4]		26%	n/a	2.2x	n/a
ONCAP Funds – Invested					
ONCAP I[3][5]	1999	43%	33%	4.1x	3.1x
ONCAP II[5]	2006	29%	21%	4.3x	2.9x
ONCAP III[5]	2011	25%	19%	3.9x	2.8x
Total ONCAP Funds – Invested[4][5]		39%	n/a	4.1x	n/a
Onex Partners and ONCAP Funds – Investing					
Onex Partners V[6]	2018	27%	24%	1.3x	1.2x
ONCAP IV	2016	18%	10%	1.6x	1.3x

(1) Performance returns are supplementary financial measures. Onex management believes that performance returns are useful to investors since Onex' ability to raise capital in new funds may be materially impacted by the performance returns of current and prior funds. The glossary, beginning on page 64 of this MD&A, further describes the composition of performance returns.

(2) Net IRR and Net MOC are presented for limited partners in the Onex Partners and ONCAP Funds and exclude the capital contributions and distributions attributable to Onex' commitment as a limited partner in each fund.

(3) Onex Partners I is substantially realized and ONCAP I has been fully realized.

(4) Represents the aggregate performance returns for all invested Onex Partners and ONCAP Funds. Invested funds are those funds that do not have uncalled commitments that can be used for future Onex-sponsored investments. Net IRR and Net MOC are not calculable across the aggregate Onex Partners and ONCAP Funds.

(5) Performance returns are calculated in Canadian dollars, the functional currency of these ONCAP Funds.

(6) The performance returns of Onex Partners V represent a limited partner that elected to participate in the credit facility of Onex Partners V. Performance returns for a limited partner that did not participate in the credit facility of Onex Partners V are as follows: 15% Net IRR and 1.2x Net MOC.

Onex Credit

Onex Credit continues to grow the product lines and distribution channels for its private credit investing and public credit and equity strategies. During 2021, Onex Credit raised approximately $2.4 billion of third-party capital for certain of its private credit strategies, including approximately $1.9 billion of third-party capital raised through its CLO platform.

As at December 31, 2021, Onex Credit earns run-rate management fees of $157 million on $22.8 billion of fee-generating assets under management:

As at December 31, 2021	Fee-Generating Assets Under Management	Management Fee Basis	Management Fee %
CLOs	$ 11,223	Collateral principal balance	up to 0.50%
Direct lending[1]	$ 3,916	Invested capital	up to 1.50%
		Committed capital	up to 1.75%
Other private credit strategies[2]	$ 2,213	Net asset value;	up to 1.25%
		Gross invested assets;	up to 1.75%
		Funded commitments; or	up to 1.25%
		Unfunded commitments	up to 0.50%
Public credit strategies	$ 1,928	Assets under management	up to 1.50%
Public equity strategies	$ 3,523	Assets under management	up to 1.25%

(1) Represents the Onex Falcon Funds.

(2) Includes OCLP, senior loan strategies, opportunistic and special situation strategies, and structured credit and high yield strategies.

Onex Credit is also entitled to performance fees on $2.2 billion of perpetual assets under management as at December 31, 2021. Performance fees range between 10% and 20% of net gains and may be subject to performance hurdles. In addition, Onex Credit is entitled to carried interest on $13.9 billion of assets under management as at December 31, 2021. Carried interest ranges between 12.5% and 20% of net gains and are generally subject to a hurdle or minimum preferred returns to investors. The Onex Falcon management team is allocated the entire carried interest for Onex Falcon Funds acquired with Onex Falcon in December 2020, with the exception of Private Credit Opportunities Fund VI ("Onex Falcon VI"), where Onex Falcon management is entitled to 80% of the carried interest. In most cases, the Onex Credit management team is allocated 50% of the carried interest or performance fees and Onex is entitled to the remaining 50% of the carried interest and performance fees realized from the private credit investments. At December 31, 2021, Onex had $18 million (2020 – nil) of unrealized carried interest from third-party limited partners in the Onex Credit Funds.

Since acquiring Gluskin Sheff in 2019, Onex has generated $53 million in performance fees from its public strategies.

($ millions)	**Performance Fees from Public Strategies**
2019	**$ 24**
2020	**16**
2021	**13**
Total	**$ 53**

FIRM RESOURCES

Experienced team with significant depth

Onex is led by the firm's founder and CEO, Gerry Schwartz, and its President, Bobby Le Blanc, as well as experienced leadership teams at each of its investment platforms.

Onex' 171 investment professionals are each dedicated to a separate investment platform: Onex Partners (59), ONCAP (23) and Onex Credit (89). These investment teams are supported by approximately 250 professionals dedicated to Onex' corporate functions and investment platforms, including Client & Product Solutions professionals and Gluskin Sheff's Client Wealth Management team.

Substantial financial resources available for future growth

Onex seeks to maintain a financially strong parent company with funds available to meet capital commitments to its investing platforms and to support the growth of its asset management business. Onex' financial strength comes from its own capital as well as the capital committed by its investors. Today, Onex has significant cash and near-cash items available to support its investing activity as well as limited partner uncalled capital from Onex Partners V and ONCAP IV to grow its asset management business.

Strong alignment of interests

Critical to Onex' success is the strong alignment of interests between shareholders, limited partners, clients and the Onex management team. In addition to Onex being the largest limited partner in each of its private equity funds, the Company's distinctive ownership culture requires the Onex management team to have a significant ownership in Onex shares and to invest meaningfully in each private equity investment. At December 31, 2021, the Onex management team:

- was the largest shareholder in Onex, with a combined holding of approximately 13.6 million shares, or 16% of outstanding shares, and 0.8 million DSUs; and
- had a total investment in Onex' private equity, private credit and public strategies at a market value of approximately $1.3 billion.

Onex Partners management is also required to reinvest up to 25% of all Onex Partners carried interest distributions in Onex shares and must hold these shares for at least three years.

OUR OBJECTIVE

Onex works to create long-term value for shareholders and to have that value reflected in its share price. Onex delivers this value by (i) investing Onex' capital primarily in Onex' private equity funds and private credit strategies and (ii) managing and growing fee-generating third-party capital invested in and committed to its investing platforms. Onex believes it has the investment philosophy, talent, financial resources and track record to continue to deliver on this objective.

2021 ACTIVITY

PRIVATE EQUITY INVESTING

Capital Deployment

The table below presents the private equity investments made during 2021.

Fund	Company	Transaction	Period	Onex' Share[1] ($ millions)
Onex Partners V	Imagine Learning	Original investment	Mar '21	$ 279
Onex Partners V	Wealth Enhancement Group	Original investment	Sep '21	226
Onex Partners V	Newport Healthcare	Original investment	Jul '21	185
Onex Partners V	Fidelity Building Services Group	Original investment	Dec '21	83
ONCAP IV	Komar Industries	Original investment	Jun '21	20
Other investments				51
Total				$ 844

(1) Includes Onex' share of investments as a co-investor, if applicable.

During 2021, Onex made the following significant private equity investments:

- $279 million as part of the Onex Partners V Group's investment in Imagine Learning (formerly Weld North Education), a K-12 digital curriculum company in the United States. Onex' investment included $100 million as a co-investor;
- $226 million as part of the Onex Partners V Group's investment in Wealth Enhancement Group ("WEG"), an independent wealth management firm offering comprehensive and customized financial planning and investment management services in the United States. Onex' investment included $54 million as a co-investor;
- $185 million as part of the Onex Partners V Group's investment in Newport Healthcare, a provider in the United States of evidence-based healing centres for teens and young adults struggling with primary mental health issues;
- $83 million as part of the Onex Partners V Group's investment in Fidelity Building Services Group ("Fidelity BSG"), a provider of technical building solutions for the commercial and industrial facilities market; and
- $20 million as part of the ONCAP IV Group's investment in Komar Industries, Inc. ("Komar"). Komar is a designer and manufacturer of industrial waste and recycling processing systems.

In February 2022, Onex invested approximately $96 million as part of the Onex Partners V Group's acquisition of Tes Global ("Tes"). Based in London, England, Tes is an international provider of comprehensive software solutions for the education sector.

In February 2022, Onex invested approximately $16 million as part of the ONCAP IV Group's acquisition of Merrithew Corporation ("Merrithew"). Merrithew is a developer, manufacturer and retailer of Pilates equipment, accessories, content and education.

In February 2022, the Onex Partners V Group announced an agreement to invest in Resource Environmental Solutions, LLC ("RES"). RES is an ecological restoration company that supports the public and private sectors with solutions for environmental mitigation, stormwater, water quality, and climate and flooding resilience. The transaction is expected to close in the first quarter of 2022, subject to customary closing conditions and regulatory approvals.

In February 2022, the Onex Partners V Group announced an agreement to invest in Analytic Partners, Inc. ("Analytic Partners"). Analytic Partners is a cloud-based, managed software platform which helps customers assess marketing spend effectiveness and optimize future allocations across offline and online media channels. The transaction is expected to close later in 2022, subject to customary closing conditions and regulatory approvals.

Realizations

The table below presents the private equity realizations and distributions during 2021.

Fund	Company	Transaction	Period	Onex' Share[1] ($ millions)
Direct investment	RSG	Initial public offering and distributions	Various	$ 500
Onex Partners IV	Clarivate Analytics	Secondary offerings	Various	224
Onex Partners III	JELD-WEN	Secondary offerings	Various	203
ONCAP III	Bradshaw	Sale of the company	Oct '21	135[2]
ONCAP III	Davis-Standard	Sale of the company	Dec '21	75
ONCAP II	Pinnacle	Sale of the company	Apr '21	43
Onex Partners V	Acacium Group	Repayment of shareholder loan	Jun '21	16
Other realizations and distributions				65
Total				$ 1,261

(1) Includes carried interest received by Onex and is reduced for amounts paid under management incentive programs, if applicable, and includes Onex' share of proceeds as a co-investor, if applicable.

(2) Includes estimated proceeds from amounts held in escrow.

The following significant private equity realizations and distributions occurred during 2021:

- Ryan Specialty Group ("RSG") completed an initial public offering of approximately 65.5 million shares of its Class A common stock (NYSE: RYAN), including the exercise of an over-allotment option. The offering was priced at $23.50 per share. In connection with this transaction, RSG acquired all of Onex' preferred unit interests in the company and redeemed approximately 8.1 million Class A shares held by Onex. With the completion of this transaction, net proceeds received by Onex were $492 million. Onex continues to hold approximately 12.3 million Class A shares of RSG;
- In June 2021, the Onex Partners IV Group sold approximately 10.6 million ordinary shares of Clarivate Analytics Plc ("Clarivate Analytics") at a price of $26.00 per share. Onex' share of the net proceeds was $101 million. In September 2021, the Onex Partners IV Group sold approximately 18.0 million ordinary shares of Clarivate Analytics at a price of $25.25 per share. Onex' share of the net proceeds was $123 million, net of payments under the management incentive programs. At December 31, 2021, Onex holds approximately 16.2 million ordinary shares of Clarivate Analytics through Onex Partners IV;
- The Onex Partners III Group sold its remaining 32.9 million shares in JELD-WEN Holding, Inc. ("JELD-WEN"). Onex' combined share of the net proceeds was $203 million, including carried interest and net of payments under the management incentive programs. In total, Onex realized approximately $718 million, including

carried interest of $61 million and net of payments under the management incentive programs, on its investment of $245 million in JELD-WEN. The investment in JELD-WEN generated a Gross MOC of 2.9 times and a Gross IRR of 20%;

- The ONCAP III Group sold Bradshaw International, Inc. ("Bradshaw"). Onex' share of the net proceeds was $135 million, including carried interest of $20 million and net of payments under the management incentive programs. In total, Onex realized approximately $149 million, including carried interest and net of payments under the management incentive programs, on its investment of $24 million in Bradshaw. The investment in Bradshaw generated a Gross MOC of 6.6 times and a Gross IRR of 26%, including estimated proceeds from amounts held in escrow;
- The ONCAP III Group sold Davis-Standard, LLC ("Davis-Standard). Onex' share of the net proceeds was $75 million, including carried interest and net of payments under the management incentive programs. The investment in Davis-Standard generated a Gross MOC of 2.4 times and a Gross IRR of 9%;
- The ONCAP II Group sold its remaining 10.4 million shares in Pinnacle Renewable Energy Inc. ("Pinnacle") for C$11.30, in connection with the sale of Pinnacle to Drax Group plc. Onex' share of the net proceeds was C$54 million ($43 million). In total, Onex realized approximately C$93 million, including carried interest and after the reduction for amounts paid under management incentive programs, on its investment of C$34 million in Pinnacle. The investment generated a Gross MOC of 2.8 times and a Gross IRR of 13%; and
- Acacium Group repaid the shareholder loan held by the Onex Partners V Group. Onex' share of the repayment was £12 million ($16 million).

Fund-level Developments

During 2021, the Onex Partners and ONCAP operating businesses continued to execute on their investment theses:

- completing follow-on acquisitions for total consideration of approximately $1.6 billion;
- collectively raising or refinancing approximately $6.1 billion of debt;
- paying down debt totalling approximately $1.2 billion;
- in Onex Partners IV, PowerSchool acquired Hobsons' Naviance and Intersect solutions. Naviance is a college, career and life readiness solution used by students across U.S. schools for assessing and developing students' interests and competencies in preparation for life after high school. Intersect is an innovative admissions solution connecting Naviance students to their best-fit higher education opportunities;
- in July 2021, PowerSchool completed an initial public offering of its Class A common stock (NYSE: PWSC). The Onex Partners IV Group did not sell any shares of PowerSchool as part of this offering. As a result of the initial public offering, Onex holds approximately 24.4 million Class A common shares of PowerSchool through Onex Partners IV; and
- in Onex Partners IV, Clarivate Analytics acquired ProQuest, a global software, data and analytics provider to academic, research and national institutions.
- in Onex Partners V, Acacium acquired Favorite Healthcare Staffing, a U.S.-based specialized healthcare staffing business that focuses on placing nurses in both acute and non-acute settings of care.
- in Onex Partners V, Imagine Learning acquired Twig Education, a provider of high-quality science curriculum products designed to improve science literacy.

Performance

During 2021, Onex' investing segment recognized a net gain from private equity investments of $1.2 billion. The following table presents the recent gross performance of Onex' private equity investments:

	Year Ended December 31, 2021	Year Ended December 31, 2020
Gross performance of Onex' private equity investments in U.S. dollars[1][2]:		
Onex Partners	**23%**	20%
ONCAP	**33%**	23%
Direct investments	**83%**	50%
Total private equity investments	**32%**	24%

(1) The increase in value of Onex' private equity investments is a non-GAAP ratio calculated using methodologies that are not in accordance with IFRS. The presentation of these ratios does not have a standardized meaning prescribed under IFRS and are therefore unlikely to be comparable to similar financial measures presented by other companies. The net gains used to calculate the gross performance of Onex' private equity investments are gross of management incentive programs and an allocation of management fees and carried interest on Onex' capital. Onex management believes that the gross performance of Onex' private equity investments provides helpful information to investors in assessing the performance of Onex' investment in private equity strategies. During the three months and year ended December 31, 2021, Onex recognized a net gain on corporate investments of $317 million and $1.7 billion, respectively (2020 – $702 million and $848 million, respectively).

(2) Adjusted for capital deployed, realizations and distributions.

Overall, the net gain from Onex' private equity investments during the year ended December 31, 2021 was driven by improved operating performance and expectations for further economic recovery, in the long term, from the impact of the COVID-19 pandemic. The operating businesses in Onex' private equity platforms operate across a broad range of countries and industry segments, providing beneficial diversification.

PRIVATE CREDIT INVESTING

During the year ended December 31, 2021, Onex' investments in private credit strategies generated net realizations of $201 million, as outlined in the following table:

Year ended December 31, 2021	**Net Realization (Investment)** *($ millions)*
Private Credit Strategies	
U.S. CLOs	**$ 163**
EURO CLOs	**32**
CLO warehouses	**(26)**
Middle-market lending	**4**
Senior loan strategies	**101**
Opportunistic and special situation strategies	**(23)**
Structured credit and high yield strategies	**(31)**
Direct lending	**(19)**
Total net realizations from Private Credit Strategies	**$ 201**

During 2021, Onex reduced its net investments in CLOs by $195 million. This decrease was driven by the sale of a portion of its equity interest in certain U.S. and European CLOs for total proceeds of $131 million and $114 million of regular quarterly distributions.

During 2021, Onex also invested a total of $55 million to support the warehouse facilities for its twenty-second and twenty-third CLOs denominated in U.S. dollars ("CLO-22" and "CLO-23", respectively). During the fourth quarter of 2021, Onex closed CLO-22 and CLO-23 and received $56 million, including interest, for the investments that supported the warehouse facilities for these CLOs. Onex also invested €24 million ($27 million) to support the warehouse facilities for its fifth European CLO ("EURO CLO-5").

In the first quarter of 2021, Onex redeemed all of its investment in the Onex Credit Partners Senior Floating Income Fund, which totalled $98 million. The proceeds from this redemption were invested in Onex Senior Credit Fund II, which was subsequently redeemed later in the year.

Onex' net investment in the direct lending strategy consisted of an investment in a warehouse facility to support the strategy. In October 2021, Onex received $99 million for investments in the warehouse facility as a result of third-party capital commitments to a direct lending fund.

Performance

During the year ended December 31, 2021, Onex had a net gain of $157 million on its private credit investments, representing a return of 20%. This performance was primarily driven by the strengthening of the leveraged loan market, which returned 5%[1] during 2021, and the structural leverage employed in certain of the underlying strategies.

Onex primarily invests in the equity tranches of its CLOs. Market pricing for CLO equity is more volatile than that of the underlying leveraged loan market due to the leverage employed in a CLO and the relative illiquidity of CLO equity. CLO equity pricing may also be affected by changes in fixed income market sentiment and investors' general appetite for risk.

Onex had a net gain of $115 million on its CLO investments during the year ended December 31, 2021 (2020 – $35 million). All of the Onex Credit CLOs remain onside their various coverage tests and Onex remains a long-term investor in its CLOs.

INVESTING SEGMENT EARNINGS

During the three months ended December 31, 2021, Onex' investing segment generated net earnings of $263 million ($2.90 per fully diluted share) (2020 – $609 million ($6.65 per fully diluted share)), which were primarily driven by a $247 million net gain from private equity investments and a $23 million net gain from private credit strategies. Onex' investing segment net gain for the three months ended December 31, 2021 was reduced by an allocation of $28 million to the asset management segment (2020 – $39 million), representing management fees and carried interest that would have been earned by the asset management segment had Onex' capital been subject to management fees and carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. These allocations were made in accordance with IFRS 8, *Operating segments* ("IFRS 8"), as this presentation of segmented results is used by management, in part, to assess the performance of Onex.

During the year ended December 31, 2021, Onex' investing segment generated net earnings of $1.3 billion ($14.22 per fully diluted share) (2020 – $773 million ($8.05 per fully diluted share)), which were primarily driven by a $1.2 billion net gain from private equity and a $157 million net gain from private credit strategies. Onex' investing segment net earnings for the year ended December 31, 2021 were reduced by an allocation of $164 million to the asset management segment (2020 – $70 million), as described above.

(1) Based on the performance of the Credit Suisse Leveraged Loan Index.

ASSET MANAGEMENT

At December 31, 2021, Onex' assets under management, excluding Onex capital, totalled $40.0 billion (December 31, 2020 – $36.3 billion), of which $33.0 billion was fee-generating (December 31, 2020 – $30.6 billion).

Third-Party Assets Under Management[1]

($ millions)	Fee-Generating			Total		
	December 31, 2021	December 31, 2020	**Change in Total**	**December 31, 2021**	December 31, 2020	**Change in Total**
Private Credit Strategies	**$ 17,352**	$ 15,114	**15%**	**$ 18,266**	$ 15,952	**15%**
Private Equity Funds[2]	**10,205**	10,238	**–**	**15,890**	14,741	**8%**
Public Strategies[3]	**5,451**	5,296	**3%**	**5,798**	5,595	**4%**
Total	**$ 33,008**	$ 30,648	**8%**	**$ 39,954**	$ 36,288	**10%**

(1) Assets under management is a supplementary financial measure and is presented as defined in the glossary, includes co-investments and capital invested by the Onex management team, as applicable, and excludes capital invested by Onex.

(2) Assets under management for ONCAP II and III are in Canadian dollars and have been converted to U.S. dollars using the exchange rates on December 31, 2021 and December 31, 2020, respectively.

(3) Assets under management for the public strategies are in Canadian dollars and have been converted to U.S. dollars using the exchange rates on December 31, 2021 and December 31, 2020, respectively.

Onex' third-party assets under management include the assets of Gluskin Sheff clients. In addition to Onex' public credit and equity strategies, these clients are provided access to Onex' private credit and equity strategies. The table below outlines the allocation of Gluskin Sheff client capital across these strategies:

Gluskin Sheff Client Capital

($ millions)	Fee-Generating		
	December 31, 2021	December 31, 2020	**Change in Total**
Public Equity Strategies	**$ 3,523**	$ 2,647	**33 %**
Public Debt Strategies	**1,928**	2,649	**(27)%**
Private Credit Strategies	**1,219**	710	**72 %**
Private Equity	**87**	76	**14 %**
Total	**$ 6,757**	$ 6,082	**11 %**

During the year ended December 31, 2021, Gluskin Sheff clients reallocated approximately $442 million of capital from public debt and public equity strategies to private credit strategies. Gluskin Sheff's client capital is mostly invested in Canadian dollar-denominated strategies. As a result, the $675 million or 11% increase in Gluskin Sheff's fee-generating client capital during the year ended December 31, 2021 included an increase of approximately $20 million due to the translation of Canadian dollar-denominated capital into U.S. dollars.

During the three months and year ended December 31, 2021, Onex' asset management segment generated net earnings of $67 million ($0.75 per fully diluted share) (2020 – $99 million ($1.07 per fully diluted share)) and $384 million ($4.20 per fully diluted share) (2020 – $87 million ($0.90 per fully diluted share)), respectively, as described on pages 31 and 32 of this MD&A.

Onex' asset management segment net earnings for the three months ended December 31, 2021 included allocations from the investing segment of $13 million (2020 – $14 million) of management fees and carried interest of $15 million (2020 – $25 million) that would have been earned by the asset management segment had Onex' capital been subject to management fees and carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. For the year ended December 31, 2021, the management fees and carried interest allocations from the investing segment were $53 million (2020 – $56 million) and $111 million (2020 – $14 million), respectively. These allocations were made in accordance with IFRS 8, as this presentation of segmented results is used by management, in part, to assess the performance of Onex.

Segment management and advisory fees during the three months and year ended December 31, 2021 totalled $81 million (2020 – $76 million) and $330 million (2020 – $300 million), respectively.

Segment Management and Advisory Fees

($ millions)	**Three Months Ended December 31, 2021**	Three Months Ended December 31, 2020	**Change in Total**	**Year Ended December 31, 2021**	Year Ended December 31, 2020	**Change in Total**
Private Equity Funds[1]	**$ 43**	$ 47	**$ (4)**	**$ 178**	$ 185	**$ (7)**
Private Credit Strategies	**23**	15	**8**	**90**	54	**36**
Public Strategies	**15**	14	**1**	**62**	61	**1**
Total	**$ 81**	$ 76	**$ 5**	**$ 330**	$ 300	**$ 30**

(1) Includes advisory fees from the Onex Partners and ONCAP operating businesses.

During the three months and year ended December 31, 2021, management and advisory fees increased compared to the same periods in 2020 primarily as a result of the acquisition of Falcon Investment Advisors, LLC ("Falcon" or "Onex Falcon") in late December 2020.

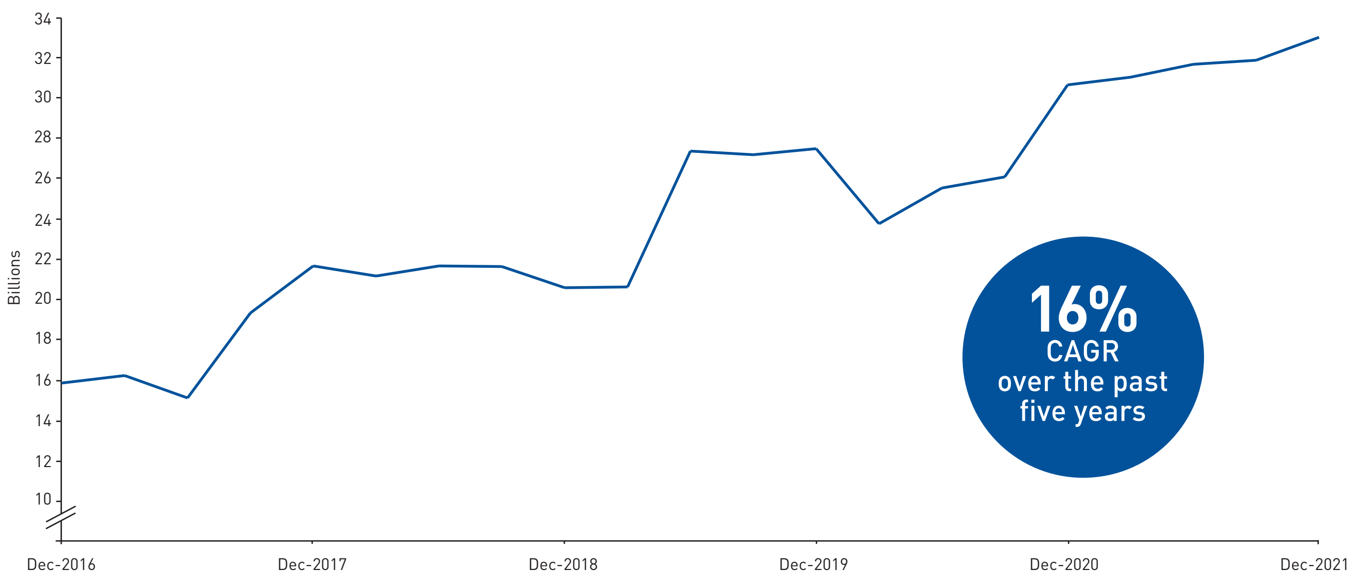
During the three months and year ended December 31, 2021, segment carried interest of $59 million (2020 – $79 million) and $359 million (2020 – $35 million), respectively, was earned primarily as a result of changes in fair value of certain underlying investments in Onex Partners V and ONCAP IV, and unrealized carried interest from certain Onex Credit Funds. Changes in the fair value of certain underlying investments in Onex Partners IV also contributed to the increase in segment carried interest during the year ended December 31, 2021. Carried interest is typically received only on the realization of underlying fund investments. During the three months ended December 31, 2021, Onex received $28 million of carried interest from ONCAP III. During the year ended December 31, 2021, Onex received $48 million of carried interest primarily from Onex Partners III and ONCAP III. At December 31, 2021, unrealized carried interest outstanding totalled $287 million (December 31, 2020 – $87 million).

		Unrealized Carried Interest[1]		
($ millions)	As at December 31, 2020	Realizations and Distributions	Change in Fair Value	As at December 31, 2021
Onex Partners Funds	$ 52	$ (16)	$ 208	$ 244
ONCAP Funds	35	(32)	22	25
Private credit funds	–	–	18	18
Total	$ 87	$ (48)	$ 248	$ 287

(1) Excludes unrealized carried interest related to Onex' capital. The actual amount of carried interest earned by Onex will depend on the ultimate performance of each underlying fund.

Over the past five years, fee-generating assets under management has increased at a compound annual growth rate ("CAGR") of 16%, which includes the fee-generating assets under management of Onex Falcon and Gluskin Sheff, which were acquired in December 2020 and June 2019, respectively. Fee-generating assets under management, excluding acquired capital, has increased at a CAGR of 8% over the same period.

Fee-Generating Assets Under Management (December 31, 2016 to December 31, 2021)



SHARE PRICE

Onex' objective is to have the value of its investing and asset management activities reflected in its share price.

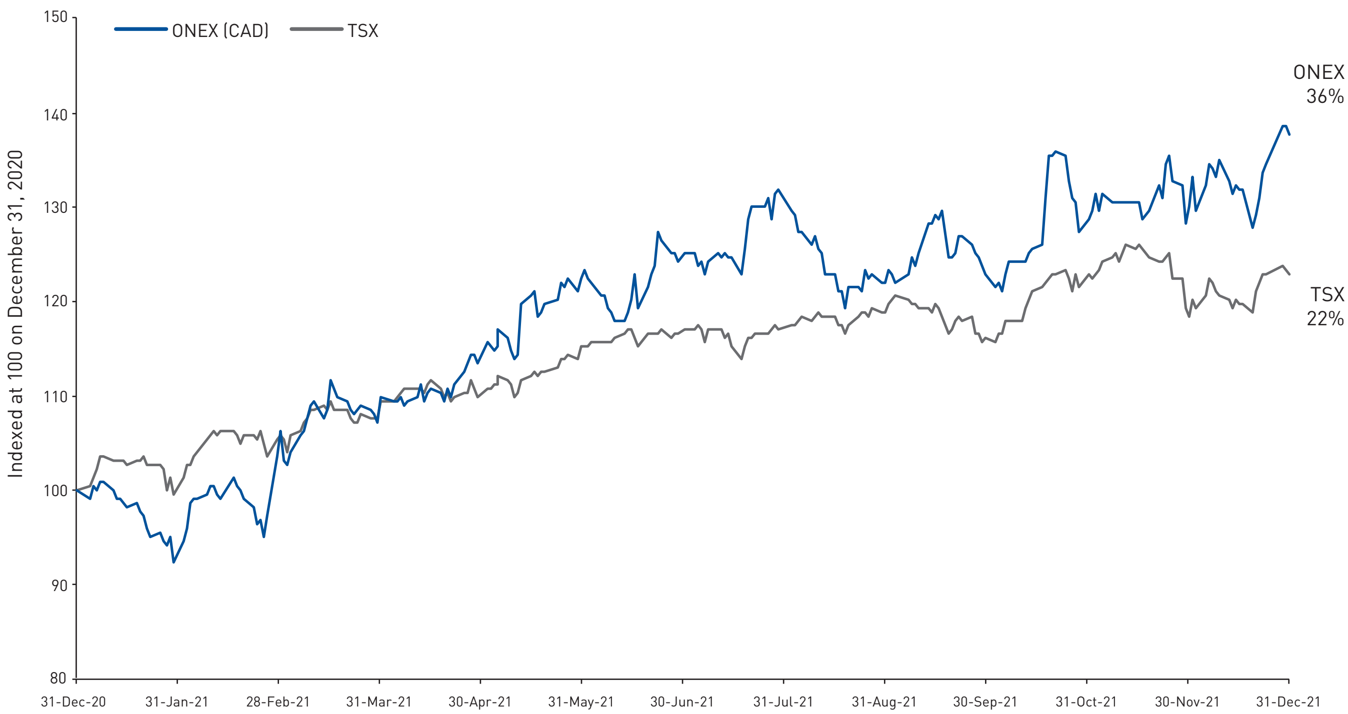
Onex has had an active share repurchase program for more than 20 years and has reduced its shares outstanding by more than half of the original share count at the time it launched the program in 1997. During 2021, \$28 million was returned to shareholders through dividends and Onex repurchased and cancelled 3,521,526 SVS at a total cost of \$249 million (C\$313 million), or an average purchase price of \$70.63 (C\$88.85) per share.

Through dividends and its share repurchase program, Onex has returned more than C\$3.6 billion to shareholders since 1997.

At December 31, 2021, Onex' SVS closed at C\$99.28, a 36% increase from December 31, 2020. This compares to a 22% increase in the S&P/TSX Composite Index ("TSX").

The following chart shows the performance of Onex' SVS in Canadian dollars during the year ended December 31, 2021 relative to the TSX.

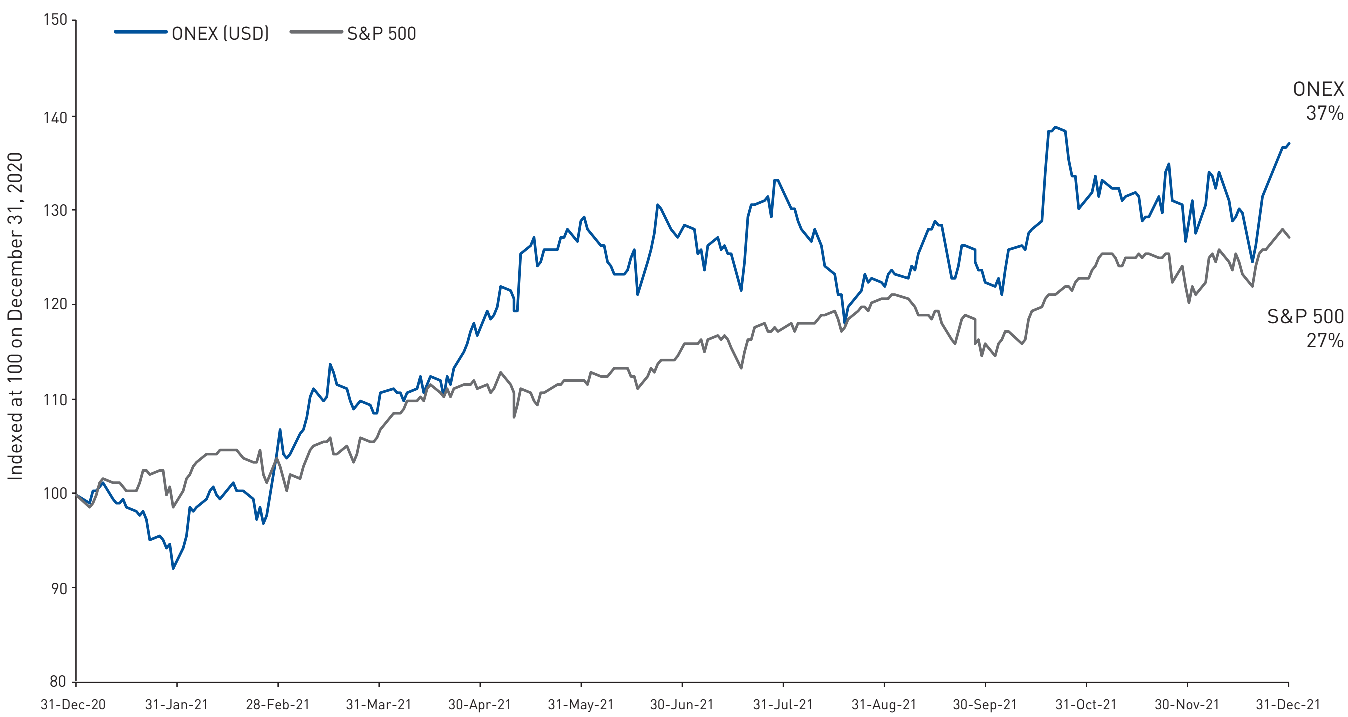
Onex Relative Performance (CAD) (December 31, 2020 to December 31, 2021)



As a substantial portion of Onex' investments and management fees are denominated in U.S. dollars, Onex' Canadian dollar share price will also be impacted by the change in the exchange rate between the U.S. dollar and Canadian dollar. During the year ended December 31, 2021, the value of Onex' SVS increased by 37% in U.S. dollars compared to a 27% increase in the Standard & Poor's 500 Index ("S&P 500").

The chart below shows the performance of Onex' SVS in U.S. dollars during the year ended December 31, 2021 relative to the S&P 500.

Onex Relative Performance (USD) (December 31, 2020 to December 31, 2021)



FINANCIAL REVIEW

This section discusses the significant changes in Onex' consolidated statement of earnings, consolidated balance sheet and consolidated statement of cash flows for the fiscal year ended December 31, 2021 compared to those for the year ended December 31, 2020 and, in selected areas, to those for the year ended December 31, 2019.

In simple terms, Onex is an investor and asset manager. **Investments** and **investing activity** refer to the investment of Onex' investing capital primarily in its private equity funds, credit strategies and certain investments held outside the private equity funds and credit strategies. These investments are primarily held directly or indirectly through wholly-owned subsidiaries of Onex, which are referred to as **Investment Holding Companies**. While there are a number of Investment Holding Companies, substantially all of these companies consist of direct or indirect subsidiaries of Onex Private Equity Holdings LLC, Onex CLO Holdings LLC or Onex Credit Holdings LLC. These three companies, which are referred to as the **Primary Investment Holding Companies**, are the holding companies for the majority of Onex' investments, excluding intercompany loans receivable from Onex and the Asset Managers. The Primary Investment Holding Companies were formed in the United States.

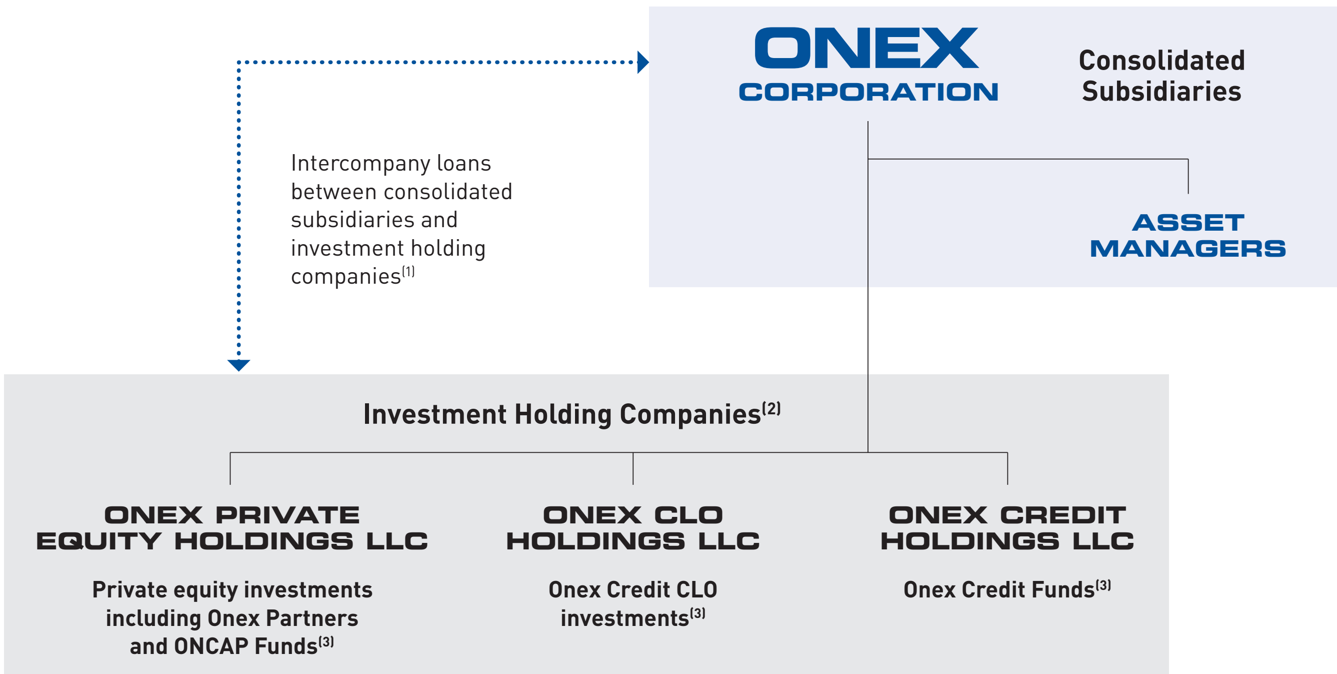
Asset management refers to the activity of managing capital in Onex' private equity funds, private credit strategies and public strategies. This activity is conducted through wholly-owned subsidiaries of Onex, which are the managers of the Onex Partners Funds, ONCAP Funds, private credit strategies and public strategies. These subsidiaries are referred to as Onex' **Asset Managers** and are consolidated by Onex. Onex' private credit strategies and public strategies are managed by the Onex Credit platform.

Users of the consolidated financial statements may note detailed line-item disclosures relating to **intercompany loans**. IFRS requires specific disclosures and presentation of intercompany loans between Onex and the Asset Managers, and the Investment Holding Companies. Specifically, IFRS requires that:

- intercompany loans payable by Onex and the Asset Managers to the Investment Holding Companies are recognized as liabilities in Onex' consolidated balance sheets. A corresponding and offsetting amount is recognized within corporate investments in Onex' consolidated balance sheets, representing the related loans receivable from Onex and the Asset Managers; and
- intercompany loans payable by Investment Holding Companies to Onex and the Asset Managers are part of the fair value measurement of Onex' corporate investments in the consolidated balance sheets, which reduces the fair value of Onex' corporate investments. Onex classifies the corresponding loans receivable from Investment Holding Companies within corporate investments in its consolidated balance sheets, which increases the value of Onex' corporate investments by the same amount as the related loans payable.

There is no impact to net assets or net earnings (loss) from these intercompany loans in Onex' consolidated financial statements.

The simplified diagram below illustrates the types of subsidiaries included within Onex' corporate structure and the basis on which they are accounted for.



(1) Onex Corporation and the consolidated asset management subsidiaries enter into intercompany loans that, in aggregate, have no net effect on Onex' financial position. Intercompany loans payable by Onex and the consolidated subsidiaries to the Investment Holding Companies are recognized as liabilities in the consolidated balance sheets, with the corresponding loans receivable classified as assets within corporate investments in the consolidated balance sheets.

(2) Onex' investments in the Investment Holding Companies are recorded as corporate investments at fair value through net earnings (loss).

(3) Onex' investments in private equity and the Onex Credit strategies are typically held directly or indirectly through wholly-owned investment holding companies, which are subsidiaries of the Primary Investment Holding Companies identified above.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with Onex' consolidated statements of earnings and corresponding notes thereto.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Corporate investments

Corporate investments include Onex' investments in its subsidiaries, primarily consisting of Investment Holding Companies, that meet the investment entity exception to consolidation criteria in IFRS 10. These subsidiaries primarily invest Onex' capital in the Onex Partners Funds, ONCAP Funds and certain private credit strategies. Corporate investments are measured at fair value through net earnings (loss) in accordance with IFRS 9, *Financial instruments* ("IFRS 9"). The fair value of corporate investments includes the fair value of both intercompany loans receivable from and payable to Onex and the Asset Managers. In addition, the fair value of corporate investments includes Onex' portion of the carried interest earned on investments made by the Onex Partners Funds and ONCAP Funds, and the liability associated with management incentive programs, including the Management Investment Plan (the "MIP").

The majority of the Company's corporate investments, excluding intercompany loans, consisted of investments made in the Primary Investment Holding Companies and investments made in operating businesses directly by Onex.

Intercompany loans with Investment Holding Companies

Intercompany loans payable to the Investment Holding Companies represent financial liabilities that are payable to subsidiaries of Onex, which are recorded at fair value in the consolidated financial statements. Intercompany loans receivable from the Investment Holding Companies are classified as corporate investments and represent loans receivable from subsidiaries of Onex, which are recorded at fair value in the consolidated financial statements. Onex has elected to measure these financial instruments at fair value through net earnings (loss) in accordance with IFRS 9.

Revenue recognition

The Company's significant revenue streams are as follows:

Management and advisory fees

Onex earns management and advisory fees for managing investor capital through its private equity funds, private credit strategies and public strategies, and for services provided directly to certain underlying operating businesses. Asset management services are provided over time and the amount earned is generally calculated based on a percentage of limited partners' committed capital, limited partners' net funded commitments, unfunded commitments, the collateral principal balance, invested capital, gross invested assets, net asset value or assets under management of the respective strategies. Revenues earned from management and advisory fees are recognized over time as services are provided.

Reimbursement of expenses from investment funds and operating businesses

Certain deal investigation, research and other expenses incurred by the Asset Managers are recoverable, at cost, from the Onex private equity funds, private credit strategies and certain operating businesses of the Onex Partners and ONCAP Funds. These expense reimbursements are recognized as revenue in accordance with IFRS 15, *Revenue from contracts with customers* ("IFRS 15").

Performance fees

Performance fees are recognized as revenue to the extent the fees are highly probable to not reverse, which is typically at the end of each performance year, or upon closure of an account or transfer of assets to a different investment model.

Performance fees associated with the management of certain public strategies and private credit strategies are comprised of performance fees and performance allocations. Performance fees are determined by applying an agreed-upon formula to the growth in the net asset value of clients' assets under management. Performance allocations are allocated to the Company as a General Partner of certain public strategy funds. Performance fees associated with capital managed by Onex Credit range between 10% and 20% and may be subject to performance hurdles.

Carried interest – Onex Credit Funds

The general partners of the Onex Credit Funds are entitled to a carried interest of up to 20% on the realized net gains from limited partners in certain private credit funds, subject to a hurdle or minimum preferred return to investors. The Onex Falcon management team is allocated the entire carried interest for Onex Falcon Funds acquired with Onex Falcon in December 2020, with the exception of Private Credit Opportunities Fund VI ("Onex Falcon VI"), where Onex Falcon management is entitled to approximately 80% of the carried interest and Onex' entitlement is approximately 20%. In most other cases, the Onex Credit management team is allocated 50% of the carried interest from other private credit funds and Onex is entitled to the remaining 50% of the carried interest realized from the private credit investments.

Carried interest earned by Onex from the Onex Credit Funds is recognized as revenue to the extent it is highly probable to not reverse, which typically occurs when the investments held by a given fund are substantially realized, towards the end of the fund's term.

Contingent consideration

Contingent consideration is established for business acquisitions where the Company has the obligation to transfer additional assets or equity interests to the former owners if specified future events occur or conditions are met. The fair value of contingent consideration liabilities is typically based on the estimated future financial performance of the acquired business. Financial targets used in the estimation process include certain defined financial targets and internal rates of return. Contingent consideration is classified as a liability when the obligation requires settlement in cash or other assets, and as equity when the obligation requires settlement in own equity instruments. Contingent consideration classified as a liability is remeasured at fair value at each reporting date, with changes in fair value recognized through net earnings (loss).

Significant accounting estimates and judgements

Onex prepares its consolidated financial statements in accordance with IFRS. The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and equity, the related disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, expenses and gains (losses) on financial instruments during the reporting period. Actual results could differ materially from those estimates and assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Areas that involve critical judgements, assumptions and estimates and that have a significant influence on the amounts recognized in the consolidated financial statements are further described as follows:

Investment entity status

Judgement was required when determining whether Onex, the parent company, meets the definition of an investment entity, which IFRS 10 defines as an entity that: (i) obtains funds from one or more investors for the purpose of providing those investors with investment management services; (ii) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and (iii) measures and evaluates the performance of substantially all of its investments on a fair value basis. When determining whether Onex met the definition of an investment entity under IFRS 10, Onex management applied significant judgement when assessing whether the Company measures and evaluates the performance of substantially all of its investments on a fair value basis. Onex management also considered the impact of acquisitions made by the Company when determining whether Onex met the definition of an investment entity under IFRS 10.

Onex conducts its business primarily through controlled subsidiaries, which consist of entities providing asset management services, investment holding companies and General Partners of private equity funds, credit funds and limited partnerships. Certain of these subsidiaries were formed for legal, regulatory or similar reasons by Onex and share a common business purpose. The assessment of whether Onex, the parent company, meets the definition of an investment entity was performed on an aggregate basis with these subsidiaries.

Corporate investments

The measurement of corporate investments is significantly impacted by the fair values of the investments held by the Onex Partners Funds, ONCAP Funds and private credit strategies. The fair value of corporate investments is assessed at each reporting date with changes in fair value recognized through net earnings (loss).

The valuation of non-public investments requires significant judgement due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such investments. Valuation methodologies include discounted cash flows and observations of the trading multiples of public companies considered comparable to the private companies being valued. Key assumptions made in the valuations include unlevered free cash flows, including the timing of earnings projections and the expected long-term revenue growth, the weighted average costs of capital and the exit multiples. The valuations take into consideration company-specific items, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued. Such considerations are necessary since, in the absence of a committed buyer and completion of due diligence procedures, there may be company-specific items which are not fully known that may affect the fair value. A variety of additional factors are reviewed, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third-party financing environment. In determining changes to the fair value of the underlying private equity investments, emphasis is placed on current company performance and market conditions.

For publicly traded investments, the valuation is based on closing market prices less adjustments, if any, for regulatory and/or contractual sale restrictions.

The fair value of underlying investments in private credit strategies that are not quoted in an active market may be determined by using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Judgement and estimates are exercised to determine the quantity and quality of the pricing sources used. Where no market data is available, positions may be valued using models that include the use of third-party pricing information, and are usually based on valuation methods and techniques generally recognized as standard within the industry. Models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations may require estimates to be made. Changes in assumptions about these factors could affect the reported fair value of the underlying investments in private credit strategies.

Management incentive programs are included in the fair value of corporate investments and are determined using an internally developed valuation model. The critical assumptions and estimates used in the valuation model include the fair value of the underlying investments, the time to expected exit from each investment, a risk-free rate and an industry-comparable historical volatility for each investment. The fair value of the underlying investments includes the same critical assumptions and estimates previously described.

The changes in fair value of corporate investments are further described on page 34 of this MD&A.

The Company assessed whether its underlying subsidiaries met the definition of an investment entity, as defined under IFRS 10. In certain circumstances, this assessment was performed together with other entities that were formed in connection with each other for legal, regulatory or similar reasons. Similarly, where a subsidiary's current business purpose is to facilitate a common purpose with a group of entities, the assessment of whether those subsidiaries met the definition of an investment entity was performed on an aggregated basis.

Certain subsidiaries were formed for various business purposes that, in certain circumstances, have evolved since their formation. When the Company assessed whether these subsidiaries met the definition of an investment entity, as defined under IFRS 10, professional judgement was exercised to determine the primary business purpose of these subsidiaries and the measurement basis, which were significant factors in determining their investment entity status.

Business combination

Onex acquired Falcon in December 2020 and accounted for this acquisition as a business combination in accordance with IFRS 3, *Business combinations*. Substantially all of the identifiable assets and liabilities of Onex Falcon were recorded at their fair values on the date of the acquisition. One of the most significant areas of judgement and estimation was related to the determination of the fair values of these assets and liabilities, including the fair value of contingent consideration. Intangible assets that were identified were valued by independent external valuation experts using appropriate valuation techniques, which were generally based on a forecast of the total expected future net cash flows. These valuations were linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Goodwill impairment tests and recoverability of assets

The Company tests at least annually whether goodwill has suffered any impairment, in accordance with its accounting policies. The determination of the recoverable amount of a cash-generating unit to which goodwill is allocated involves the use of estimates by management. The Company generally uses discounted cash flow-based methods to determine these values. These discounted cash flow calculations typically use five-year projections that are based on the operating plans approved by management. Cash flow projections take into account past experience and represent management's best estimate of future developments. Cash flows after the planning period are extrapolated using estimated growth rates. Key assumptions on which management has based its determination of fair value less costs to sell and value in use include estimated growth rates, weighted average cost of capital and tax rates. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment. Likewise, whenever property, equipment and other intangible assets are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by management, and can have a material impact on the respective values and ultimately the amount of any impairment.

Income and other taxes

The Company operates and earns income in various countries and is subject to changing tax laws or application of tax laws in multiple jurisdictions within these countries. Significant judgement is necessary in determining worldwide income and other tax liabilities. Although management believes that it has made reasonable estimates about the final outcome of tax uncertainties, no assurance can be given that the final outcome of these tax matters will be consistent with what is reflected in the historical income tax provisions. Such differences could have an effect on income and other tax liabilities and deferred tax liabilities in the period in which such determinations are made. At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realized from available tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize future tax benefits.

The Company uses significant judgement when determining whether to recognize deferred tax liabilities with respect to taxable temporary differences associated with corporate investments, in particular whether the Company is able to control the timing of the reversal of the temporary differences and whether it is probable that the temporary differences will not reverse in the foreseeable future. Judgement includes consideration of the Company's future cash requirements in its numerous tax jurisdictions.

Legal provisions and contingencies

The Company, in the normal course of operations, can become involved in various legal proceedings. While the Company cannot predict the final outcome of such legal proceedings, the outcome of these matters may have a material effect on the Company's consolidated financial position, results of operations or cash flows. Management regularly analyzes current information about such matters and provides provisions for probable contingent losses, including an estimate of legal expenses to resolve the matters. Internal and external counsel are used for these assessments. In making the decision regarding the need for provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim or the disclosure of any such suit or assertion does not automatically indicate that a provision may be appropriate.

Impact of COVID-19 on significant estimates

During March 2020, the World Health Organization characterized COVID-19 as a pandemic. COVID-19 has had a material adverse impact on global economies, including economies that the underlying private equity operating businesses operate in, as well as global credit markets. As a result of COVID-19, the fair value estimates of the Company's private equity investments were impacted as follows:

- higher weightings were given to valuation approaches that reflected more current market information;
- cash flow forecasts used in discounted cash flow valuation models were updated to reflect the known and expected impacts of COVID-19; and
- risk premiums implied by equity and credit markets due to the uncertainty surrounding the long-term impacts of COVID-19 were considered.

As a result of the above impacts, certain private equity investments held by the Company at December 31, 2020 reflected significant fair value declines.

Determining the impact of COVID-19 on the valuation of the Company's corporate investments and the recoverable amount of the Company's goodwill and intangible assets required significant judgement given the amount of uncertainty regarding the long-term impact of COVID-19. The ultimate impact of COVID-19 on the financial results of the Company will depend on future developments, including the duration and spread of the pandemic and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and difficult to predict. If the financial markets and/or the overall economy are impacted for a period significantly longer than currently implied by the markets, the financial results of the Company, including the fair value of its corporate investments, may be materially adversely affected.

VARIABILITY OF RESULTS

Onex' consolidated operating results may vary substantially from quarter to quarter and year to year for a number of reasons. Those reasons may be significant with respect to (i) Onex' asset management activities and the fees and carried interest associated therewith; (ii) the aggregate fair value of its investments in and related to the private equity funds, including the underlying private equity operating businesses, and credit strategies as a result of not only changes in specific underlying values but also new investments or realizations by those funds; or (iii) Onex' cash position or the amount and value of its treasury investments. More broadly, Onex' results may be materially affected by such factors as changes in the economic or political environment, pandemics or outbreaks of new infectious diseases or viruses (including the COVID-19 pandemic), foreign exchange and interest rates, the value of stock-based compensation, and tax and trade legislation or its application, for example. Given the diversity of Onex' asset management businesses and of the Onex Partners and ONCAP Funds' operating businesses and private credit investments, the exposures, risks and contingencies that could impact Onex' investments may be many, varied and material. Certain of those matters are discussed under the heading "Risk Factors" in Onex' 2021 Annual Information Form.

In addition, the fair values of Onex' underlying investments in private credit strategies are impacted by the CLO market, leveraged loan market and credit risk (both own and counterparty), which may vary substantially from quarter to quarter and year to year.

ACQUISITION OF FALCON

In December 2020, Onex Credit acquired 100% of Falcon for a value of $131 million. Falcon is a U.S. private credit manager, which provides private credit financing solutions and employs an opportunistic approach to mezzanine and other direct lending investments for U.S. middle-market companies. The Company acquired Falcon to grow and complement its existing credit platform. Following the acquisition, the business operates as Onex Falcon.

The purchase price consisted of $98 million paid on closing and additional amounts of up to $80 million payable based primarily on Onex Falcon's financial performance from 2022 to 2024 and the size and performance of future funds to be launched by Onex Falcon. The contingent consideration was recognized at a fair value of $33 million as part of the purchase price for the transaction. At December 31, 2021, the fair value of contingent consideration in connection with the acquisition of Onex Falcon was $43 million, which was recognized as a liability in Onex' consolidated balance sheet.

Onex determined that Onex Falcon and the wholly-owned subsidiaries that were formed to acquire the company did not meet the definition of an investment entity under IFRS 10 and that the entities' primary business purpose, as a whole, is to provide investment-related services. As such, Onex' consolidated balance sheets include the assets and liabilities of Onex Falcon and the wholly-owned subsidiaries that were formed to acquire the company. No revenues, expenses or operating cash flows from Onex Falcon were recognized in Onex' 2020 consolidated statements of earnings and cash flows given the short operating period from the date of acquisition of Onex Falcon to December 31, 2020.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS AND FOURTH QUARTER RESULTS

The discussions that follow identify those material factors that affected Onex' consolidated financial results for the three months and year ended December 31, 2021.

Consolidated net earnings

Onex recorded consolidated net earnings of $214 million and net earnings per diluted share of $2.45 during the three months ended December 31, 2021 compared to net earnings of $597 million and net earnings per diluted share of $6.61 recorded during the three months ended December 31, 2020.

Onex recorded consolidated net earnings of $1.4 billion and net earnings per diluted share of $15.76 during the year ended December 31, 2021 compared to net earnings of $730 million and net earnings per diluted share of $7.63 recorded during the year ended December 31, 2020.

Tables 1 and 2 present the segmented results for the three months and years ended December 31, 2021 and 2020. Onex' segmented results include allocations of management fees and carried interest that would have been recognized on Onex' capital in the Onex Partners and ONCAP Funds had Onex' capital been subject to the same terms as third-party limited partners. These allocations are made as this presentation of segmented results is used by Onex management, in part, to assess Onex' performance. During the three months and years ended December 31, 2021 and 2020, these allocations, on a net basis, decreased Onex' investing segment income and increased Onex' asset management segment income, with no net impact to total segment net earnings.

Onex' segmented results also include unrealized carried interest from third-party limited partners in the Onex Credit Funds, which are recognized based on the fair values of the underlying investments and the unrealized net gains in each respective Fund, in accordance with the limited partnership agreements. In Onex' consolidated financial statements, carried interest from the Onex Credit Funds is recognized when realized, as described on page 26 of this MD&A.

Onex' segmented results exclude revenues and expenses associated with recoverable expenses from the Onex Partners Funds, ONCAP Funds, private credit strategies and the operating businesses of Onex Partners and ONCAP. Onex management excludes these amounts when assessing Onex' performance given the nature of these expenses, which are recoverable at cost.

TABLE 1 *($ millions)*	**Three Months Ended December 31, 2021**			Three Months Ended December 31, 2020		
	Investing	**Asset Management[a]**	**Total**	Investing	Asset Management[a]	Total
Net gain on corporate investments (including an increase in carried interest)	**$ 263[b][c]**	**$ 59[b]**	**$ 322[b][c]**	$ 609[b][c]	$ 79[b]	$ 688[b][c]
Management and advisory fees	**–**	**81[c]**	**81[c]**	–	76[c]	76[c]
Performance fees	**–**	**13**	**13**	–	16	16
Other income	**–**	**1**	**1**	–	1	1
Total segment income	**263**	**154**	**417**	609	172	781
Compensation	**–**	**(64)**	**(64)**	–	(61)	(61)
Amortization of right-of-use assets	**–**	**(3)**	**(3)**	–	(2)	(2)
Other expenses	**–**	**(20)**	**(20)**	–	(10)	(10)
Segment net earnings	**$ 263**	**$ 67**	**$ 330**	$ 609	$ 99	$ 708
Stock-based compensation expense			**(78)**			(87)
Amortization of property, equipment and intangible assets, excluding right-of-use assets			**(11)**			(12)
Acquisition and integration expenses			**–**			(12)
Contingent consideration expense			**(10)**			–
Unrealized carried interest revenue – Onex Credit Funds			**(18)**			–
Earnings before income taxes			**$ 213**			$ 597
Recovery of income taxes			**1**			–
Net earnings			**$ 214**			$ 597
Segment net earnings per share[d]			**$ 3.65**			$ 7.72
Net earnings per share – diluted			**$ 2.45**			$ 6.61

(a) The asset management segment includes the costs of Onex' corporate functions.

(b) The asset management segment includes an allocation of $15 million (2020 – $25 million) from the investing segment, representing carried interest that would have been earned by the asset management segment had Onex' private equity capital been subject to carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. The asset management segment also includes a net gain of $18 million (2020 – nil) for unrealized carried interest from third-party limited partners in the Onex Credit Funds.

(c) The asset management segment includes an allocation of $13 million (2020 – $14 million) from the investing segment, representing management fees that would have been earned by the asset management segment had Onex' private equity capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds.

(d) Calculated on a fully diluted basis.

TABLE 2 ($ millions)	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Investing	Asset Management[a]	Total	Investing	Asset Management[a]	Total
Net gain on corporate investments (including an increase in carried interest)	$ 1,304[b][c]	$ 359[b]	$ 1,663[b][c]	$ 757[b][c]	$ 35[b]	$ 792[b][c]
Management and advisory fees	–	330[c]	330[c]	–	300[c]	300[c]
Performance fees	–	13	13	–	16	16
Interest and net treasury investment income	1	–	1	16	–	16
Other income	–	3	3	–	3	3
Total segment income	1,305	705	2,010	773	354	1,127
Compensation	–	(248)	(248)	–	(207)	(207)
Amortization of right-of-use assets	–	(12)	(12)	–	(10)	(10)
Other expenses	–	(61)	(61)	–	(50)	(50)
Segment net earnings	$ 1,305	$ 384	$ 1,689	$ 773	$ 87	$ 860
Stock-based compensation recovery (expense)			(205)			21
Amortization of property, equipment and intangible assets, excluding right-of-use assets			(47)			(47)
Acquisition and integration expenses			(5)			(19)
Contingent consideration expense			(10)			–
Unrealized carried interest revenue – Onex Credit Funds			(18)			–
Impairment of goodwill			–			(85)
Earnings before income taxes			$ 1,404			$ 730
Recovery of income taxes			1			–
Net earnings			$ 1,405			$ 730
Segment net earnings per share[d]			$ 18.42			$ 8.95
Net earnings per share – diluted			$ 15.76			$ 7.63

(a) The asset management segment includes the costs of Onex' corporate functions.

(b) The asset management segment includes an allocation of $111 million (2020 – $14 million) from the investing segment, representing carried interest that would have been earned by the asset management segment had Onex' private equity capital been subject to carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. The asset management segment also includes a net gain of $18 million (2020 – nil) for unrealized carried interest from third-party limited partners in the Onex Credit Funds.

(c) The asset management segment includes an allocation of $53 million (2020 – $56 million) from the investing segment, representing management fees that would have been earned by the asset management segment had Onex' private equity capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds.

(d) Calculated on a fully diluted basis.

Table 3 presents the segmented results for the years ended December 31, 2020 and 2019.

TABLE 3 *($ millions)*	Year Ended December 31, 2020			Year Ended December 31, 2019		
	Investing	Asset Management[a]	Total	Investing	Asset Management[a]	Total
Net gain (loss) on corporate investments (including an increase in carried interest)	$ 757[b][c]	$ 35[b]	$ 792[b][c]	$ 743[b][c]	$ (5)[b]	$ 738[b][c]
Management and advisory fees	–	300[c]	300[c]	–	302[c]	302[c]
Performance fees	–	16	16	–	24	24
Interest and net treasury investment income	16	–	16	14	–	14
Other income	–	3	3	–	3	3
Total segment income	773	354	1,127	757	324	1,081
Compensation	–	(207)	(207)	–	(178)	(178)
Amortization of right-of-use assets	–	(10)	(10)	–	(9)	(9)
Other expenses	–	(50)	(50)	(1)	(57)	(58)
Segment net earnings	$ 773	$ 87	$ 860	$ 756	$ 80	$ 836
Stock-based compensation recovery (expense)			21			(60)
Amortization of property, equipment and intangible assets, excluding right-of-use assets			(47)			(36)
Acquisition and integration expenses			(19)			(50)
Impairment of goodwill			(85)			–
Gain on derecognition of previously consolidated corporate investments			–			3,719
Reclassification from accumulated other comprehensive loss on derecognition of previously consolidated corporate investments			–			(170)
Earnings before income taxes			$ 730			$ 4,239
Recovery of income taxes			–			38
Net earnings			$ 730			$ 4,277
Segment net earnings per share[d]			$ 8.95			$ 8.09
Net earnings per share – diluted			$ 7.63			$ 42.74

(a) The asset management segment includes the costs of Onex' corporate functions.

(b) The asset management segment includes an allocation of $14 million (2019 – net reversal of $4 million) from the investing segment, representing carried interest that would have been earned by the asset management segment had Onex' capital been subject to carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds.

(c) The asset management segment includes an allocation of $56 million (2019 – $61 million) from the investing segment, representing management fees that would have been earned by the asset management segment had Onex' capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds.

(d) Calculated on a fully diluted basis.

Consolidated income for the three months and years ended December 31, 2021 and 2020

Consolidated income for the three months and years ended December 31, 2021 and 2020 primarily consisted of: (i) a net gain on corporate investments, which primarily consisted of Onex' share of the net gain in the Onex Partners Funds and ONCAP Funds; and (ii) management and advisory fees, which Onex earns primarily from managing client and limited partner capital through its private equity funds, private credit strategies and public strategies.

During the three months and year ended December 31, 2021, Onex' investing segment recognized a net gain on corporate investments of $263 million and $1.3 billion, respectively (2020 – $609 million and $757 million, respectively), which was primarily attributable to the following private equity investments and private credit strategies:

TABLE 4 | *($ millions)* **Net Gain (Loss) on Private Equity Investments**

	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020	**Year Ended December 31, 2021**	Year Ended December 31, 2020
Onex Partners Funds[a]				
Onex Partners II	**$ 2**	$ (6)	**$ (41)**	$ (32)
Onex Partners III	**22**	50	**96**	(103)
Onex Partners IV	**1**	149	**454**	569
Onex Partners V	**84**	181	**313**	149
Management incentive programs	**1**	(40)	**(71)**	(96)
Total net gain from Onex Partners Funds	**110**	334	**751**	487
ONCAP Funds[a]				
ONCAP II	**16**	17	**47**	(4)
ONCAP III	**11**	32	**92**	62
ONCAP IV	**46**	39	**57**	69
Management incentive programs	**(14)**	(16)	**(36)**	(26)
Total net gain from ONCAP Funds	**59**	72	**160**	101
Net gain from other private equity investments	**106**	116	**422**	213
Management fees on Onex' private equity capital[b]	**(13)**	(14)	**(53)**	(56)
Carried interest on Onex' private equity capital[c]	**(15)**	(25)	**(111)**	(14)
Total net gain from private equity	**$ 247**	$ 483	**$ 1,169**	$ 731

(a) Onex' investments in the Onex Partners and ONCAP Funds include co-investments, where applicable.

(b) Represents management fees that would have been incurred had Onex' private equity capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. These management fees reduce Onex' investing segment income and increase Onex' asset management segment income.

(c) Represents carried interest that would have been recognized had Onex' private equity capital been subject to carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. The carried interest allocations increase (decrease) Onex' investing segment income, with a corresponding decrease (increase) in Onex' asset management segment income.

During the three months ended December 31, 2021, the net gain from private equity investments was primarily driven by net gains from other private equity investments and Onex Partners V. The increase in fair value of other private equity investments was primarily due to Celestica and RSG. The net gain from Onex Partners V was primarily due to the underlying fair value increases of Convex, Imagine Learning, OneDigital and Partou, partially offset by the underlying fair value decrease of Emerald.

During the year ended December 31, 2021, the net gain from private equity investments was primarily driven by net gains from other private equity investments, Onex Partners IV and Onex Partners V. The increase in fair value of other private equity investments was primarily due to RSG. The net gain from Onex Partners IV was primarily due to the underlying fair value increases of Advanced Integration Technology, ASM Global, Parkdean Resorts, Ryan LLC, SCP Health and WireCo WorldGroup, partially offset by the underlying fair value decrease of Clarivate Analytics. The net gain from Onex Partners V was primarily due to the underlying fair value increases of Acacium Group, Convex, Imagine Learning and OneDigital.

During the three months ended December 31, 2020, the net gain from private equity investments was primarily driven by increases in the fair value of Onex' investments in the Onex Partners Funds. The increase in fair value of Onex Partners V was primarily due to some improvement in the fair values of Emerald and WestJet. The increase in fair value of Onex Partners IV was primarily due to Parkdean Resorts, PowerSchool, SCP Health and SIG, partially offset by the underlying fair value decrease of Clarivate Analytics.

The increase in fair value of other private equity investments during the three months ended December 31, 2020 was primarily due to RSG.

During the year ended December 31, 2020, the net gain from private equity investments reflected the overall resiliency and diversification of the operating businesses that Onex has invested in directly or through the Onex Partners and ONCAP Funds, despite certain operating businesses having individually declined in fair value as a result of being more directly impacted by the market volatility and economic disruption resulting from the COVID-19 pandemic. The net gain from private equity investments benefitted slightly from the weakening of the U.S. dollar against the Canadian dollar and pound sterling during the year ended December 31, 2020, which increased the fair value of certain underlying investments.

In the Onex Partners Funds, the increase in fair value of Onex Partners IV was primarily due to Clarivate Analytics, PowerSchool and SIG, partially offset by the underlying fair value decrease of ASM Global. The decrease in fair value of Onex Partners III was primarily due to the underlying fair value decrease of Emerald.

The increase in fair value of other private equity investments during the year ended December 31, 2020 was primarily due to RSG.

TABLE 5 | *($ millions)* **Net Gain (Loss) on Investments in Private Credit Strategies**

	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020	**Year Ended December 31, 2021**	Year Ended December 31, 2020
Private Credit Strategies				
U.S. CLOs	**$ 13**	$ 90	**$ 93**	$ 33
EURO CLOs	**–**	23	**21**	(3)
CLO warehouses	**1**	–	**1**	5
Middle-market lending	**3**	7	**13**	3
Senior loan strategies	**2**	8	**10**	5
Opportunistic and special situation strategies	**2**	6	**12**	10
Structured credit and high yield strategies	**–**	–	**5**	1
Direct lending	**2**	–	**2**	–
Total net gain from Private Credit Strategies	**$ 23**	$ 134	**$ 157**	$ 54

The net gain on investments in private credit strategies recognized during the three months ended December 31, 2021 was primarily driven by a net gain on U.S. CLOs and middle-market lending.

The net gain on investments in private credit strategies recognized during the year ended December 31, 2021 was primarily driven by U.S. CLOs and EURO CLOs.

The net gain on investments in private credit strategies recognized during the three months and year ended December 31, 2020 was primarily driven by net gains from the Onex Credit CLOs due to a strengthening of the leveraged loan market following the market volatility and economic disruption resulting from the COVID-19 pandemic.

Management and advisory fees for the three months and years ended December 31, 2021 and 2020 were generated from the following sources:

TABLE 6 | *($ millions)* — **Management and Advisory Fees**

	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020	**Change in Total**	
Source of management and advisory fees				
Private Equity Funds[a]	**$ 30**	$ 33	**$ (3)**	**(9)%**
Private Credit Strategies	**23**	15	**8**	**53 %**
Public Strategies	**15**	14	**1**	**7 %**
Total management and advisory fees earned	**$ 68**	$ 62	**$ 6**	**10 %**
Management fees on Onex' private equity capital[b]	**13**	14	**(1)**	**(7)%**
Total segment management and advisory fees	**$ 81**	$ 76	**$ 5**	**7 %**

(a) Includes advisory fees earned from Onex Partners and ONCAP operating businesses.

(b) Represents management fees that would have been earned had Onex' private equity capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. These management fees reduce Onex' investing segment income in the period and increase Onex' asset management segment income.

Segmented management and advisory fees for the three months ended December 31, 2021 were $81 million compared to $76 million in the same period in 2020. The increase was primarily due to increased management fees earned by private credit in connection with the acquisition of Onex Falcon in December 2020, as described on page 30 of this MD&A.

During the three months ended December 31, 2021, Onex recognized $13 million of performance fees from its public strategies compared to $16 million in the same period in 2020.

TABLE 7 | *($ millions)*

	Management and Advisory Fees			
	Year Ended December 31, 2021	Year Ended December 31, 2020	**Change in Total**	
Source of management and advisory fees				
Private Equity Funds[a]	**$ 125**	$ 129	**$ (4)**	**(3)%**
Private Credit Strategies	**90**	54	**36**	**67 %**
Public Strategies	**62**	61	**1**	**2 %**
Total management and advisory fees earned	**$ 277**	$ 244	**$ 33**	**14 %**
Management fees on Onex' private equity capital[b]	**53**	56	**(3)**	**(5)%**
Total segment management and advisory fees	**$ 330**	$ 300	**$ 30**	**10 %**

(a) Includes advisory fees earned from Onex Partners and ONCAP operating businesses.

(b) Represents management fees that would have been earned had Onex' private equity capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. These management fees reduce Onex' investing segment income in the period and increase Onex' asset management segment income.

Segmented management and advisory fees for the year ended December 31, 2021 were $330 million compared to $300 million in the same period in 2020. The increase was primarily due to increased management fees earned by private credit in connection with the acquisition of Onex Falcon in December 2020, as described on page 30 of this MD&A.

During 2021, Onex recognized $13 million of performance fees from its public strategies, compared to $16 million in the same period in 2020.

Management and advisory fees for the years ended December 31, 2020 and 2019 were generated from the following sources:

TABLE 8 | *($ millions)*

	Management and Advisory Fees			
	Year Ended December 31, 2020	Year Ended December 31, 2019	Change in Total	
Source of management and advisory fees				
Private Equity Funds[a]	$ 129	$ 146	$ (17)	(12)%
Public Strategies[b]	61	43	18	42 %
Private Credit Strategies	54	52	2	4 %
Total management and advisory fees earned	$ 244	$ 241	$ 3	1 %
Management fees on Onex' private equity capital[c]	56	61	(5)	(8)%
Total segment management and advisory fees	$ 300	$ 302	$ (2)	(1)%

(a) Includes advisory fees earned from Onex Partners and ONCAP operating businesses.

(b) Includes management fees earned from Gluskin Sheff since June 2019, when Onex acquired the company.

(c) Represents management fees that would have been earned had Onex' private equity capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. These management fees reduce Onex' investing segment income in the period and increase Onex' asset management segment income.

The decrease in segment management and advisory fees for the year ended December 31, 2020 was primarily due to a decrease from the Onex Partners Funds as realizations decreased the management fees in funds determined on the basis of limited partners' net funded commitments, substantially offset by the acquisition of Gluskin Sheff in June 2019.

During the year ended December 31, 2020, Onex recognized $16 million of performance fees compared to $24 million in the same period in 2019. Performance fees recognized during these periods were primarily from Onex' public strategies.

Certain deal investigation, research and other costs incurred by the Asset Managers are recoverable from the Onex private equity funds, private credit strategies and the operating businesses of Onex Partners and ONCAP. These cost reimbursements are recognized as revenue in accordance with IFRS 15, *Revenue from contracts with customers* ("IFRS 15"). During the three months and year ended December 31, 2021, Onex recognized $10 million and $42 million, respectively, in revenues and expenses associated with these reimbursements (2020 – $6 million and $14 million, respectively). During the year ended December 31, 2019, Onex recognized $24 million in revenues and expenses associated with these reimbursements.

Compensation

Compensation expense for the three months and year ended December 31, 2021 was $64 million and $248 million, respectively, compared to $61 million and $207 million, respectively, during the same period in 2020. The increase in compensation expense during the year ended December 31, 2021 was primarily due to increased compensation expense at Onex Credit in connection with the acquisition of Onex Falcon in December 2020 and to support the growth of the business.

Stock-based compensation expense (recovery)

During the three months ended December 31, 2021, Onex recorded a consolidated stock-based compensation expense of $78 million compared to $87 million during the same period in 2020. The stock-based compensation expense recorded during the three months ended December 31, 2021 was primarily due to an 11% increase in the market value of Onex' shares to C$99.28 at December 31, 2021 from C$89.54 at September 30, 2021.

During the year ended December 31, 2021, Onex recorded a consolidated stock-based compensation expense of $205 million compared to a recovery of $21 million during the same period in 2020. The stock-based compensation expense recorded during the year ended December 31, 2021 was primarily due to the 36% increase in the market value of Onex' shares to C$99.28 at December 31, 2021 from C$73.06 at December 31, 2020.

Table 9 details the change in stock-based compensation expense (recovery).

Stock-Based Compensation Expense (Recovery)

TABLE 9 *($ millions)*	Three Months Ended December 31			Year Ended December 31		
	2021	2020	**Change**	**2021**	2020	**Change**
Stock Option Plan	**$ 77**	$ 86	**$ (9)**	**$ 199**	$ (20)	**$ 219**
Director DSU Plan	**1**	1	**–**	**2**	(1)	**3**
Other	**–**	–	**–**	**4**	–	**4**
Total stock-based compensation expense (recovery)	**$ 78**	$ 87	**$ (9)**	**$ 205**	$ (21)	**$ 226**

Amortization of property, equipment and intangible assets

Amortization of property, equipment and intangible assets for the three months and year ended December 31, 2021 was $14 million and $59 million, respectively (2020 – $14 million and $57 million, respectively) and consisted primarily of amortization expenses related to client relationship intangible assets, right-of-use assets and leasehold improvements related to Onex' leased premises.

Impairment of goodwill

During the fourth quarter of 2021, management concluded that the goodwill and intangible assets associated with the acquisitions of Onex Falcon, Gluskin Sheff and Onex Credit were not impaired.

Management concluded that as at March 31, 2020, conditions existed which may indicate that goodwill and intangible assets associated with the acquisitions of Gluskin Sheff and Onex Credit were impaired as a result of the market volatility and economic disruption which began in March 2020 in connection with the COVID-19 pandemic. As a result, management tested the goodwill and intangible assets of Gluskin Sheff and Onex Credit for impairment as at March 31, 2020 and recorded a goodwill impairment charge of C$114 million ($85 million) associated with the goodwill of Gluskin Sheff, measured in accordance with IAS 36, *Impairment of Assets* ("IAS 36"). The impairment was primarily due to the decrease in assets under management as a result of the COVID-19 pandemic. The impairment for Gluskin Sheff was calculated on a fair value less costs of disposal basis, which resulted in a recoverable amount of C$310 million ($219 million) as at March 31, 2020. As at December 31, 2021, goodwill associated with the acquisition of Gluskin Sheff was C$146 million ($114 million) (2020 – C$146 million ($114 million)).

Management determined that the goodwill and intangible assets associated with the acquisition of Onex Credit were not impaired as at March 31, 2020, based on their value in use.

Other expenses

Other expenses comprised the following:

Other Expenses

TABLE 10 — *($ millions)* Year ended December 31	2021	2020
Professional services	$ 18	$ 13
Information technology	12	10
Contingent consideration related to the acquisition of Falcon (note 26)	10	–
Acquisition and integration expenses	5	19
Facilities	5	4
Travel	4	4
Directors' compensation	2	3
Interest expense from lease liabilities	2	2
Donations	2	2
Insurance	2	1
Foreign exchange	–	(1)
Administrative and other	14	12
Total	$ 76	$ 69

During 2021, Onex recognized $5 million (2020 – $19 million) of acquisition and integration expenses, primarily related to the continued integration activities of Falcon, as described on page 30 of this MD&A, and continued integration activities for Gluskin Sheff and Onex Credit.

Other comprehensive earnings

Other comprehensive earnings of $1 million for the three months and year ended December 31, 2021 (2020 – $12 million and nil, respectively) were due to favourable currency translation adjustments associated with the consolidation of Gluskin Sheff's net assets (2020 – favourable).

SUMMARY OF QUARTERLY INFORMATION

Table 11 summarizes Onex' key consolidated financial information for the last eight quarters.

Consolidated Quarterly Financial Information

TABLE 11 ($ millions except per share amounts)	2021				2020			
	December	**September**	**June**	**March**	December	September	June	March
Total segment income (loss)	**$ 417**	**$ 688**	**$ 355**	**$ 550**	$ 781	$ 585	$ 754	$ (993)
Total segment expenses	**(87)**	**(81)**	**(75)**	**(78)**	(73)	(70)	(65)	(59)
Segment net earnings (loss)	**330**	**607**	**280**	**472**	708	515	689	(1,052)
Other non-segment items	**(116)**	**(5)**	**(106)**	**(57)**	(111)	(14)	(60)	55
Net earnings (loss)	**$ 214**	**$ 602**	**$ 174**	**$ 415**	$ 597	$ 501	$ 629	$ (997)
Segment net earnings (loss) per share[i]	**$ 3.65**	**$ 6.59**	**$ 3.04**	**$ 5.12**	$ 7.72	$ 5.39	$ 7.02	$ (10.34)
Net earnings (loss) per share – basic	**$ 2.45**	**$ 6.77**	**$ 1.95**	**$ 4.60**	$ 6.62	$ 5.30	$ 6.44	$ (9.97)
Net earnings (loss) per share – diluted	**$ 2.45**	**$ 6.76**	**$ 1.95**	**$ 4.59**	$ 6.61	$ 5.29	$ 6.43	$ (9.97)

(i) Calculated on a fully diluted basis.

CASH AND NEAR-CASH

At December 31, 2021, Onex' consolidated cash and cash equivalents balance was $547 million (2020 – $706 million) and Onex' cash and near-cash consisted of the following:

Cash and Near-Cash[a]

TABLE 12 ($ millions)	**December 31, 2021**	December 31, 2020
Cash and cash equivalents – Investing segment[b]	**$ 357**	$ 505
Cash and cash equivalents within Investment Holding Companies[c]	**228**	111
Treasury investments[d]	**290**	234
Treasury investments within Investment Holding Companies[d]	**310**	307
Management fees and recoverable fund expenses receivable[e]	**308**	122
Subscription financing receivable[f]	**130**	–
OCP Senior Floating Income Fund[g]	**–**	98
Cash and near-cash[a]	**$ 1,623**	$ 1,377

(a) Cash and near-cash is a non-GAAP financial measure calculated using methodologies that are not in accordance with IFRS. The presentation of these measures does not have a standardized meaning prescribed under IFRS and are therefore unlikely to be comparable to similar financial measures presented by other companies. Onex management believes that cash and near-cash provides helpful information to investors to assess how the Company is managing its capital.

(b) Excludes cash and cash equivalents allocated to the asset management segment related to accrued incentive compensation ($147 million (2020 – $125 million)) and contingent consideration related to the acquisition of Onex Falcon ($43 million (2020 – $33 million)). Cash and cash equivalents at December 31, 2020 were also reduced for the liability relating to the retirement of the Onex Credit chief executive officer ($43 million).

(c) Includes restricted cash and cash equivalents of $21 million (December 31, 2020 – $22 million) for which the Company can readily remove the external restriction. Excludes cash and cash equivalents reserved for payments under the management incentive programs.

(d) Includes net working capital managed by a third-party investment manager.

(e) Includes management fees receivable from the Onex Partners and ONCAP Funds. The December 31, 2021 balance also includes recoverable fund expenses from the Onex Partners and ONCAP Funds.

(f) Subscription financing receivable from the Onex Capital Solutions Fund attributable to third-party investors.

(g) During the first quarter of 2021, Onex redeemed all of its investment in the Onex Credit Partners Senior Floating Income Fund. The proceeds from this redemption were invested in Onex Senior Credit Fund II, which was subsequently redeemed later in the year.

Table 13 provides a reconciliation of the change in cash and near-cash at Onex from December 31, 2020 to December 31, 2021.

Change in Cash and Near-Cash

TABLE 13 *($ millions)*		Amount
Cash and near-cash at December 31, 2020[(a)]		$ 1,377
Private equity realizations:		
Onex Partners		
Clarivate Analytics secondary offerings	224	
JELD-WEN secondary offerings	203	
Acacium Group shareholder loan repayment	16	
Other	20	
ONCAP		
Sale of Bradshaw	132	
Sale of Davis-Standard	75	
Sale of Pinnacle	43	
Other	35	
Direct investments		
RSG initial public offering and distributions	500	
Incline Aviation Fund I and Fund II	13	1,261
Private equity investments:		
Onex Partners		
Imagine Learning investment	(279)	
Wealth Enhancement Group investment	(226)	
Newport Healthcare investment	(185)	
Fidelity BSG investment	(83)	
Other	(10)	
ONCAP		
Komar investment	(20)	
Other	(1)	
Direct investments		
Incline Aviation Fund I and Fund II	(40)	(844)
Flushing Town Center distributions		14
Net private credit strategies investment activity		103
Onex share repurchases, options exercised, DSUs exercised and dividends		(320)
Net other, including capital expenditures, management fees, operating costs, treasury income and changes in working capital[(b)]		32
Cash and near-cash at December 31, 2021[(a)]		**$ 1,623**

(a) Refer to reconciliation in table 12.

(b) Other includes recoverable fund expenses receivable from the Onex Partners and ONCAP Funds as at December 31, 2020. Beginning December 31, 2021, Onex treats recoverable fund expenses receivable from the Onex Partners and ONCAP Funds as near-cash.

In February 2022, Onex invested approximately $96 million as part of the Onex Partners V Group's acquisition of Tes Global, as described on page 13 of this MD&A.

In February 2022, Onex invested approximately $16 million as part of the ONCAP IV Group's acquisition of Merrithew, as described on page 13 of this MD&A.

CONSOLIDATED FINANCIAL POSITION

Consolidated assets

Consolidated assets totalled $12.9 billion at December 31, 2021 compared to $11.9 billion at December 31, 2020. The increase in consolidated assets was primarily driven by an increase in the fair value of the Company's corporate investments, as described on page 34 of this MD&A, partially offset by a decrease in cash and cash equivalents, as described on page 41 of this MD&A, and a net decrease in intercompany loans receivable from Onex and the Asset Managers, which are included within corporate investments.

Table 14 presents consolidated assets by reportable segment as at December 31, 2021 and December 31, 2020.

Consolidated Assets by Reportable Segment

TABLE 14 *($ millions)*	As at December 31, 2021			As at December 31, 2020		
	Investing	**Asset Management**	**Total**	Investing	Asset Management	Total
Cash and cash equivalents	**$ 357**	**$ 190**[a]	**$ 547**	$ 505	$ 201[a]	$ 706
Treasury investments	**290**	**–**	**290**	234	–	234
Management and advisory fees, recoverable fund expenses and other receivables	**308**[b]	**61**	**369**	122[b]	139	261
Corporate investments	**7,239**	**–**	**7,239**	5,926	–	5,926
Unrealized carried interest – Onex Credit Funds	**18**	**–**	**18**	–	–	–
Other assets	**–**	**136**	**136**	–	98	98
Property and equipment	**–**	**148**	**148**	–	169	169
Intangible assets	**–**	**139**	**139**	–	167	167
Goodwill	**–**	**264**	**264**	–	264	264
Total segment assets	**$ 8,212**	**$ 938**	**$ 9,150**	$ 6,787	$ 1,038	$ 7,825
Net intercompany loans receivable, comprising part of the fair value of Investment Holding Companies			**3,755**			4,043
Unrealized carried interest – Onex Credit Funds			**(18)**			–
Total assets			**$ 12,887**			$ 11,868
Investing capital per share (U.S. dollars)[c]	**$ 90.75**			$ 73.61		
Investing capital per share (Canadian dollars)[c]	**$ 115.05**			$ 93.73		

(a) Cash and cash equivalents allocated to the asset management segment relate to accrued employee incentive compensation and contingent consideration related to the acquisition of Falcon. At December 31, 2020, cash and cash equivalents allocated to the asset management segment also included a liability relating to the retirement of the Onex Credit chief executive officer.

(b) Represents management fees receivable that Onex has elected to defer cash receipt from the Onex Partners and ONCAP Funds. At December 31, 2021, the balance also included recoverable fund expenses from the Onex Partners and ONCAP Funds.

(c) Calculated on a fully diluted basis.

Table 15 presents consolidated assets by reportable segment as at December 31, 2020 and December 31, 2019.

Consolidated Assets by Reportable Segment

TABLE 15 *($ millions)*	As at December 31, 2020			As at December 31, 2019		
	Investing	Asset Management	Total	Investing	Asset Management	Total
Cash and cash equivalents	$ 505	$ 201[a]	$ 706	$ 832	$ 156[a]	$ 988
Treasury investments	234	–	234	306	–	306
Management and advisory fees, recoverable fund expenses and other receivables	122[b]	139	261	190[b]	142	332
Corporate investments	5,926	–	5,926	5,233	–	5,233
Other assets	–	98	98	–	126	126
Property and equipment	–	169	169	–	181	181
Intangible assets	–	167	167	–	158	158
Goodwill	–	264	264	–	261	261
Total segment assets	$ 6,787	$ 1,038	$ 7,825	$ 6,561	$ 1,024	$ 7,585
Net intercompany loans receivable, comprising part of the fair value of Investment Holding Companies			4,043			4,217
Total assets			$ 11,868			$ 11,802
Investing capital per share (U.S. dollars)[c]	$ 73.61			$ 63.77		
Investing capital per share (Canadian dollars)[c]	$ 93.73			$ 82.83		

(a) Cash and cash equivalents allocated to the asset management segment relate to accrued employee incentive compensation and the liabilities relating to the retirement of the Onex Credit chief executive officer and contingent consideration related to the acquisition of Falcon. At December 31, 2020, cash and cash equivalents allocated to the asset management segment also included a contingent consideration related to the acquisition of Falcon.

(b) Represents management fees receivable that Onex has elected to defer cash receipt from the Onex Partners and ONCAP Funds.

(c) Calculated on a fully diluted basis.

Corporate investments

The Company's interests in Investment Holding Companies are recorded at fair value through net earnings (loss). The Investment Holding Companies directly or indirectly invest the Company's capital in the Onex Partners Funds, ONCAP Funds, private credit strategies and other investments. The Company's corporate investments include the following amounts:

TABLE 16 *($ millions)*	December 31, 2020	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2021
Onex Partners Funds	$ 3,169	**$ 783**	**$ (447)**	**$ 751**	**$ 4,256**
ONCAP Funds	606	**21**	**(253)**	**160**	**534**
Other private equity	743	**40**	**(513)**	**422**	**692**
Carried interest	87	**n/a**	**(48)**	**230**	**269**
Total private equity investments	4,605	**844**	**(1,261)**	**1,563**	**5,751**
Private Credit Strategies	849	**641**	**(842)**	**157**	**805**
Real estate	62	**–**	**(14)**	**4**	**52**
Other net assets[a]	410	**(1,583)**	**1,830**	**(26)**	**631**
Total corporate investments excluding intercompany loans	5,926	**(98)**	**(287)**	**1,698**	**7,239**
Intercompany loans receivable from Onex and the Asset Managers	4,043	**174**	**(462)**	**–**	**3,755**
Intercompany loans payable to Onex and the Asset Managers	(425)	**(26)**	**22**	**–**	**(429)**
Intercompany loans receivable from Investment Holding Companies	425	**26**	**(22)**	**–**	**429**
Total corporate investments	$ 9,969	**$ 76**	**$ (749)**	**$ 1,698**	**$ 10,994**

(a) Other net assets consist of the assets (primarily cash and near-cash items) and liabilities of the Investment Holding Companies, excluding investments in private equity, private credit strategies, real estate and intercompany loans receivable from and payable to Onex and the Asset Managers. Capital deployed and realizations and distributions of other net assets represent the cash flows of the Investment Holding Companies associated with investments in private equity, private credit strategies, real estate and intercompany loans receivable from and payable to Onex and the Asset Managers.

TABLE 17 ($ millions)	December 31, 2019	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2020
Onex Partners Funds	$ 2,999	$ 518	$ (835)	$ 487	$ 3,169
ONCAP Funds	501	5	(1)	101	606
Other private equity	421	145	(36)	213	743
Carried interest	66	n/a	–	21	87
Total private equity investments	3,987	668	(872)	822	4,605
Private Credit Strategies	746	383	(334)	54	849
Real estate	90	–	(20)	(8)	62
Other net assets[a]	410	(895)	915	(20)	410
Total corporate investments excluding intercompany loans	5,233	156	(311)	848	5,926
Intercompany loans receivable from Onex and the Asset Managers	4,217	172	(346)	–	4,043
Intercompany loans payable to Onex and the Asset Managers	(714)	(24)	313	–	(425)
Intercompany loans receivable from Investment Holding Companies	714	24	(313)	–	425
Total corporate investments	$ 9,450	$ 328	$ (657)	$ 848	$ 9,969

(a) Other net assets consist of the assets (primarily cash and near-cash items) and liabilities of the Investment Holding Companies, excluding investments in private equity, private credit strategies, real estate and intercompany loans receivable from and payable to Onex and the Asset Managers. Capital deployed and realizations and distributions of other net assets represent the cash flows of the Investment Holding Companies associated with investments in private equity, private credit strategies, real estate and intercompany loans receivable from and payable to Onex and the Asset Managers.

At December 31, 2021, Onex' corporate investments, which are more fully described in note 5 to the consolidated financial statements, totalled $11.0 billion (December 31, 2020 – $10.0 billion).

During the year ended December 31, 2021, Onex' investment of capital primarily consisted of the investments made in Onex Partners V, as described on page 13 of this MD&A, and investments made in private credit strategies, as described on page 16 of this MD&A.

During the year ended December 31, 2021, realizations and distributions to Onex primarily consisted of the private equity and private credit activities described on pages 14 and 16 of this MD&A.

During the year ended December 31, 2021, the change in fair value of Onex' corporate investments totalled an increase of $1.7 billion, primarily driven by changes in the fair value of Onex' investments in private equity, which are more fully described on page 35 of this MD&A.

During the year ended December 31, 2020, Onex' investment of capital primarily consisted of investments made in Onex Partners V, investments made in certain opportunistic and special situation strategies, CLOs and CLO warehouse facilities, and an investment made in RSG.

During the year ended December 31, 2020, realizations and distributions to Onex primarily consisted of Onex' share of the proceeds from the Onex Partners IV Group for the secondary offerings by Clarivate and SIG, and realizations and distributions received from Onex' CLOs and CLO warehouse facilities.

During the year ended December 31, 2020, the change in fair value of Onex' corporate investments totalled an increase of $848 million, which was primarily driven by changes in fair value of Onex' investments in private equity, which are more fully described on page 35 of this MD&A.

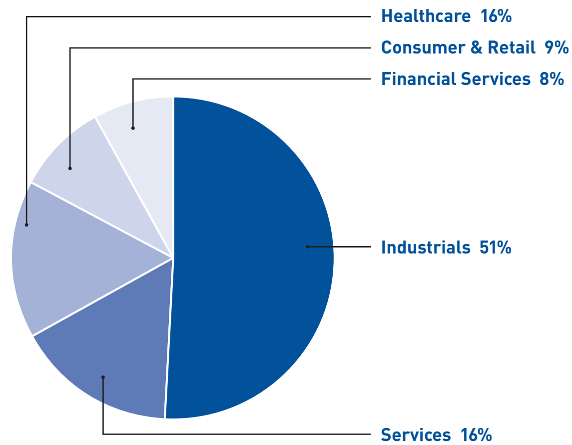
The valuation of public investments held directly by Onex or through the Onex Partners Funds and ONCAP Funds is based on their publicly traded closing prices at December 31, 2021 and 2020. For certain public investments, a discount was applied to the closing price in relation to restrictions that were in place at December 31, 2021 and 2020 relating to the securities held by Onex, the Onex Partners Funds or the ONCAP Funds. At December 31, 2021, these discounts resulted in a reduction of $77 million in the fair value of corporate investments (December 31, 2020 – $63 million).

Onex' private equity investments include direct and indirect investments in 38 operating businesses, which operate in a variety of industries and countries. Details of these operating businesses' revenues, assets and debt are as follows:

TABLE 18 — *($ millions)* Year ended December 31, 2021		Operating Business Revenues[a]
Industrials	$ 12,296	51%
Services	3,780	16%
Healthcare	3,766	16%
Consumer & Retail	2,156	9%
Financial Services	2,036	8%
Total	$ 24,034	100%

(a) Includes revenues during the period that Onex controls, jointly controls or has significant influence over the operating businesses.

Operating Business Revenues by Industry Vertical – Year Ended December 31, 2021[a]

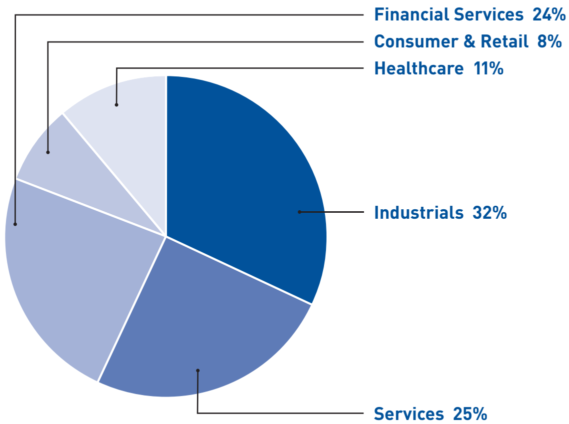


(a) Includes revenues during the period that Onex controls, jointly controls or has significant influence over the operating businesses.

TABLE 19 — *($ millions)* As at December 31, 2021	Operating Business Assets[a]		Operating Business Debt[a]	
Industrials	$ 13,921	32%	$ 5,083	32%
Services	11,001	25%	4,133	26%
Financial Services	10,317	24%	2,442	15%
Healthcare	4,883	11%	2,815	18%
Consumer & Retail	3,385	8%	1,471	9%
Total	$ 43,507	100%	$ 15,944	100%

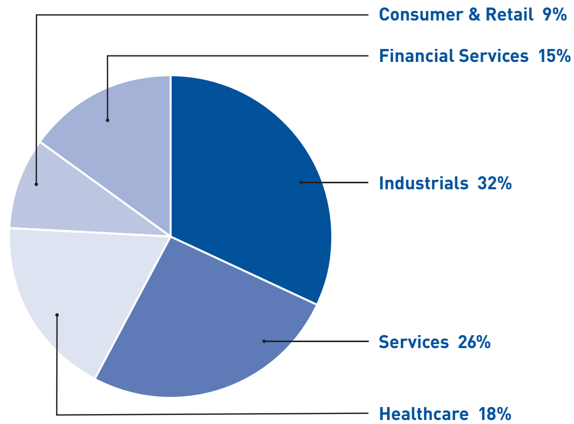
(a) Includes the assets and debt of operating businesses that Onex controls, jointly controls or has significant influence over.

Operating Business Assets by Industry Vertical – December 31, 2021[a]



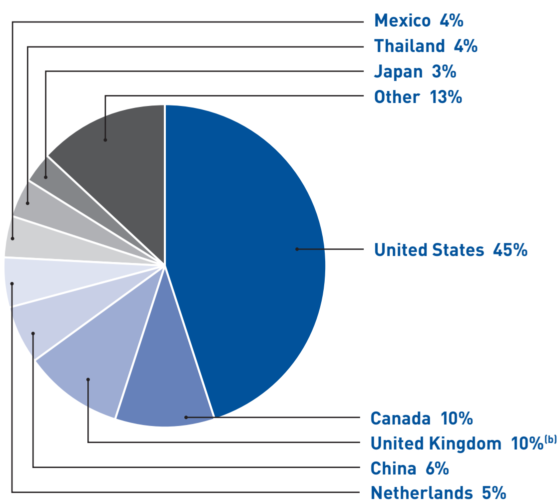
(a) Includes the assets of operating businesses that Onex controls, jointly controls or has significant influence over.

Operating Business Debt by Industry Vertical – December 31, 2021[a]



(a) Includes the debt of operating businesses that Onex controls, jointly controls or has significant influence over.

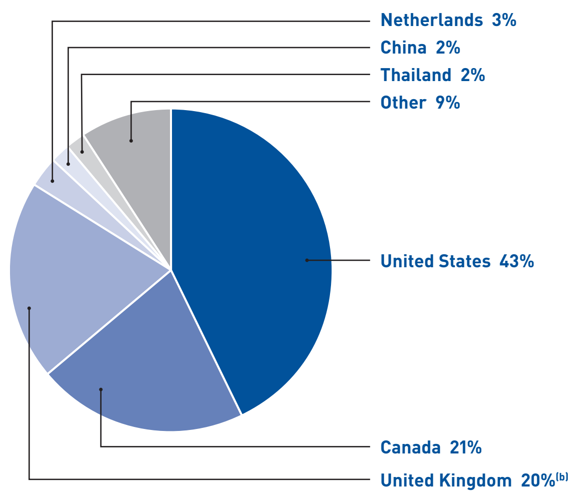
Operating Business Revenues by Country – Year Ended December 31, 2020[a]



(a) Includes revenues of operating businesses that are controlled or jointly controlled by Onex. 2021 data will be available beginning in the first quarter of 2022.

(b) Includes revenues recognized in United Kingdom Overseas Territories.

Operating Business Assets by Country – December 31, 2020[a]



(a) Includes assets of operating businesses that are controlled or jointly controlled by Onex. 2021 data will be available beginning in the first quarter of 2022.

(b) Includes assets held in United Kingdom Overseas Territories.

Intercompany loans payable to Investment Holding Companies

Onex and the Asset Managers have intercompany loans payable to the Investment Holding Companies. The loans are primarily due on demand and non-interest bearing. At December 31, 2021, intercompany loans payable to the Investment Holding Companies totalled $3.8 billion (2020 – $4.0 billion) and the corresponding receivable of $3.8 billion (2020 – $4.0 billion) was included in the fair value of the Investment Holding Companies within corporate investments. There is no impact on net assets or net earnings (loss) from these intercompany loans.

Lease liabilities

Onex leases office space in Canada, the United States and the United Kingdom. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The terms of the Onex leasing agreements are generally made for fixed periods up to 2032 and in certain circumstances contain options to extend beyond the initial fixed periods. In circumstances where it is reasonably certain that Onex will exercise an option to extend a leasing agreement, the minimum lease payments to be made during the extension period are included in the determination of the lease liability to be recorded. The lease contracts entered into by Onex do not contain any significant restrictions or covenants.

Onex' total lease liabilities were as follows.

TABLE 20 *($ millions)*	**December 31, 2021**	December 31, 2020	December 31, 2019
Total lease liabilities	**$ 71**	$ 75	$ 72

The minimum lease payment requirements are more fully described in note 12 to the consolidated financial statements.

Equity

Table 21 provides a reconciliation of the change in equity from December 31, 2020 to December 31, 2021.

Change in Equity

TABLE 21 *($ millions)*	
Balance – December 31, 2020	$ 7,243
Dividends declared	**(28)**
Options exercised	**2**
Repurchase and cancellation of shares	**(249)**
Net earnings	**1,405**
Currency translation adjustments included in other comprehensive earnings	**1**
Equity as at December 31, 2021	**$ 8,374**

Dividend policy

Table 22 presents Onex' dividends paid per share for the twelve months ended December 31 during the past five years. The table reflects the increase in dividends per share over this time.

TABLE 22 *($ per share amounts)*	**Dividend Paid per Share**
Twelve months ended December 31:	
2017	**C$ 0.29**
2018	**C$ 0.33**
2019	**C$ 0.38**
2020	**C$ 0.40**
2021	**C$ 0.40**

Shares outstanding

At December 31, 2021, Onex had 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value reflected in Onex' consolidated financial statements. Onex also had 86,805,538 SVS issued and outstanding. Note 15 to the consolidated financial statements provides additional information on Onex' share capital. There was no change in the Multiple Voting Shares outstanding during the year ended December 31, 2021.

Table 23 shows the change in the number of SVS outstanding from December 31, 2019 to January 31, 2022.

TABLE 23 *($ millions except per share amounts)*	Number of SVS	Average Price per Share (USD)	Average Price per Share (CAD)	Total Cost (USD)	Total Cost (CAD)
SVS outstanding at December 31, 2019	100,063,143				
Shares repurchased and cancelled:					
Normal Course Issuer Bid	(9,780,411)	$ 45.35	$ 60.86	$ 444	$ 595
Issuance of shares:					
Options exercised	28,199	$ 55.65	$ 72.15	$ 2	$ 2
SVS outstanding at December 31, 2020	90,310,931				
Shares repurchased and cancelled:					
Normal Course Issuer Bids	**(2,421,526)**	**$ 70.34**	**$ 88.19**	**$ 171**	**$ 214**
Private transactions	**(1,100,000)**	**$ 71.28**	**$ 90.30**	**$ 78**	**$ 99**
Issuance of shares:					
Options exercised	**16,133**	**$ 76.17**	**$ 97.43**	**$ 2**	**$ 2**
SVS outstanding at January 31, 2022	**86,805,538**				

Shares repurchased and cancelled

The NCIB enables Onex to repurchase up to 10% of its public float of SVS during the period of the relevant Bid. Onex believes that it is advantageous for Onex and its shareholders to continue to repurchase Onex' SVS from time to time when the SVS are trading at prices that reflect a discount to their value as perceived by Onex, while considering other opportunities to invest Onex' cash.

On April 18, 2021, Onex renewed its NCIB following the expiry of its previous NCIB on April 17, 2021. Under the new NCIB, Onex is permitted to purchase up to 10% of its public float of SVS, or 7,398,197 SVS. Onex may purchase up to 37,775 SVS during any trading day, being 25% of its average daily trading volume for the six months ended March 31, 2021. Onex may also purchase SVS from time to time under the TSX's block purchase exemption, if available, or by way of private agreement pursuant to an issuer bid exemption order, if sought and received, under the new NCIB. The new NCIB commenced on April 18, 2021 and will conclude on the earlier of the date on which purchases under the NCIB have been completed and April 17, 2022. A copy of the Notice of Intention to renew the NCIB filed with the TSX is available at no charge to shareholders by contacting Onex.

Under the previous NCIB that expired on April 17, 2021, Onex repurchased 8,035,011 SVS at a total cost of $382 million (C$506 million) or an average purchase price of $47.57 (C$63.00) per share.

The private transactions represented the repurchase of SVS that were held indirectly by Mr. Gerald W. Schwartz, Onex' controlling shareholder, as described on page 62 of this MD&A.

Onex' Repurchases of SVS for the Past 10 Years

TABLE 24	Shares Repurchased	Total Cost of Shares Repurchased *(in C$ millions)*	Average Share Price *(in C$ per share)*
2012	627,061	24	38.59
2013[1]	3,060,400	159	51.81
2014[2]	2,593,986	163	62.98
2015[3]	3,084,877	218	70.70
2016[4]	3,114,397	250	80.14
2017[5]	1,273,209	121	95.00
2018[6]	1,169,733	102	86.78
2019	629,027	46	73.59
2020	9,780,411	595	60.86
2021[7]	3,521,526	313	88.85
Total	28,854,627	C$ 1,991	C$ 68.99

(1) Includes 1,000,000 SVS repurchased in a private transaction.

(2) Includes 1,310,000 SVS repurchased in private transactions.

(3) Includes 275,000 SVS repurchased in private transactions.

(4) Includes 1,000,000 SVS repurchased in a private transaction.

(5) Includes 750,000 SVS repurchased in a private transaction.

(6) Includes 500,000 SVS repurchased in a private transaction.

(7) Includes 1,100,000 SVS repurchased in private transactions.

Stock Option Plan

Onex, the parent company, has a Stock Option Plan in place that provides for options and/or share appreciation rights to be granted to Onex directors, officers and employees for the acquisition of SVS of Onex, the parent company, for a term not exceeding 10 years. The options vest equally over five years. The exercise price of the options issued is at the market value of the SVS on the business day preceding the day of the grant. Vested options are not exercisable unless the average five-day market price of Onex SVS is at least 25% greater than the exercise price at the time of exercise.

At December 31, 2021, Onex had 12,116,370 options outstanding to acquire SVS, of which 6,136,590 options were vested and exercisable.

Table 25 provides information on the activity from December 31, 2019 to December 31, 2021.

TABLE 25	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2019	14,073,050	C$ 68.50
Grants	68,750	C$ 61.15
Surrendered	(247,850)	C$ 35.17
Exercised	(50,000)	C$ 31.20
Expired	(721,200)	C$ 82.44
Outstanding at December 31, 2020	13,122,750	C$ 68.47
Grants	**687,000**	**C$ 75.09**
Surrendered	**(1,394,830)**	**C$ 53.30**
Exercised	**(25,000)**	**C$ 33.11**
Expired	**(273,550)**	**C$ 84.85**
Outstanding at December 31, 2021	**12,116,370**	**C$ 70.30**

During 2021, 687,000 options to acquire SVS were issued with a weighted average exercise price of C$75.09, 1,394,830 options were surrendered at a weighted average exercise price of C$53.30 for aggregate cash consideration of $40 million (C$49 million), 25,000 options were exercised at a weighted average exercise price of C$33.11 and 273,550 options expired.

During 2020, 68,750 options to acquire SVS were issued with a weighted average exercise price of C$61.15 per share, 247,850 options were surrendered at a weighted average exercise price of C$35.17 for aggregate cash consideration of $9 million (C$11 million), 50,000 options were exercised at a weighted average exercise price of C$31.20 and 721,200 options expired.

Director Deferred Share Unit Plan

During 2021, grants totalling 30,406 DSUs were issued to directors having an aggregate value of $2 million (C$3 million) and 35,500 DSUs were redeemed in connection with the retirement of a director. At December 31, 2021, there were 659,955 Director DSUs outstanding (2020 – 661,837). At December 31, 2021, Onex had economically hedged 90% of the outstanding Director DSUs with counterparty financial institutions.

Management Deferred Share Unit Plan

In early 2021, 111,088 DSUs were issued to the Onex management team, having an aggregate value, at the date of grant, of $6 million (C$8 million), in lieu of that amount of cash compensation for Onex' 2020 fiscal year. At December 31, 2021, there were 881,943 Management DSUs outstanding (2020 – 770,540).

At December 31, 2021, Onex had economically hedged 100% of the outstanding Management DSUs with counterparty financial institutions. Forward agreements with a fair value of $116 million at December 31, 2021, including those associated with Director DSUs, were recorded within other assets in the consolidated balance sheet.

Director DSUs must be held until retirement from the Board and Management DSUs must be held until management is no longer employed by Onex. Table 26 reconciles the changes in the DSUs outstanding at December 31, 2021 from December 31, 2019.

Change in Outstanding Deferred Share Units

TABLE 26	Director DSU Plan		Management DSU Plan	
	Number of DSUs	Weighted Average Price	Number of DSUs	Weighted Average Price
Outstanding at December 31, 2019	702,857		707,048	
Granted	42,486	C$ 60.85	–	–
Redeemed	(102,407)	C$ 65.13	–	–
Additional units issued in lieu of compensation and cash dividends	18,901	C$ 60.73	63,492	C$ 84.29
Outstanding at December 31, 2020	661,837		770,540	
Granted	**22,401**	**C$ 82.58**	**–**	**–**
Redeemed	**(35,500)**	**C$ 98.12**	**(3,785)**	**C$ 90.38**
Additional units issued in lieu of compensation and cash dividends	**11,217**	**C$ 86.84**	**115,188**	**C$ 73.59**
Outstanding at December 31, 2021	**659,955**		**881,943**	
Hedged with counterparty financial institutions at December 31, 2021	**(593,740)**		**(881,943)**	
Outstanding at December 31, 2021 – Unhedged	**66,215**		**–**	

Management of capital

Onex considers the capital it manages to be the amounts it has invested in cash and cash equivalents, near-cash investments, treasury investments managed by a third-party investment manager, investments made in the Onex Partners Funds, ONCAP Funds and private credit strategies, and other investments. Onex also manages capital from other investors in the Onex Partners Funds, ONCAP Funds, private credit strategies and public strategies. Onex' objectives in managing capital are to:

- preserve a financially strong parent company with appropriate liquidity and no, or a limited amount of, external debt so that funds are available to pursue new investments and growth opportunities as well as support expansion of its existing businesses;
- achieve an appropriate return on capital invested commensurate with the level of assumed risk;
- build the long-term value of its corporate investments; and
- control the risk associated with capital invested in any particular strategy. Onex Corporation does not guarantee the debt of its investment funds or the underlying operating businesses of its private equity funds.

At December 31, 2021, Onex had $1.6 billion of cash and near-cash items, as described on page 40 of this MD&A.

Onex has a conservative cash management policy driven toward maintaining liquidity and preserving principal in all its treasury investments.

At December 31, 2021, the fair value of treasury investments, including cash yet to be deployed and net working capital managed by a third-party investment manager, was $677 million (2020 – $554 million). The increase in treasury investments was primarily driven by the transfer of cash and cash equivalents to the Company's third-party investment manager. Treasury investments are managed in a mix of short-term and long-term portfolios and consist of commercial paper with original maturities of three months to one year, federal debt instruments, corporate obligations and structured products with maturities of one to five years. Treasury investments have current Standard & Poor's ratings ranging from BBB to AAA. The portfolio concentration limits range from a maximum of 10% for BBB investments to 100% for AAA investments. The investments are managed to maintain an overall weighted average duration of two years or less.

Today, Onex has access to uncalled committed limited partner capital for investments through Onex Partners V (approximately $860 million), which excludes capital called for the pending investment in RES, and ONCAP IV (approximately $155 million). In addition, Onex has uncalled committed capital of $305 million from other Onex Partners and ONCAP Funds that may be used for possible future funding of existing businesses and funding of partnership expenses.

LIQUIDITY AND CAPITAL RESOURCES

Major cash flow components

This section should be read in conjunction with the consolidated statements of cash flows and the corresponding notes thereto. Table 27 summarizes the major consolidated cash flow components for the years ended December 31, 2021 and 2020.

Major Cash Flow Components

TABLE 27	*($ millions)* Year ended December 31	2021	2020
Cash provided by operating activities		$ 361	$ 382
Cash used in financing activities		$ (465)	$ (657)
Cash used in investing activities		$ (55)	$ (9)
Consolidated cash and cash equivalents		$ 547	$ 706

Cash provided by operating activities

Table 28 provides a breakdown of cash provided by operating activities by cash generated from operations and changes in non-cash working capital items for the years ended December 31, 2021 and 2020.

Components of Cash Provided by Operating Activities

TABLE 28	*($ millions)* Year ended December 31	2021	2020
Cash generated from operations		$ 496	$ 304
Changes in non-cash working capital items:			
Management and advisory fees, recoverable fund expenses and other receivables		(107)	67
Other assets		(1)	(1)
Accounts payable, accrued liabilities and other liabilities		(49)	(3)
Accrued compensation		22	16
Increase (decrease) in cash and cash equivalents due to changes in non-cash working capital items		(135)	79
Decrease in other operating activities		–	(1)
Cash provided by operating activities		$ 361	$ 382

Cash generated from operations includes net earnings from operations before interest and income taxes, adjusted for cash taxes received (paid) and items not affecting cash and cash equivalents, in addition to cash flows from Onex' investments in and loans made to the Investment Holding Companies. The significant changes in non-cash working capital items for the years ended December 31, 2021 and 2020 were:

- a $107 million increase in management and advisory fees, recoverable fund expenses and other receivables, primarily driven by a net increase in fees and expenses due from the Onex Partners Funds. This compares to a $67 million decrease during the year ended December 31, 2020, which was driven by the receipt of management fees from the limited partners of the Onex Partners' Funds, partially offset by management fees earned but not yet received from the limited partners of the ONCAP Funds;
- a $49 million decrease in accounts payable, accrued liabilities and other liabilities (2020 – $3 million), primarily driven by a payment made in connection with the former Onex Credit CEO's participation in the Onex Credit business; and
- a $22 million increase in accrued compensation, primarily as a result of accrued incentive compensation related to the 2021 fiscal year, partially offset by the payment of 2020 incentive compensation during the first quarter of 2021. This compares to a $16 million increase during the same period in 2020, which was primarily as a result of accrued incentive compensation related to the 2020 fiscal year, partially offset by the payment of 2019 incentive compensation during the first quarter of 2020.

Cash used in financing activities

Cash used in financing activities was $465 million for the year ended December 31, 2021 compared to $657 million for the same period in 2020. Cash used in financing activities for the year ended December 31, 2021 primarily consisted of $249 million of cash used to repurchase Onex stock (2020 – $444 million), as described on pages 49 and 62 of this MD&A, a $173 million net loan repayment to the Investment Holding Companies (2020 – $174 million) and $28 million of cash dividends paid (2020 – $29 million).

Cash used in investing activities

Cash used in investing activities totalled $55 million for the year ended December 31, 2021 compared to $9 million for the same period in 2020. Cash used in investing activities for the year ended December 31, 2021 primarily consisted of the net purchase of treasury investments totalling $56 million (2020 – net sale of $77 million). In addition, cash used in investing activities during the year ended December 31, 2020 included $97 million of net cash consideration for the acquisition of Falcon.

Fourth quarter cash flows

Table 29 presents the major components of cash flow for the fourth quarters of 2021 and 2020.

Major Cash Flow Components

TABLE 29 *($ millions)*	2021	2020
Cash provided by operating activities	$ 144	$ 89
Cash provided by (used in) financing activities	$ 25	$ (57)
Cash provided by (used in) investing activities	$ (213)	$ 300
Consolidated cash and cash equivalents	$ 547	$ 706

Cash provided by financing activities during the fourth quarter of 2021 primarily consisted of a $107 million net loan issuance with the Investment Holding Companies (2020 – net loan repayments of $41 million), partially offset by $71 million of cash used to repurchase Onex stock (2020 – $7 million) and $6 million of cash dividends paid (2020 – $7 million).

Cash used in investing activities during the fourth quarter of 2021 primarily consisted of a net purchase of treasury investments totalling $212 million (2020 – net sale of $396 million). Cash provided by investing activities during the fourth quarter of 2020 was partially offset by $97 million of net cash consideration for the acquisition of Falcon, as described on page 30 of this MD&A.

Consolidated cash resources

At December 31, 2021, consolidated cash and cash equivalents decreased to $547 million from $706 million at December 31, 2020. The major components of cash and cash equivalents at December 31, 2021 included $353 million of money market funds (2020 – $503 million) and $188 million of cash on hand (2020 – $190 million).

At December 31, 2021, Onex had $1.6 billion of cash and near-cash on hand (2020 – $1.4 billion), as discussed on page 40 of this MD&A. Onex management reviews the amount of cash and near-cash on hand when assessing the liquidity of the Company.

Commitments

Tables 30 and 31 provide information on Onex' commitments to the Onex Partners and ONCAP Funds:

TABLE 30	Final Close Date	Total Onex Commitments	Onex Commitments Invested[i]	Remaining Onex Commitments[ii]
Onex Partners I	February 2004	**$ 400**	**$ 346**	**$ 16**
Onex Partners II	August 2006	**$ 1,407**	**$ 1,164**	**$ 158**
Onex Partners III	December 2009	**$ 1,200**	**$ 929**	**$ 100**
Onex Partners IV	March 2014	**$ 1,700**[iii]	**$ 1,546**[iii]	**$ 123**
Onex Partners V	November 2017	**$ 2,000**	**$ 1,375**	**$ 536**

(i) Amounts include capitalized acquisition costs and bridge financing, where applicable.

(ii) Onex' remaining commitment is calculated based on the assumption that all remaining limited partners' commitments are invested.

(iii) Excludes an additional commitment that was acquired by Onex from a limited partner in 2017.

The remaining commitments for Onex Partners I, Onex Partners II and Onex Partners III are for future funding of partnership expenses. The remaining commitments for Onex Partners IV are for possible future funding of remaining businesses and future funding of partnership expenses. The remaining commitments for Onex Partners V are primarily for funding of future Onex-sponsored investments.

TABLE 31	Final Close Date	Total Onex Commitments	Onex Commitments Invested[i]	Remaining Onex Commitments[ii]
ONCAP II	May 2006	C$ 252	C$ 221	C$ 1
ONCAP III	September 2011	C$ 252	C$ 186	C$ 30
ONCAP IV	November 2016	$ 480	$ 306	$ 124

(i) Amounts include capitalized acquisition costs and bridge financing, where applicable.

(ii) Onex' remaining commitment is calculated based on the assumption that all remaining limited partners' commitments are invested.

The remaining commitments for ONCAP II are for future funding of partnership expenses. The remaining commitments for ONCAP III are for possible future funding of remaining businesses and future funding of partnership expenses. The remaining commitments for ONCAP IV are primarily for funding of future Onex-sponsored investments.

During 2020, Onex Credit completed fundraising for the Onex Senior Loan Opportunity Fund, which invests primarily in North American and European first-lien, senior secured loans, second-lien loans and other debt investments having similar characteristics, reaching aggregate commitments of $85 million, including $20 million from Onex and $25 million from the Onex management team. In addition to Onex' $20 million commitment to the fund, Onex committed $80 million which was invested through a separately managed account which followed a similar strategy as the Onex Senior Loan Opportunity Fund. During the year ended December 31, 2021, the Onex Senior Loan Opportunity Fund was dissolved.

During 2021, Onex Credit continued fundraising for the Onex Structured Credit Opportunities Fund, which invests primarily in U.S. and European collateralized loan obligations, reaching aggregate commitments of $457 million, including $25 million from Onex and $43 million from the Onex management team. In addition to Onex' $25 million commitment to the fund, Onex committed $25 million which was invested through a separately managed account which followed a similar strategy as the Onex Structured Credit Opportunities Fund. As at December 31, 2021, Onex had invested $37 million (2020 – $2 million) of its aggregate $50 million commitment.

During 2021, Onex Credit continued fundraising for the Onex Capital Solutions Fund, reaching aggregate commitments of $272 million, including $100 million from Onex and $34 million from the Onex management team. The fund invests primarily in loans, bonds, trade claims and credit default swaps, among other assets. As at December 31, 2021, Onex had invested $20 million in the Onex Capital Solutions Fund as an investor in the fund.

OCLP I provides committed capital for investments in senior secured loans and other loan investments in middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers. As at December 31, 2021, Onex had invested $74 million (2020 – $74 million) of its $100 million commitment in OCLP I, and the duration of the commitment period is up to June 2022.

Incline Aviation Fund is an aircraft investment fund managed by BBAM, which in turn is an operating business of Onex Partners III. At December 31, 2021, Onex' uncalled commitment to Incline Aviation Fund was $18 million (2020 – $22 million).

Incline Aviation Fund II is an aircraft investment fund managed by BBAM and focused on investments in contractually leased commercial jet aircraft. At December 31, 2021, Onex' uncalled commitment to Incline Aviation Fund II was $99 million (2020 – $125 million).

Onex also has commitments with respect to leases, which are described in note 12 to the consolidated financial statements.

RELATED-PARTY TRANSACTIONS

Investment programs

Onex' investment programs are designed to align the Onex management team's interests with those of Onex' shareholders and the limited partner investors in Onex' Funds.

The various investment programs are described in detail in the following pages and certain key aspects are summarized in table 32.

TABLE 32

Investment Program	Minimum Performance Return Hurdle	Vesting	Management Investment & Application
Management Investment Plan[i]	15% Compounded Return	6 years	• personal "at risk" equity investment required • applicable to: – Onex capital invested in Onex Partners I–IV transactions – certain Onex capital invested outside Onex Partners prior to 2020 • not applicable to: – Onex Partners V transactions – future Onex transactions
Onex Partners Carried Interest Program[ii]	8% Compounded Return	6 years	• personal "at risk" equity investment required • applicable to: – third-party capital invested in Onex Partners I–IV transactions – Onex and third-party capital invested in Onex Partners V transactions – Onex capital invested in Onex Partners originated co-investments and direct investments since 2019
ONCAP Carried Interest Program[ii]	8% Compounded Return	5 years	• personal "at risk" equity investment required • applicable to: – Onex and third-party capital invested in ONCAP transactions
Onex Falcon Carried Interest Program[iii]	8% Net IRR	5 years	• personal "at risk" equity investment required • applicable to: – third-party capital invested in Onex Falcon Funds
Management DSU Plan[iv]	n/a	n/a	• investment of elected portion of annual variable cash compensation in Management DSUs • value reflects changes in the Corporation's share price, including risk associated with price decrease • units not redeemable until retirement
Director DSU Plan[v]	n/a	n/a	• investment of up to 100% of annual directors' fees in Director DSUs • value reflects changes in Corporation's share price, including risk associated with price decrease • units not redeemable until retirement
Onex Partners Reinvestment Program[vi]	n/a	n/a	• required purchase of SVS or Management DSUs for up to 25% of gross Onex Partners carried interest proceeds
Stock Option Plan[vii]	25% Share Price Appreciation	5 years	• satisfaction of exercise price (market value at grant date)

(i) Management Investment Plan

For all investments completed prior to 2020 and excluding all Onex Partners V investments, the MIP required Onex management team members to invest in each of the operating businesses acquired or invested in by Onex. In addition to this required investment, management was allocated 12% of Onex' realized gain from an operating business investment, subject to certain conditions. In particular, Onex must realize the full return of its investment plus a net 15% internal rate of return from the investment in order for management to be allocated the additional gain on Onex' investment.

Realizations under the program during 2021 were $132 million (2020 – $70 million) and are satisfied by certain Investment Holding Companies, which are accounted for as corporate investments at fair value through net earnings.

(ii) Onex Partners and ONCAP carried interest programs

The General Partners of the Onex Partners and ONCAP Funds are entitled to a carried interest of 20% on the realized net gains of the limited partners in each fund, subject to an 8% compound annual preferred return to those limited partners on all amounts contributed in each particular fund. Onex is entitled to 40% of the carried interest realized in the Onex Partners and ONCAP Funds. Onex and Onex Partners management are allocated 60% of the carried interest realized in the Onex Partners Funds. For Onex Partners V, Onex Partners management are also entitled to a carried interest of 12% of the realized gains from Onex' capital, subject to an 8% compound annual preferred return to Onex on amounts contributed to the fund. ONCAP management is allocated 60% of the carried interest realized in the ONCAP Funds and an equivalent carried interest on Onex' capital. Once the ONCAP IV investors achieve a return of two times their aggregate capital contributions, carried interest participation increases from 20% to 25% of the realized net gains. Under the terms of the partnership agreements, the General Partners may receive carried interest as realizations occur. The ultimate amount of carried interest earned will be based on the overall performance of each fund, independently, and includes typical catch-up and clawback provisions within each fund, but not between funds.

During the year ended December 31, 2021, management of Onex, Onex Partners and ONCAP received $106 million (2020 – less than $1 million) in carried interest. Management has the potential to receive $522 million of carried interest on businesses in the Onex Partners and ONCAP Funds based on their values as determined at December 31, 2021.

(iii) Onex Falcon Carried Interest Program

Onex Falcon is entitled to a carried interest of 20% on the realized net gains of the limited partners in each Onex Falcon Fund, provided the limited partners have achieved a minimum 8% Net IRR on their investment. Onex Falcon management is entitled to the entire carried interest for existing funds at the date Onex acquired the company in December 2020, with the exception of Onex Falcon VI. For Onex Falcon VI, Onex Falcon management is entitled to approximately 80% of the carried interest and Onex is entitled to the remaining approximately 20%.

Onex is entitled to 50% of the carried interest realized on Onex Falcon Funds launched after December 2020, with the remaining 50% allocated to the Onex Credit team.

During the year ended December 31, 2021, Onex Falcon management received $27 million (2020 – nil) in carried interest. Onex Falcon management has the potential to receive $110 million (2020 – $62 million) of carried interest from the Onex Falcon Funds based on their values as determined at December 31, 2021.

(iv) Management Deferred Share Unit Plan

Effective December 2007, a Management DSU Plan was established as a further means of encouraging personal and direct economic interests by the Company's senior management in the performance of the SVS. Under the Management DSU Plan, members of the Company's senior management team are given the opportunity to designate all or a portion of their annual compensation to acquire DSUs based on the market value of Onex shares at the time in lieu of cash. Holders of DSUs are entitled to receive for each DSU, upon redemption, a cash payment equivalent to the market value of an SVS at the redemption date. The DSUs vest immediately, are only redeemable once the holder ceases to be an officer or employee of the Company or an affiliate, and must be redeemed by the end of the year following the year of termination. Additional units are issued equivalent to the value of any cash dividends that would have been paid on the SVS. To economically hedge Onex' exposure to changes in the trading price of Onex shares associated with the Management DSU Plan, the Company enters into forward agreements with counterparty financial institutions for all grants under the Management DSU Plan. The costs of those arrangements are borne by participants in the Management DSU Plan. Management DSUs are redeemable only for cash and no shares or other securities of Onex will be issued on the exercise, redemption or other settlement thereof. Table 26 on page 52 of this MD&A provides details of the change in the DSUs outstanding during 2021 and 2020.

(v) Director Deferred Share Unit Plan

Onex, the parent company, established a Director DSU Plan in 2004, which allows Onex directors to apply directors' fees earned to acquire DSUs based on the market value of Onex shares at the time. Grants of DSUs may also be made to Onex directors from time to time. Holders of DSUs are entitled to receive for each DSU, upon redemption, a cash payment equivalent to the market value of an SVS at the redemption date. The DSUs vest immediately, are only redeemable once the holder retires from the Board of Directors and must be redeemed within one year following the year of retirement. Additional units are issued equivalent to the value of any cash dividends that would have been paid on the SVS. To economically hedge Onex' exposure to changes in the trading price of Onex shares associated with the Director DSU Plan, the Company has entered into forward agreements with counterparty financial institutions representing approximately 90% of the grants under the Director DSU Plan. Director DSUs are redeemable only for cash and no shares or other securities of Onex will be issued on the exercise, redemption or other settlement thereof. Table 26 on page 52 of this MD&A provides details of the change in the DSUs outstanding during 2021 and 2020.

(vi) Investment in Onex shares and other investments

In 2006, Onex adopted a program designed to further align the interests of the Company's senior management and other investment professionals with those of Onex shareholders through increased share ownership. The terms of this program were updated in February 2020. Under the updated terms of the program, members of senior management of Onex are required to invest up to 25% of all amounts received from Onex Partners' carried interest in Onex SVS and/or management DSUs. The size of the reinvestment requirement generally increases with the seniority of the participant and the cumulative proceeds they have realized from Onex Partners' carried interest. Onex SVS and/or management DSUs acquired under this program are subject to a minimum three-year holding period. During 2021 and 2020, no amounts were invested under this program.

Members of management and the Board of Directors of Onex can invest limited amounts in partnership with Onex in all acquisitions outside the Onex Partners and ONCAP Funds, including co-investment opportunities, at the same time and cost as Onex and other outside investors. During 2021, a total of $18 million (2020 – $19 million) in investments were made by the Onex management team and directors in Incline Aviation Fund II and the co-investments for WEG and Imagine Learning (2020 – primarily co-investments for Convex and OneDigital).

(vii) Stock Option Plan

Onex has a Stock Option Plan in place that provides for options and/or share appreciation rights to be granted to Onex directors, officers and employees for the acquisition of SVS of Onex, the parent company, for a term not exceeding 10 years. The options vest equally over five years. The exercise price of the options is the market value of the SVS on the business day preceding the day of the grant. Vested options are not exercisable unless the average five-day market price of Onex SVS is at least 25% greater than the exercise price at the time of exercise. Table 25 on page 51 of this MD&A provides details of the change in the stock options outstanding at December 31, 2021 and 2020.

Onex management team investments in Onex' Funds

The Onex management team invests meaningfully in each operating business acquired by the Onex Partners and ONCAP Funds and in strategies managed by Onex Credit.

The structure of the Onex Partners and ONCAP Funds requires management of Onex Partners and ONCAP Funds to invest a minimum of 1% in all acquisitions, with the exception of Onex Partners IV, Onex Partners V and ONCAP IV, which require a minimum 2% investment in all acquisitions. This investment includes the minimum "at risk" equity investment associated with management's carried interest participation, as described on page 58 of this MD&A.

The Onex management team and directors have committed to invest 4% of the total capital invested by Onex Partners V for new investments completed during 2022, including the minimum "at risk" equity investment. The Onex management team and directors have committed to invest 10% of the total capital invested by ONCAP IV for new investments completed during 2022, including the minimum "at risk" equity investment. The Onex management team and directors invest in any add-on investments in existing businesses pro-rata with their initial investment in the relevant business.

The total amount invested during 2021 by the Onex management team and directors in acquisitions and investments completed through the Onex Partners and ONCAP Funds was $102 million (2020 – $47 million).

In addition, the Onex management team may invest in strategies and funds managed by Onex Credit. At December 31, 2021, investments at market value held by the Onex management team in strategies and funds managed by Onex Credit were approximately $605 million (2020 – approximately $353 million).

Related-party revenues

Onex receives management fees on limited partners' and clients' capital within the Onex private equity funds and private credit strategies, and advisory fees directly from certain operating businesses. Onex also receives performance fees from the private credit strategies and recovers certain deal investigation, research and other expenses from the Onex private equity funds, private credit strategies and the operating businesses of Onex Partners and ONCAP. Onex indirectly controls the Onex private equity funds and private credit strategies, and therefore the management and performance fees earned from these sources represent related-party transactions. Furthermore, Onex indirectly controls, jointly controls or has significant influence over certain operating businesses held by the Onex private equity funds, and as such, advisory fees from these operating businesses represent related-party transactions.

Gluskin Sheff has agreements to manage its pooled fund vehicles, where it generally acts as the trustee, manager, transfer agent and principal distributor. In the case of those pooled fund vehicles that are limited partnerships, Gluskin Sheff or an affiliate of Gluskin Sheff is the General Partner. As such, the Gluskin Sheff pooled fund vehicles are related parties of the Company.

Related-party revenues comprised the following:

TABLE 33 ($ millions)	Three Months Ended December 31, 2021				Year Ended December 31, 2021			
	Management and Advisory Fees	Reimbursement of Expenses	Performance Fees	Total	Management and Advisory Fees	Reimbursement of Expenses	Performance Fees	Total
Source of related-party revenues								
Private Equity Funds[a]	$ 30	$ 7	$ –	$ 37	$ 125	$ 32	$ –	$ 157
Private Credit Strategies	23	3	–	26	90	10	–	100
Gluskin Sheff pooled fund vehicles[b]	14	–	13	27	56	–	13	69
Total related-party revenues	$ 67	$ 10	$ 13	$ 90	$ 271	$ 42	$ 13	$ 326
Gluskin Sheff third-party revenues	1	–	–	1	6	–	–	6
Total revenues	$ 68	$ 10	$ 13	$ 91	$ 277	$ 42	$ 13	$ 332

(a) Includes advisory fees and expense reimbursements from Onex Partners and ONCAP operating businesses.

(b) Revenue associated with the reimbursement of expenses from the Gluskin Sheff pooled fund vehicles is included within other income.

TABLE 34 ($ millions)	Three Months Ended December 31, 2020				Year Ended December 31, 2020			
	Management and Advisory Fees	Reimbursement of Expenses	Performance Fees	Total	Management and Advisory Fees	Reimbursement of Expenses	Performance Fees	Total
Source of related-party revenues								
Private Equity Funds[a]	$ 33	$ 3	$ –	$ 36	$ 129	$ 10	$ –	$ 139
Private Credit Strategies	15	3	–	18	54	4	–	58
Gluskin Sheff pooled fund vehicles[b]	13	–	16	29	57	–	16	73
Total related-party revenues	$ 61	$ 6	$ 16	$ 83	$ 240	$ 14	$ 16	$ 270
Gluskin Sheff third-party revenues	1	–	–	1	4	–	–	4
Total revenues	$ 62	$ 6	$ 16	$ 84	$ 244	$ 14	$ 16	$ 274

(a) Includes advisory fees and expense reimbursements from Onex Partners and ONCAP operating businesses.

(b) Revenue associated with the reimbursement of expenses from the Gluskin Sheff pooled fund vehicles is included within other income.

Related-party receivables comprised the following:

TABLE 35 ($ millions) As at December 31, 2021	Management and Advisory Fees Receivable	Recoverable Fund and Operating Expenses Receivable	Performance Fees	Other Receivables	Total
Private Equity Funds	$ 186	$ 122	$ –	$ –	$ 308
Private Credit Strategies	14	11	–	–	25
Gluskin Sheff pooled fund vehicles	5	1	13	–	19
Onex Partners and ONCAP operating businesses	2	4	–	–	6
Total related-party receivables	$ 207	$ 138	$ 13	$ –	$ 358
Third-party receivables	1	–	–	10	11
Total	$ 208	$ 138	$ 13	$ 10	$ 369

TABLE 36 ($ millions) As at December 31, 2020	Management and Advisory Fees Receivable	Recoverable Fund and Operating Expenses Receivable	Performance Fees	Other Receivables	Total
Private Equity Funds	$ 122	$ 78	$ –	$ –	$ 200
Private Credit Strategies	12	3	–	1	16
Gluskin Sheff pooled fund vehicles	6	1	17	2	26
Onex Partners and ONCAP operating businesses	2	5	–	–	7
Total related-party receivables	$ 142	$ 87	$ 17	$ 3	$ 249
Third-party receivables	–	–	–	12	12
Total	$ 142	$ 87	$ 17	$ 15	$ 261

Services received from operating companies

During the three months and years ended December 31, 2021 and 2020, Onex received services from certain operating companies, the value of which was not significant.

Repurchase of shares

During 2021, Onex repurchased 1,100,000 of its SVS that were held indirectly by Mr. Gerald W. Schwartz, who is Onex' controlling shareholder, in two private transactions. The shares were repurchased at a weighted average cost of $71.28 (C$90.30) per SVS, or a total cost of $78 million (C$99 million), which represented a discount to the trading price of Onex shares on the dates of the transactions.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements for external purposes in accordance with IFRS. The Chief Executive Officer and the Chief Financial Officer have also designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that information required to be disclosed by the Company in its corporate filings has been recorded, processed, summarized and reported within the time periods specified in securities legislation.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to the inherent limitations in all such systems, no evaluation of controls can provide absolute assurance that all control issues, if any, within a company have been detected. Accordingly, Onex' internal controls over financial reporting and disclosure controls and procedures are effective in providing reasonable, not absolute, assurance that the objectives of Onex' control systems have been met.

RISK ENVIRONMENT

The Company's Annual Information Form for the year ended December 31, 2021, as filed on SEDAR, and note 23 to the 2021 annual consolidated financial statements set out certain risks that could be material to Onex and could have a material adverse effect on Onex' business, financial condition, results of operations and cash flows, and the value of the Company's shares. The risks described in these documents are not the only risks that may impact the Company's business, operations and financial results. Additional risks not currently known to the Company or that Onex management currently believes are immaterial when considered across the Company's investment and asset management activities as a whole may also have a material adverse effect on future business, operations and performance.

GLOSSARY

The following is a list of commonly used terms in Onex' MD&A and consolidated financial statements and their corresponding definitions.

Assets under management are the assets that Onex manages on behalf of investors, including Onex' own capital, co-investments and capital invested by the Onex management team, where applicable. Onex' assets under management include:

(i) The fair value of private equity invested assets and uncalled committed capital to the private equity funds, including Onex' own uncalled committed capital in excess of cash and cash equivalents, as applicable;
(ii) The par value of invested assets and cash available for reinvestment of the collateralized loan obligations;
(iii) The fair value of gross invested and uncalled commitments in middle-market lending, senior loan opportunity, structured credit opportunities and Onex Falcon Funds; and
(iv) The gross invested assets or net asset value of the public credit, public equity and other private credit funds.

Carried interest is an allocation of part of an investor's gains to Onex and its management team after the investor has realized a preferred return.

CLO warehouse is a leveraged portfolio of credit investments that Onex establishes in anticipation of raising a new CLO. The leverage is typically provided by a financial institution that serves as the placement agent for the relevant CLO. The leverage provided by a financial institution may be in the form of a total return swap that transfers the credit and market risk of specified securities. Onex provides capital to establish the CLO warehouses.

Co-investment is a direct investment made by Onex, the Onex management team or other investors alongside a fund.

Collateral principal balance is the aggregate principal balance of the CLO investments in debt obligations, excluding defaulted debt obligations, and includes the principal balance of cash deposits.

Collateralized Loan Obligation ("CLO") is a structured investment fund that invests in non-investment grade debt. Interests in these funds are sold in rated and unrated tranches that have rights to the CLO's collateral and payment streams in descending order of priority. The yield to investors in each tranche decreases as the level of priority increases.

Committed capital is the amount contractually committed by limited partners that a fund may call for investments or to pay management fees and other expenses.

Deferred Share Units ("DSUs") are synthetic investments made by directors and the Onex management team, where the gain or loss mirrors the performance of the SVS. DSUs may be issued to directors in lieu of director fees and to senior management in lieu of a portion of their annual short-term incentive compensation.

Direct Lending consists of the Onex Falcon Funds.

Fee-generating assets under management is the assets under management on which the Company receives recurring management fees.

Fully diluted shares are calculated using the treasury stock method and include all outstanding SVS as well as outstanding stock options where Onex' share price exceeds the exercise price of the stock options.

General partner is a partner that determines most of the actions of a partnership and can legally bind the partnership. The general partners of Onex-sponsored funds are Onex-controlled subsidiaries.

Gross internal rate of return ("Gross IRR") is the annualized percentage return achieved on an investment or fund, taking time into consideration. This measure does not reflect a limited partner's return since it is calculated without deducting carried interest, management fees, taxes and expenses.

Gross multiple of capital ("Gross MOC") is an investment's or fund's total value divided by the capital that has been invested. This measure does not reflect a limited partner's multiple of capital since it is calculated without deducting carried interest, management fees, taxes and expenses.

Hurdle or **preferred return** is the minimum return required from an investment or fund before entitlement to payments under the MIP, carried interest or performance fees.

International Financial Reporting Standards ("IFRS") are a set of standards adopted by Onex to determine accounting policies for the consolidated financial statements that were formulated by the International Accounting Standards Board and allow for comparability and consistency across businesses. As a publicly listed entity in Canada, Onex is required to report under IFRS.

Investing capital represents Onex' investing assets that are invested in private equity, private credit strategies, treasury investments, cash and cash equivalents and near-cash available for investing. Investing capital is determined on the same basis as segmented assets for Onex' investing segment.

Investing capital per share is Onex' investing capital divided by the number of fully diluted shares outstanding.

Investor capital is the assets under management of third-party investors, including co-investments and capital invested by the Onex management team, as applicable.

Leveraged loans refer to the non-investment grade senior secured debt of relatively highly leveraged borrowers. A leveraged loan is often issued by a company in connection with it being acquired by a private equity or corporate investor.

Limited partner is an investor whose liability is generally limited to the extent of their share of the partnership.

Management incentive programs include: (i) for all investments completed prior to 2020 and excluding all Onex Partners V investments, the management investment plan ("MIP") required Onex management team members to invest in each of the operating businesses acquired or invested in by Onex. In addition to this required investment, management was allocated 12% of Onex' realized gain from an operating business investment, subject to certain conditions. In particular, Onex must realize the full return of its investment plus a net 15% internal rate of return from the investment in order for management to be allocated the additional gain on Onex' investment. The MIP also has vesting requirements, certain limitations and voting requirements; (ii) the Onex Partners carried interest program, which allocates 60% of the carried interest realized in the Onex Partners Funds to management of Onex Partners. Management of Onex Partners is also entitled to a carried interest of 12% of the realized net gains from Onex capital in Onex Partners V, subject to an 8% compounded annual preferred return to Onex on amounts contributed to the fund; (iii) the ONCAP carried interest program, which allocates to the management of ONCAP 60% of the carried interest realized in the ONCAP Funds and an equivalent carried interest on Onex' capital in the ONCAP Funds; and (iv) the Onex Falcon carried interest program, which entitles the management of Onex Falcon to 80% of the carried interest realized in Onex Falcon VI and substantially all of the carried interest realized on other existing Onex Falcon Funds up to December 31, 2020. The Onex Credit team is allocated 50% of the carried interest realized on Onex Falcon Funds launched after December 31, 2020.

Middle-Market Lending consists of Onex Credit Lending Partners and middle-market lending originated by Onex.

Multiple Voting Shares of Onex are the controlling class of shares, which entitle Mr. Gerald W. Schwartz to elect 60% of Onex' directors and to 60% of the total shareholder vote on most matters. The shares have no entitlement to distribution on wind-up or dissolution above their nominal paid-in value and do not participate in dividends or earnings.

Near-cash are investment holdings in readily marketable investments that can be converted to cash in an orderly market. In addition, near-cash includes management fees receivable from the limited partners of Onex' private equity funds. The December 31, 2021 near-cash balance also included recoverable fund expenses from Onex' private equity funds.

Net internal rate of return ("Net IRR") is the annualized percentage return earned by the limited partners of a fund, excluding Onex as a limited partner, after the deduction of carried interest, management fees, taxes and expenses, taking time into consideration.

Net multiple of capital ("Net MOC") is the investment distributions and unrealized value, net of carried interest and taxes, to limited partners subject to carried interest and management fees in the funds, excluding Onex as a limited partner, divided by the limited partners' total contributions for investments, fees and expenses.

Normal Course Issuer Bid(s) ("NCIB" or the **"Bids")** is an annual program(s) approved by the Board of Directors that enables Onex to repurchase SVS for cancellation.

ONEX is the share symbol for Onex Corporation on the Toronto Stock Exchange.

Onex Credit Lending Partners ("OCLP") is a middle-market lending fund which provides credit to private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers predominantly in the United States and, selectively, in Canada and Europe. The strategy invests the majority of its capital in senior secured loans of companies primarily in less cyclical and less capital-intensive industries, with a focus on capital preservation. The fund employs a buy-and-hold approach to investing, with a goal of owning a diversified pool of investments.

Onex Falcon Funds are actively managed funds of Onex Credit, which include specialized private credit strategies.

Performance fees include performance allocations and are generated on high net worth clients and institutional investors' capital managed by Onex Credit, some of which are subject to a hurdle or preferred return to investors.

Private equity platform refers to Onex' investing and asset management activities carried on through the Onex Partners and ONCAP Funds.

Run-rate management fees is a forward-looking calculation representing management fees that would be earned over a twelve-month period based on the annual management fee rates and the basis or method of calculation in place at period end.

Subordinate Voting Shares ("SVS") are the non-controlling share capital of Onex. SVS shareholders are entitled to elect 40% of Onex' directors and to 40% of the total shareholder vote on most matters. These shares are the only class of stock that economically participates in Onex Corporation. The SVS trade on the Toronto Stock Exchange.

MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared by management, reviewed by the Audit and Corporate Governance Committee and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these consolidated financial statements.

The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. The significant accounting policies which management believes are appropriate for the Company are described in note 1 to the consolidated financial statements.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements and overseeing management's performance of its financial reporting responsibilities. An Audit and Corporate Governance Committee of non-management independent directors is appointed by the Board of Directors.

The Audit and Corporate Governance Committee reviews the consolidated financial statements, adequacy of internal controls, audit process and financial reporting with management and with the external auditors. The Audit and Corporate Governance Committee reports to the Board of Directors prior to the approval of the audited consolidated financial statements for publication.

PricewaterhouseCoopers LLP, the Company's external auditors, who are appointed by the holders of Subordinate Voting Shares, audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the consolidated financial statements. Their report is set out on the following pages.

[signed]

Christopher A. Govan
Chief Financial Officer
February 24, 2022

[signed]

Derek C. Mackay
Managing Director, Finance

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Onex Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Onex Corporation and its subsidiaries (together, the Company) as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2021 and 2020;
- the consolidated statements of earnings for the years then ended;
- the consolidated statements of comprehensive earnings for the years then ended;
- the consolidated statements of equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>

Valuation of corporate investments

Refer to note 1 – Basis of Preparation and Significant Accounting Policies, note 5 – Corporate Investments and note 22 – Fair Value Measurements to the consolidated financial statements.

Corporate investments of $10,994 million as at December 31, 2021 represent the Company's investments in its Investment Holding Companies, which include subsidiaries determined to be investment entities under IFRS 10, and all other subsidiaries that do not provide investment-related services and are not investment entities. Investment Holding Companies are measured at fair value with changes in fair value recognized through net earnings. The fair value measurement of Investment Holding Companies utilized the adjusted net asset method to derive the fair values, by reference to the underlying fair value of the Investment Holding Companies' assets and liabilities.

The measurement of the Investment Holding Companies is significantly impacted by the fair values of the underlying non-public investments held by the Investment Holding Companies directly or through investment in the Onex Partners Funds, ONCAP Funds and Private Credit Strategies. The valuation of the underlying non-public private equity investments requires significant judgment due to the absence of quoted market values, inherent lack of liquidity, the long-term nature of such investments and the heightened market uncertainty as a result of the COVID-19 pandemic. As such, for the majority of these investments, management used valuation methodologies such as discounted cash flow analysis and the comparable company valuation multiple technique. Management used its own assumptions regarding unobservable inputs, where there is little, if any, market activity in the underlying investments or related observable inputs that can be corroborated as at the measurement date. For a discounted cash flow analysis, the key assumptions included unlevered free cash flows including the timing of earnings projections and the expected long-term revenue growth, the weighted average costs of capital and the exit multiples. For the comparable company valuation multiple technique, the key assumptions included estimated adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) and adjusted EBITDA multiples.

We considered this a key audit matter due to the significant judgments used by management when determining the fair values of the non-public investments and the high degree of complexity in assessing audit evidence related to the key assumptions made by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.

</td><td>

Our approach to addressing the matter involved the following procedures, amongst others:

- Tested management's process of estimating the fair value of underlying non-public investments by:
  - testing the appropriateness of the methodologies used by management;
  - evaluating the Company's key assumptions related to unlevered free cash flows including the timing of earnings projections and expected long term revenue growth, by considering the current and past performance of the particular investment;
  - agreeing the components of the unlevered free cash flows and adjusted EBITDA used in the valuation models to confirmations from the particular investment's management;
  - comparing actual results to the budgeted unlevered free cash flows and adjusted EBITDA used in the prior year models;
  - utilizing professionals with specialized skill and knowledge in the field of valuation to assist in assessing the reasonability of the adjusted EBITDA multiples, the weighted average costs of capital and exit multiples; and
  - testing the mathematical accuracy of the valuation models.
- Tested the disclosures made in the consolidated financial statements, particularly with regard to the sensitivity of the weighted average costs of capital, exit multiple and adjusted EBITDA multiples key assumptions used.

</td></tr>
</table>

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Alaina Tennison.

[signed]

PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
February 24, 2022

CONSOLIDATED BALANCE SHEETS

(in millions of U.S. dollars)	As at December 31, 2021	As at December 31, 2020
Assets		
Cash and cash equivalents (note 2)	**$ 547**	$ 706
Treasury investments (note 3)	**290**	234
Management and advisory fees, recoverable fund expenses and other receivables (note 4)	**369**	261
Corporate investments (including intercompany loans receivable from Onex and the Asset Managers of $3,755 (December 31, 2020 – $4,043), comprising part of the fair value of Investment Holding Companies) (note 5)	**10,994**	9,969
Other assets (note 6)	**136**	98
Property and equipment (note 7)	**148**	169
Intangible assets (note 8)	**139**	167
Goodwill (note 8)	**264**	264
Total assets	**12,887**	11,868
Intercompany loans payable to Investment Holding Companies (notes 9 and 13)	**(3,755)**	(4,043)
Total assets net of intercompany loans payable to Investment Holding Companies	**$ 9,132**	$ 7,825
Other liabilities		
Accounts payable and accrued liabilities	**$ 25**	$ 29
Accrued compensation (note 10)	**147**	125
Stock-based compensation payable (note 11)	**462**	263
Lease liabilities (notes 12 and 13)	**71**	75
Contingent consideration and other liabilities (notes 14, 19 and 26)	**53**	90
Total other liabilities	**$ 758**	$ 582
Net assets	**$ 8,374**	$ 7,243
Equity		
Share capital (note 15)	**$ 304**	$ 314
Retained earnings and accumulated other comprehensive earnings	**8,070**	6,929
Total equity	**$ 8,374**	$ 7,243

See accompanying notes to the consolidated financial statements.

Signed on behalf of the Board of Directors

[signed] [signed]

Director Director

CONSOLIDATED STATEMENTS OF EARNINGS

(in millions of U.S. dollars except per share data) Year ended December 31	**2021**	2020
Income		
Net gain on corporate investments (including an increase in carried interest of $230 (2020 – $21) (note 5)	**$ 1,698**	$ 848
Management and advisory fees (note 16)	**277**	244
Performance fees (note 16)	**13**	16
Interest and net treasury investment income (note 17)	**1**	16
Reimbursement of expenses from investment funds and operating businesses (note 16)	**42**	14
Other income	**3**	3
Total income	**$ 2,034**	$ 1,141
Expenses		
Compensation	**$ (248)**	$ (207)
Stock-based compensation recovery (expense) (note 18)	**(205)**	21
Amortization of property, equipment and intangible assets (notes 7 and 8)	**(59)**	(57)
Recoverable expenses from investment funds and operating businesses	**(42)**	(14)
Impairment of goodwill (note 8)	**–**	(85)
Other expenses (note 19)	**(76)**	(69)
Total expenses	**$ (630)**	$ (411)
Earnings before income taxes	**$ 1,404**	$ 730
Recovery of income taxes (note 14)	**1**	–
Net earnings	**$ 1,405**	$ 730
Net earnings per Subordinate Voting Share of Onex Corporation (note 20)		
Basic	**$ 15.79**	$ 7.64
Diluted	**$ 15.76**	$ 7.63

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in millions of U.S. dollars) Year ended December 31	**2021**	2020
Net earnings	**$ 1,405**	$ 730
Other comprehensive earnings, net of tax		
Items that may be reclassified to net earnings (loss):		
Currency translation adjustments	**1**	–
Other comprehensive earnings, net of tax	**$ 1**	$ –
Total comprehensive earnings	**$ 1,406**	$ 730

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF EQUITY

(in millions of U.S. dollars except per share data)	Share Capital (note 15)	Retained Earnings	Accumulated Other Comprehensive Earnings[a]	Total Equity
Balance – December 31, 2019	$ 342	$ 6,627	$ 14	$ 6,983
Dividends declared[b]	–	(28)	–	(28)
Options exercised	2	–	–	2
Repurchase and cancellation of shares (note 15)	(30)	(414)	–	(444)
Net earnings	–	730	–	730
Balance – December 31, 2020	$ 314	$ 6,915	$ 14	$ 7,243
Dividends declared[b]	**–**	**(28)**	**–**	**(28)**
Options exercised	**2**	**–**	**–**	**2**
Repurchase and cancellation of shares (note 15)	**(12)**	**(237)**	**–**	**(249)**
Net earnings	**–**	**1,405**	**–**	**1,405**
Currency translation adjustments included in other comprehensive earnings	**–**	**–**	**1**	**1**
Balance – December 31, 2021	**$ 304**	**$ 8,055**	**$ 15**	**$ 8,374**

(a) Accumulated other comprehensive earnings consisted solely of currency translation adjustments. Income taxes did not have a significant effect on these adjustments.

(b) Dividends declared per Subordinate Voting Share were C$0.40 for the year ended December 31, 2021 (2020 – C$0.40). There are no tax effects for Onex on the declaration or payment of dividends.

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of U.S. dollars) Year ended December 31	**2021**	2020
Operating activities		
Net earnings	**$ 1,405**	$ 730
Adjustments to net earnings:		
Recovery of income taxes	**(1)**	–
Interest and net treasury investment income	**(1)**	(16)
Interest expense	**2**	2
Earnings before interest and recovery of income taxes	**1,405**	716
Cash taxes received (paid)	**(1)**	1
Investments made in and loans made to Investment Holding Companies	**(70)**	(325)
Distributions and loan repayments received from Investment Holding Companies and sale of private equity investment	**627**	654
Items not affecting cash and cash equivalents:		
Amortization of property, equipment and intangible assets (notes 7 and 8)	**59**	57
Net gain on corporate investments (note 5)	**(1,698)**	(848)
Stock-based compensation (note 18)	**162**	(36)
Impairment of goodwill	**–**	85
Contingent consideration expense	**10**	–
Foreign exchange gain	**–**	(2)
Other	**2**	2
	496	304
Changes in non-cash working capital items:		
Management and advisory fees, fund expenses and other receivables	**(107)**	67
Other assets	**(1)**	(1)
Accounts payable, accrued liabilities and other liabilities	**(49)**	(3)
Accrued compensation	**22**	16
Increase (decrease) in cash and cash equivalents due to changes in non-cash working capital items	**(135)**	79
Decrease in other operating activities	**–**	(1)
Cash provided by operating activities	**$ 361**	$ 382
Financing activities		
Repurchase of share capital of Onex Corporation (note 15)	**$ (249)**	$ (444)
Cash dividends paid (note 15)	**(28)**	(29)
Principal elements of lease payments (note 12)	**(13)**	(8)
Cash interest paid (note 12)	**(2)**	(2)
Issuance of loans from Investment Holding Companies	**174**	172
Repayment of loans to Investment Holding Companies	**(347)**	(346)
Cash used in financing activities	**$ (465)**	$ (657)
Investing activities		
Net sale (purchase) of treasury investments	**$ (56)**	$ 77
Purchases of property and equipment	**–**	(1)
Cash interest received	**1**	12
Acquisitions net of cash and cash equivalents acquired (note 26)	**–**	(97)
Cash used in investing activities	**$ (55)**	$ (9)
Decrease in cash and cash equivalents	**$ (159)**	$ (284)
Increase in cash due to changes in foreign exchange rates	**–**	2
Cash and cash equivalents, beginning of the period	**706**	988
Cash and cash equivalents	**$ 547**	$ 706

See accompanying notes to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions of U.S. dollars except per share data)

Onex Corporation, along with its wholly-owned subsidiaries, manages and invests capital in its private equity funds, private credit strategies and public strategies on behalf of shareholders, institutional investors and high net worth families from around the world.

Onex invests in its two private equity platforms: Onex Partners for middle-market and larger transactions and ONCAP for middle-market and smaller transactions. Onex is currently investing through Onex Partners V, a $7,150 fund raised in November 2017, and ONCAP IV, a $1,107 fund raised in November 2016.

Onex also invests in private credit strategies, which consist of non-investment grade debt in collateralized loan obligations, middle-market lending and other credit strategies.

Throughout these statements, the terms "Onex" and the "Company" refer to Onex Corporation, the ultimate parent company.

Onex is a Canadian corporation domiciled in Canada and listed on the Toronto Stock Exchange under the symbol ONEX. Onex' shares are traded in Canadian dollars. The registered address for Onex is 161 Bay Street, Toronto, Ontario. Mr. Gerald W. Schwartz controls Onex through his ownership of all of the outstanding Multiple Voting Shares of the corporation. Mr. Schwartz also indirectly held 12% of the outstanding Subordinate Voting Shares of Onex at December 31, 2021.

All amounts included in the notes to the consolidated financial statements are in millions of U.S. dollars unless otherwise noted.

The consolidated financial statements were authorized for issue by the Board of Directors on February 24, 2022.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. These consolidated financial statements were prepared on a going concern basis.

The U.S. dollar is Onex' functional currency and the financial statements have been reported on a U.S. dollar basis.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

Throughout the notes to the consolidated financial statements, **investments** and **investing activity** of Onex' capital primarily relate to its private equity funds, private credit strategies and certain investments held outside the private equity funds and private credit strategies. These investments are primarily held directly or indirectly through wholly-owned subsidiaries of Onex, which are referred to as **Investment Holding Companies**. While there are a number of Investment Holding Companies, substantially all of these companies consist of direct or indirect subsidiaries of Onex Private Equity Holdings LLC, Onex CLO Holdings LLC or Onex Credit Holdings LLC. These three companies, which are referred to as the **Primary Investment Holding Companies**, are the holding companies for the majority of Onex' investments, excluding intercompany loans receivable from Onex and the Asset Managers, as defined below. The Primary Investment Holding Companies were formed in the United States.

Asset management refers to the activity of managing capital in Onex' private equity funds, private credit strategies and public strategies. This activity is conducted through wholly-owned subsidiaries of Onex, which are the managers of the Onex Partners Funds, ONCAP Funds and Onex Credit strategies. These subsidiaries are referred to as Onex' **Asset Managers** and are consolidated by Onex. Onex' private credit strategies and public strategies are managed by the Onex Credit platform.

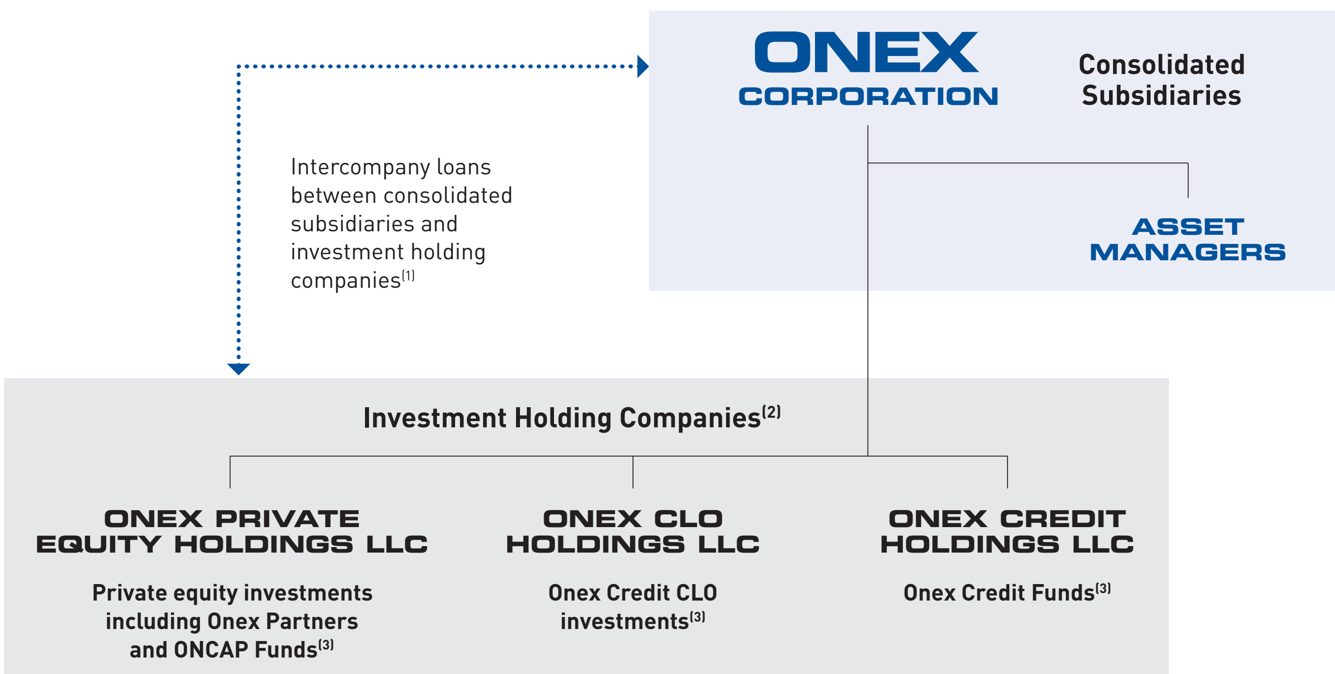
References to the Onex management team include the management of Onex, Onex Partners, ONCAP, Onex Credit and Gluskin Sheff. References to management without the use of "team" include only the relevant group. References to an Onex Partners Group represent Onex, the limited partners of the relevant Onex Partners Fund, the Onex management team and, where applicable, certain other limited partners as co-investors. References to an ONCAP Group represent Onex, the limited partners of the relevant ONCAP Fund, the Onex management team and, where applicable, certain other limited partners as co-investors.

Onex meets the definition of an investment entity, as defined by IFRS 10, *Consolidated financial statements* ("IFRS 10"). As a result, Onex' investments in its subsidiaries that do not provide investment-related services are accounted for as corporate investments at fair value through net earnings (loss).

The Company has also performed an assessment to determine which of its subsidiaries are investment entities, as defined under IFRS 10. When performing this assessment, the Company considered the subsidiaries' current business purpose along with the business purpose of the subsidiaries' direct and indirect investments. The Company has concluded that the Primary Investment Holding Companies meet the definition of an investment entity.

Throughout these consolidated financial statements, wholly-owned subsidiaries of Onex that are recognized at fair value are referred to as Investment Holding Companies. Investment Holding Companies include subsidiaries determined to be investment entities under IFRS 10, and all other subsidiaries that do not provide investment-related services and are not investment entities.

The simplified diagram below illustrates the types of subsidiaries included within Onex' corporate structure and the basis on which they are accounted for.



(1) Onex Corporation and the consolidated asset management subsidiaries enter into intercompany loans that, in aggregate, have no net effect on Onex' financial position. Intercompany loans payable by Onex and the consolidated subsidiaries to the Investment Holding Companies are recognized as liabilities in the consolidated balance sheets, with the corresponding loans receivable classified as assets within corporate investments in the consolidated balance sheets.

(2) Onex' investments in the Investment Holding Companies are recorded as corporate investments at fair value through net earnings (loss).

(3) Onex' investments in private equity and the Onex Credit strategies are typically held directly or indirectly through wholly-owned investment holding companies, which are subsidiaries of the Primary Investment Holding Companies identified above.

The following table presents the material unconsolidated subsidiaries as well as associates and joint ventures of the Investment Holding Companies at December 31, 2021.

	Headquarters[a]	Onex' Economic Interest	Voting Interest[b]
Other private equity investments			
Celestica Inc.	Canada	15%	82%
Onex Partners II			
Carestream Health, Inc.	United States	36%	100%
Onex Partners III			
BBAM Limited Partnership	United States	9%	(c)
Meridian Aviation Partners Limited and affiliates	Ireland	25%	100%
Onex Partners III and Onex Partners V			
Emerald Expositions Events, Inc[d]	United States	23%	87%
Onex Partners IV			
Advanced Integration Technology LP	United States	13%	50%[c]
ASM Global	United States	16%	48%[c]
Parkdean Resorts	United Kingdom	27%	92%
PowerSchool Group LLC	United States	12%	38%[c]
Ryan, LLC	United States	14%	44%[c]
SCP Health	United States	22%	66%
WireCo WorldGroup	United States	21%	67%
Onex Partners IV and Onex Partners V			
Partou (formerly KidsFoundation)	The Netherlands	20%	72%
Onex Partners V			
Acacium Group (formerly Independent Clinical Services Group)	United Kingdom	20%	74%
Convex Group Limited	United Kingdom	13%	94%
Fidelity Building Services Group	United States	24%	88%
Imagine Learning (formerly Weld North Education)	United States	10%	40%[c]
Newport Healthcare	United States	26%	93%
OneDigital	United States	12%	55%
Wealth Enhancement Group	United States	11%	38%[c]
WestJet Airlines Ltd.	Canada	20%	74%

(a) Certain entities were formed in a different jurisdiction than where they are headquartered.

(b) Onex controls the General Partner and Manager of the Onex Partners Funds and as such, the voting interests in each Onex Partners investment includes voting securities held by the related Onex Partners Fund Group. The voting interests include shares that Onex has the right to vote through contractual arrangements or through multiple voting rights attached to particular shares.

(c) Onex exerts joint control or significant influence over these investments through its right to appoint members to the boards of directors of these entities.

(d) Economic and voting interests are presented on an as-converted basis.

SIGNIFICANT ACCOUNTING POLICIES

Foreign currency translation

The Company's functional currency is the U.S. dollar, as it is the currency of the primary economic environment in which it operates. For such operations, monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the year-end exchange rates. Non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates and revenue and expenses are translated at the average exchange rates prevailing during the relevant period of the transaction. Exchange gains and losses also arise on the settlement of foreign-currency denominated transactions. These exchange gains and losses are recognized in net earnings (loss).

The functional currency of Gluskin Sheff is the Canadian dollar and as such, the assets and liabilities of Gluskin Sheff are translated into U.S. dollars using the year-end exchange rate. Revenues and expenses of Gluskin Sheff are translated at the average exchange rates prevailing during the relevant period of the transaction. Gains and losses arising from the translation of Gluskin Sheff's financial results are deferred in the currency translation account included in equity.

Cash and cash equivalents

Cash and cash equivalents include liquid investments such as term deposits, money market instruments and commercial paper with original maturities of less than three months. These investments are carried at cost plus accrued interest, which approximates fair value.

Treasury investments

Treasury investments include commercial paper, federal and provincial debt instruments, corporate obligations and structured products. Treasury investments are measured at fair value through net earnings (loss) in accordance with IFRS 9, *Financial instruments* ("IFRS 9").

Purchases and sales of treasury investments are recognized on the settlement date of the transactions.

Management and advisory fees, recoverable fund expenses and other receivables

Management and advisory fees receivable represent amounts owing to Onex and the Asset Managers from the Onex private equity funds, private credit strategies, Gluskin Sheff pooled fund vehicles and certain operating companies of the Onex Partners and ONCAP Funds.

Recoverable fund expenses include amounts owing to the Asset Managers from the Onex private equity funds, private credit strategies and certain operating companies of the Onex private equity funds related to certain deal investigation, research and other expenses incurred by the Asset Managers which are recoverable at cost.

The Company's receivables are recognized initially at fair value and are subsequently measured at amortized cost. The Company recognizes a loss allowance for receivables based on the 12-month expected credit losses for receivables that have not had a significant increase in credit risk since initial recognition. For receivables with a credit risk that has significantly increased since initial recognition, the Company records a loss allowance based on the lifetime expected credit losses. Significant financial difficulties of the counterparty and default in payments are considered indicators that the credit risk associated with a receivable balance may have changed since initial recognition.

Corporate investments

Corporate investments include Onex' investments in its subsidiaries, primarily consisting of Investment Holding Companies, that meet the investment entity exception to consolidation criteria in IFRS 10. These subsidiaries primarily invest Onex' capital in the Onex Partners Funds, ONCAP Funds and certain private credit strategies. Corporate investments are measured at fair value through net earnings (loss) in accordance with IFRS 9. The fair value of corporate investments includes the fair value of both intercompany loans receivable from and payable to Onex and the Asset Managers. In addition, the fair value of corporate investments includes Onex' portion of the carried interest earned on investments made by the Onex Partners Funds and ONCAP Funds, and the liability associated with management incentive programs, including the Management Investment Plan (the "MIP"), as described in note 25(f).

The majority of the Company's corporate investments, excluding intercompany loans, consisted of investments made in the Primary Investment Holding Companies and investments made in operating businesses directly by Onex.

Leases

Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use, with the exception of leases of low-value assets and leases with a term of 12 months or less, which are recognized on a straight-line basis as an expense. Each lease payment is allocated between the repayment of the lease liability and finance cost. The finance cost is charged to the consolidated statements of earnings over the lease period to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is amortized on a straight-line basis over the shorter of the asset's useful life and the lease term. Right-of-use assets and liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are included within property and equipment in the consolidated balance sheets.

Property and equipment

Property and equipment are recorded at cost less accumulated amortization and provisions for impairment, if any. Cost consists of expenditures directly attributable to the acquisition of the asset. Subsequent expenditures for maintenance and repairs are expensed as incurred, while costs related to betterments and improvements that extend the useful lives of property and equipment are capitalized.

Amortization is provided for other property and equipment on a straight-line basis over the estimated useful lives of the assets as follows:

Aircraft	up to 20 years
Leasehold improvements	up to the term of the lease
Furniture and equipment	up to 10 years

When components of an asset have a significantly different useful life or residual value than the primary asset, the components are amortized separately. Residual values, useful lives and methods of amortization are reviewed at each fiscal year end and adjusted prospectively as required.

Goodwill and intangible assets

Goodwill and intangible assets are recorded at their fair value at the date of acquisition of the related subsidiary or at cost if purchased. Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of any contingent consideration, the amount of any non-controlling interest in the acquired company and, for a business combination achieved in stages, the fair value at the acquisition date of the Company's previously held interest in the acquired company compared to the net fair value of the identifiable assets and liabilities acquired. Goodwill is not amortized and is tested for impairment annually, or more frequently if conditions exist which indicate that goodwill may be impaired. Subsequent to initial recognition, goodwill is recorded at cost less accumulated impairment losses, if any. Judgement is required in determining whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted prior to the annual impairment test. For the purposes of impairment testing at December 31, 2021, goodwill was allocated to the cash generating unit ("CGU") of the Onex Credit platform as goodwill is monitored by management at this level following the integration of the investment management functions of Gluskin Sheff and Falcon Investment Advisors, LLC ("Falcon" or "Onex Falcon") with the Onex Credit platform during 2021. Impairment of goodwill is tested at the level where goodwill is monitored for internal management purposes. The determination of CGUs and the level at which goodwill is monitored requires judgement by management. The carrying amount of a CGU or a group of CGUs is compared to its recoverable amount, which is the higher of its value-in-use or fair value less costs to sell, to determine if an impairment exists. Impairment losses for goodwill are not reversed in future periods.

Amortization is provided for intangible assets with a limited life on a straight-line basis over their estimated useful lives as follows:

Client relationships and asset management contracts	up to 15 years
Trade names	up to 10 years

Impairment of long-lived assets

Property, equipment and intangible assets are reviewed for impairment annually or whenever events or changes in circumstances suggest that the carrying amount of the asset may not be recoverable. Judgement is required in determining whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted prior to the annual assessment. An impairment loss is recognized when the carrying value of an asset or CGU exceeds the recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use or its fair value less costs to sell.

Impairment losses for long-lived assets are reversed in future periods if the circumstances that led to the impairment no longer exist. The reversal is limited to restoring the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized in prior periods.

Intercompany loans with Investment Holding Companies

Intercompany loans payable to the Investment Holding Companies represent financial liabilities that are payable to subsidiaries of Onex, which are recorded at fair value in the consolidated financial statements. Intercompany loans receivable from the Investment Holding Companies are classified as corporate investments and represent loans receivable from subsidiaries of Onex, which are recorded at fair value in the consolidated financial statements. Onex has elected to measure these financial instruments at fair value through net earnings (loss) in accordance with IFRS 9.

Income taxes

Income taxes are recorded using the asset and liability method of income tax allocation. Under this method, assets and liabilities are recorded for the future income tax consequences attributable to differences between the financial statement carrying values of assets and liabilities and their respective income tax bases, and on tax loss and tax credit carryforwards. Deferred tax assets are recognized only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences as well as tax loss and tax credit carryforwards can be utilized. These deferred income tax assets and liabilities are recorded using substantively enacted income tax rates. The effect of a change in income tax rates on these deferred income tax assets or liabilities is included in net earnings (loss) in the period in which the rate change occurs. Certain of these differences are estimated based on current tax legislation and the Company's interpretation thereof.

Income tax expense or recovery is based on the income earned or loss incurred in each tax jurisdiction and the enacted or substantively enacted tax rate applicable to that income or loss. Tax expense or recovery is recognized in the consolidated statements of earnings, except to the extent that it relates to items recognized directly in equity, in which case the tax effect is also recognized in equity.

Deferred tax liabilities for taxable temporary differences associated with investments in subsidiaries are recognized, except when the Company is able to control the timing of the reversal of temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

In the ordinary course of business, there are transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the judgements and estimates originally made by the Company in determining its income tax provisions. The Company periodically evaluates the positions taken with respect to situations in which applicable tax rules and regulations are subject to interpretation. Provisions related to tax uncertainties are established where appropriate based on the most likely amount or expected value that will ultimately be paid to or received from tax authorities. Accrued interest and penalties relating to tax uncertainties are recorded in current income tax expense in accordance with IAS 12, *Income Taxes*.

Note 14 provides further details on income taxes.

Revenue recognition

Revenues from management fees, advisory fees, performance fees and the reimbursement of expenses from investment funds and the private equity operating businesses are recognized using the following five-step model in accordance with IFRS 15, *Revenue from contracts with customers* ("IFRS 15"): 1) identify the contract or contracts with the client; 2) identify the separate performance obligations in the contract; 3) determine the transaction price; 4) allocate the transaction price to separate performance obligations; and 5) recognize revenue when or as each performance obligation is satisfied, collection of consideration is probable and control of the good or service has been transferred to the client.

The transaction price represents the amount of consideration that the Company expects to be entitled to and may include variable components such as performance fees and performance allocations. Management estimates the amount of variable consideration to be included in the transaction price to the extent that it is highly 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. This estimate is updated at each reporting date until the uncertainty is resolved.

The Company transfers the benefit of its services to clients and limited partners as it performs the services, and therefore satisfies its performance obligations over time.

A receivable is recognized when the transfer of control for services to a client occurs prior to the client paying consideration if the right to the consideration is unconditional. A contract liability is recognized when the client's payment of consideration precedes the completion of a performance obligation.

Revenue recognition requires management to make certain judgements and estimates, including the identification of performance obligations, the allocation and amount of the transaction price, and the collectability of cash consideration.

The significant revenue recognition streams of the Company are as follows:

Management and advisory fees

Onex earns management and advisory fees for managing investor capital through its private equity funds, private credit strategies and public strategies, and for services provided directly to certain underlying operating businesses. Asset management services are provided over time and the amount earned is generally calculated based on a percentage of limited partners' committed capital, limited partners' net funded commitments, unfunded commitments, the collateral principal balance, invested capital, gross invested assets, net asset value or assets under management of the respective strategies. Revenues earned from management and advisory fees are recognized over time as services are provided.

Reimbursement of expenses from investment funds and operating businesses

Certain deal investigation, research and other expenses incurred by the Asset Managers are recoverable, at cost, from the Onex private equity funds, private credit strategies and certain operating businesses of the Onex Partners and ONCAP Funds. These expense reimbursements are recognized as revenue in accordance with IFRS 15.

Performance fees

Performance fees are recognized as revenue to the extent the fees are highly probable to not reverse, which is typically at the end of each performance year, or upon closure of an account or transfer of assets to a different investment model.

Performance fees associated with the management of certain public strategies and private credit strategies are comprised of performance fees and performance allocations. Performance fees are determined by applying an agreed-upon formula to the growth in the net asset value of clients' assets under management. Performance allocations are allocated to the Company as a General Partner of certain public strategy funds. Performance fees associated with capital managed by Onex Credit range between 10% and 20% and may be subject to performance hurdles.

Carried interest – Onex Credit Funds

The general partners of the Onex Credit Funds are entitled to a carried interest of up to 20% on the realized net gains from limited partners in certain private credit funds, subject to a hurdle or minimum preferred return to investors. The Onex Falcon management team is allocated the entire carried interest for Onex Falcon Funds acquired with Onex Falcon in December 2020, with the exception of Private Credit Opportunities Fund VI ("Onex Falcon VI"), where Onex Falcon management is entitled to approximately 80% of the carried interest and Onex' entitlement is approximately 20%. In most other cases, the Onex Credit management team is allocated 50% of the carried interest from other private credit funds and Onex is entitled to the remaining 50% of the carried interest realized from the private credit investments.

Carried interest earned by Onex from the Onex Credit Funds is recognized as revenue to the extent it is highly probable to not reverse, which typically occurs when the investments held by a given fund are substantially realized, towards the end of the fund's term.

Stock-based compensation

The Company follows the fair value-based method of accounting for all stock-based compensation plans and has three types of stock-based compensation plans:

1) The Company's Stock Option Plan (the "Plan"), which provides that in certain situations the Company has the right, but not the obligation, to settle any exercisable option under the Plan by the payment of cash to the option holder. The Company has recorded a liability for the potential future settlement of the vested options at the balance sheet date by reference to the fair value of the liability. The liability is adjusted each reporting period for changes in the fair value of the options, with the corresponding amount reflected in the consolidated statements of earnings.
2) The Company's Director Deferred Share Unit Plan ("Director DSU Plan"), which entitles the holder to receive, upon redemption, a cash payment equivalent to the market value of a Subordinate Voting Share ("SVS") at the redemption date. The Director DSU Plan enables Onex directors to apply directors' fees earned to acquire Deferred Share Units ("DSUs") based on the market value of Onex shares at the time. Grants of DSUs may also be made to Onex directors from time to time. The DSUs vest immediately, are redeemable only when the holder retires and must be redeemed within one year following the year of retirement. Additional units are issued for any cash dividends paid on the SVS. The Company has recorded a liability for the future settlement of the DSUs by reference to the value of the underlying SVS at the balance sheet date. On a quarterly basis, the liability is adjusted for the change in the market value of the underlying shares, with the corresponding amount reflected in the consolidated statements of earnings. To economically hedge a portion of the Company's exposure to changes in the trading price of Onex shares, the Company enters into forward agreements with a counterparty financial institution. The change in value of the forward agreements will be recorded to partially offset the amounts recorded as stock-based compensation under the Director DSU Plan. Director DSUs are redeemable only for cash and no shares or other securities of Onex will be issued on the exercise, redemption or other settlement thereof.
3) The Company's Management Deferred Share Unit Plan ("Management DSU Plan"), which enables the Onex management team to apply all or a portion of their annual compensation earned to acquire DSUs based on the market value of Onex shares at the time in lieu of cash. Holders of DSUs are entitled to receive for each DSU, upon redemption, a cash payment equivalent to the market value of an SVS at the redemption date. The DSUs vest immediately, are only redeemable once the holder ceases to be an officer or employee of the Company or an affiliate, and must be redeemed by the end of the year following the year of termination. Additional units are issued equivalent to the value of any cash dividends that would have been paid on the SVS. The Company has recorded a liability for the future settlement of the DSUs by reference to the value of the underlying SVS at the balance sheet date. On a quarterly basis, the liability is adjusted for the change in the market value of the underlying shares, with the corresponding amount reflected in the consolidated statements of earnings. To economically hedge the Company's exposure to changes in the trading price of Onex shares associated

with the Management DSU Plan, the Company enters into forward agreements with a counterparty financial institution for all grants under the Management DSU Plan. As such, the change in value of the forward agreements will be recorded to offset the amounts recorded as stock-based compensation under the Management DSU Plan. The administrative costs of those arrangements are borne by participants in the plan. Management DSUs are redeemable only for cash and no shares or other securities of Onex will be issued on the exercise, redemption or other settlement thereof.

Financial assets and financial liabilities

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification, as described below. Transaction costs in respect of an asset or liability not recorded at fair value through net earnings (loss) are added to the initial carrying amount. Gains and losses for financial instruments recognized through net earnings (loss) are primarily recognized in net gain (loss) on corporate investments in the consolidated statements of earnings. The classification of financial assets depends on the business model for managing the financial assets and the contractual terms of the cash flows. The classification of financial liabilities depends on the purpose for which the financial liabilities were incurred and their characteristics. Except in very limited circumstances, the classification of financial assets and financial liabilities is not changed subsequent to initial recognition.

a) Financial assets – amortized cost

Financial assets with the following characteristics are accounted for at amortized cost using the effective interest rate method:

- The financial asset is held within a business model whose objective is achieved by collecting contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest.

The Company recognizes loss allowances for financial assets accounted for at amortized cost based on the financial assets' expected credit losses, which are assessed on a forward-looking basis.

b) Financial assets – fair value through net earnings (loss)

Financial assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through net earnings (loss). Financial assets may also be designated as fair value through net earnings (loss) on initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Intercompany loans receivable from Investment Holding Companies, which are presented within Corporate Investments, are designated as fair value through net earnings (loss).

c) Financial liabilities measured at fair value through net earnings (loss)

Financial liabilities that are incurred with the intention of generating earnings in the near term are classified as fair value through net earnings (loss). Other financial liabilities may be designated as fair value through net earnings (loss) on initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency, or the group of financial liabilities is managed, and its performance is evaluated, on a fair value basis. Intercompany loans payable to Investment Holdings Companies are designated as fair value through net earnings (loss).

d) Financial liabilities measured at amortized cost

Financial liabilities not classified as fair value through net earnings (loss) are accounted for at amortized cost using the effective interest rate method.

e) Interest income

Interest income recognized by the Company primarily relates to interest earned from investments recognized at fair value through net earnings (loss).

Derecognition of financial instruments

A financial asset is derecognized if substantially all the risks and rewards of ownership and, in certain circumstances, control of the financial asset are transferred. A financial liability is derecognized when it is extinguished, with any gain or loss on extinguishment to be recognized in other expense in the consolidated statements of earnings.

Contingent consideration

Contingent consideration is established for business acquisitions where the Company has the obligation to transfer additional assets or equity interests to the former owners if specified future events occur or conditions are met. The fair value of contingent consideration liabilities is typically based on the estimated future financial performance of the acquired business. Financial targets used in the estimation process include certain defined financial targets and internal rates of return. Contingent consideration is classified as a liability when the obligation requires settlement in cash or other assets, and as equity when the obligation requires settlement in own equity instruments. Contingent consideration classified as a liability is remeasured at fair value at each reporting date, with changes in fair value recognized through net earnings (loss).

Earnings (loss) per share

Basic earnings per share is based on the weighted average number of SVS outstanding during the year. Diluted earnings per share is calculated using the treasury stock method, which includes the impact of converting certain limited partnership units of an Onex subsidiary into 144,579 Onex SVS and excludes the impact of converting outstanding stock options into Onex SVS, given Onex accounts for the liability associated with outstanding stock options issued under its Stock Option Plan as a liability at fair value through net earnings (loss).

Dividend distributions

Dividend distributions to the shareholders of Onex Corporation are recognized as a liability in the consolidated balance sheets in the periods in which the dividends are declared and authorized by the Board of Directors.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and equity, the related disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, expenses and gains (losses) on financial instruments during the reporting period. Actual results could differ materially from those estimates and assumptions. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Areas that involve critical judgements, assumptions and estimates and that have a significant influence on the amounts recognized in the consolidated financial statements are further described as follows:

Investment entity status

Judgement was required when determining whether Onex, the parent company, meets the definition of an investment entity, which IFRS 10 defines as an entity that: (i) obtains funds from one or more investors for the purpose of providing those investors with investment management services; (ii) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and (iii) measures and evaluates the performance of substantially all of its investments on a fair value basis. When determining whether Onex met the definition of an investment entity under IFRS 10, Onex management applied significant judgement when assessing whether the Company measures and evaluates the performance of substantially all of its investments on a fair value basis. Onex management also considered the impact of acquisitions made by the Company when determining whether Onex met the definition of an investment entity under IFRS 10.

Onex conducts its business primarily through controlled subsidiaries, which consist of entities providing asset management services, investment holding companies and General Partners of private equity funds, credit funds and limited partnerships. Certain of these subsidiaries were formed for legal, regulatory or similar reasons by Onex and share a common business purpose. The assessment of whether Onex, the parent company, meets the definition of an investment entity was performed on an aggregate basis with these subsidiaries.

Corporate investments

The measurement of corporate investments is significantly impacted by the fair values of the investments held by the Onex Partners Funds, ONCAP Funds and private credit strategies. The fair value of corporate investments is assessed at each reporting date with changes in fair value recognized through net earnings (loss).

The valuation of non-public investments requires significant judgement due to the absence of quoted market values, inherent lack of liquidity and the long-term nature of such investments. Valuation methodologies include discounted cash flows and observations of the trading multiples of public companies considered comparable to the private companies being valued. Key assumptions made in the valuations include unlevered free cash flows, including the timing of earnings projections and the expected long-term revenue growth, the weighted average costs of capital and the exit multiples. The valuations take into consideration company-specific items, the lack of liquidity inherent in a non-public investment and the fact that comparable public companies are not identical to the companies being valued. Such considerations are necessary since, in the absence of a committed buyer and completion of due diligence procedures, there may be company-specific items which are not fully known that may affect the fair value. A variety of additional factors are reviewed, including, but not limited to, financing and sales transactions with third parties, current operating performance and future expectations of the particular investment, changes in market outlook and the third-party financing environment. In determining changes to the fair value of the underlying private equity investments, emphasis is placed on current company performance and market conditions.

For publicly traded investments, the valuation is based on closing market prices less adjustments, if any, for regulatory and/or contractual sale restrictions.

The fair value of underlying investments in private credit strategies that are not quoted in an active market may be determined by using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Judgement and estimates are exercised to determine the quantity and quality of the pricing sources used. Where limited or no market data is available, positions may be valued using models that include the use of third-party pricing information, and are usually based on valuation methods and techniques generally recognized as standard within the industry. Models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations may require estimates to be made. Changes in assumptions about these factors could affect the reported fair value of the underlying investments in private credit strategies.

Management incentive programs are included in the fair value of corporate investments and are determined using an internally developed valuation model. The critical assumptions and estimates used in the valuation model include the fair value of the underlying investments, the time to expected exit from each investment, a risk-free rate of return and an industry-comparable historical volatility for each investment. The fair value of the underlying investments includes the same critical assumptions and estimates previously described.

Corporate investments are measured with significant unobservable inputs (Level 3 of the fair value hierarchy), which are further described in note 22.

The changes in fair value of corporate investments are further described in note 5.

The Company assessed whether its underlying subsidiaries met the definition of an investment entity, as defined under IFRS 10. In certain circumstances, this assessment was performed together with other entities that were formed in connection with each other for legal, regulatory or similar reasons. Similarly, where a subsidiary's current business purpose is to facilitate a common purpose with a group of entities, the assessment of whether those subsidiaries met the definition of an investment entity was performed on an aggregated basis.

Certain subsidiaries were formed for various business purposes that, in certain circumstances, have evolved since their formation. When the Company assessed whether these subsidiaries met the definition of an investment entity, as defined under IFRS 10, professional judgement was exercised to determine the primary business purpose of these subsidiaries and the measurement basis, which were significant factors in determining their investment entity status.

Business combination

Onex acquired Falcon in December 2020 and accounted for this acquisition as a business combination in accordance with IFRS 3, *Business combinations*. Substantially all of the identifiable assets and liabilities of Onex Falcon were recorded at their fair values on the date of the acquisition. One of the most significant areas of judgement and estimation was related to the determination of the fair values of these assets and liabilities, including the fair value of contingent consideration. Intangible assets that were identified were valued by independent external valuation experts using appropriate valuation techniques, which were generally based on a forecast of the total expected future net cash flows. These valuations were linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Goodwill impairment tests and recoverability of assets

The Company tests at least annually whether goodwill has suffered any impairment, in accordance with its accounting policies. The determination of the recoverable amount of a CGU to which goodwill is allocated involves the use of estimates by management. The Company generally uses discounted cash flow-based methods to determine these values. These discounted cash flow calculations typically use five-year projections that are based on the operating plans approved by management. Cash flow projections take into account past experience and represent management's best estimate of future developments. Cash flows after the planning period are extrapolated using estimated growth rates. Key assumptions on which management has based its determination of fair value less costs to sell and value in use include estimated growth rates, weighted average cost of capital and tax rates. These estimates, including the methodology used, can have a material impact on the respective values and ultimately the amount of any goodwill impairment. Likewise, whenever property, equipment and other intangible assets are tested for impairment, the determination of the assets' recoverable amount involves the use of estimates by management, and can have a material impact on the respective values and ultimately the amount of any impairment.

Income and other taxes

The Company operates and earns income in various countries and is subject to changing tax laws or application of tax laws in multiple jurisdictions within these countries. Significant judgement is necessary in determining worldwide income and other tax liabilities. Although management believes that it has made reasonable estimates about the final outcome of tax uncertainties, no assurance can be given that the final outcome of these tax matters will be consistent with what is reflected in the historical income tax provisions. Such differences could have an effect on income and other tax liabilities and deferred tax liabilities in the period in which such determinations are made. At each balance sheet date, the Company assesses whether the realization of future tax benefits is sufficiently probable to recognize deferred tax assets. This assessment requires the exercise of judgement on the part of management with respect to, among other things, benefits that could be realized from available tax strategies and future taxable income, as well as other positive and negative factors. The recorded amount of total deferred tax assets could be reduced if estimates of projected future taxable income and benefits from available tax strategies are lowered, or if changes in current tax regulations are enacted that impose restrictions on the timing or extent of the Company's ability to utilize future tax benefits.

The Company uses significant judgement when determining whether to recognize deferred tax liabilities with respect to taxable temporary differences associated with corporate investments, in particular whether the Company is able to control the timing of the reversal of the temporary differences and whether it is probable that the temporary differences will not reverse in the foreseeable future. Judgement includes consideration of the Company's future cash requirements in its numerous tax jurisdictions.

Legal provisions and contingencies

The Company, in the normal course of operations, can become involved in various legal proceedings. While the Company cannot predict the final outcome of such legal proceedings, the outcome of these matters may have a material effect on the Company's consolidated financial position, results of operations or cash flows. Management regularly analyzes current information about such matters and provides provisions for probable contingent losses, including an estimate of legal expenses to resolve the matters. Internal and external counsel are used for these assessments. In making the decision regarding the need for provisions, management considers the degree of probability of an unfavourable outcome and the ability to make a sufficiently reliable estimate of the amount of loss. The filing of a suit or formal assertion of a claim or the disclosure of any such suit or assertion does not automatically indicate that a provision may be appropriate.

Impact of COVID-19 on significant estimates

During March 2020, the World Health Organization characterized COVID-19 as a pandemic. COVID-19 has had a material adverse impact on global economies, including economies that the underlying private equity operating businesses operate in, as well as global credit markets. As a result of COVID-19, the fair value estimates of the Company's private equity investments were impacted as follows:

- higher weightings were given to valuation approaches that reflected more current market information;
- cash flow forecasts used in discounted cash flow valuation models were updated to reflect the known and expected impacts of COVID-19; and
- risk premiums implied by equity and credit markets due to the uncertainty surrounding the long-term impacts of COVID-19 were considered.

As a result of the above impacts, certain private equity investments held by the Company at December 31, 2020 reflected significant fair value declines.

Determining the impact of COVID-19 on the valuation of the Company's corporate investments and the recoverable amount of the Company's goodwill and intangible assets required significant judgement given the amount of uncertainty regarding the long-term impact of COVID-19. The ultimate impact of COVID-19 on the financial results of the Company will depend on future developments, including the duration and spread of the pandemic and related advisories and restrictions. These developments and the impact of COVID-19 on the financial markets and the overall economy are highly uncertain and difficult to predict. If the financial markets and/or the overall economy are impacted for a period significantly longer than currently implied by the markets, the financial results of the Company, including the fair value of its corporate investments, may be materially adversely affected.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprised the following:

	December 31, 2021	December 31, 2020
Cash at bank and on hand	**$ 188**	$ 190
Money market funds	**353**	503
Commercial paper	**6**	13
Total cash and cash equivalents	**$ 547**	$ 706

3. TREASURY INVESTMENTS

Treasury investments comprised the following:

	December 31, 2021	December 31, 2020
Commercial paper and corporate obligations	**$ 243**	$ 146
Federal debt instruments	**20**	49
Asset-backed securities	**19**	29
Other	**8**	10
Total treasury investments	**$ 290**	$ 234

4. MANAGEMENT AND ADVISORY FEES, RECOVERABLE FUND EXPENSES AND OTHER RECEIVABLES

The Company's receivables for management and advisory fees, fund expenses and other comprised the following:

	December 31, 2021	December 31, 2020
Management and advisory fees	**$ 208**	$ 142
Recoverable fund and operating businesses' expenses	**138**	87
Performance fees	**13**	17
Other	**10**	15
Total	**$ 369**	$ 261

Management and advisory fees receivable, and recoverable fund and operating businesses' expenses receivable, primarily consisted of management fees and recoverable expenses receivable of $308 (2020 – $200) from the Onex private equity funds. Onex has elected to defer cash receipt of management fees and recoverable expenses from certain funds until the later stages of each fund's life. At December 31, 2021, the receivable for management and advisory fees, and recoverable fund and operating businesses' expenses receivable, primarily related to fees due from Onex Partners IV and Onex Partners V (2020 – fees due from Onex Partners IV).

5. CORPORATE INVESTMENTS

The Company's interests in its Investment Holding Companies are recorded at fair value through net earnings (loss) in accordance with IFRS 9 and IFRS 10, as described in note 1. The Investment Holding Companies directly or indirectly invest the Company's capital in the Onex Partners Funds, ONCAP Funds, private credit strategies and other investments. The Company's corporate investments comprised the following:

	December 31, 2020	**Capital Deployed**	**Realizations and Distributions**	**Change in Fair Value**	**December 31, 2021**
Onex Partners Funds	$ 3,169	**$ 783**	**$ (447)**	**$ 751**	**$ 4,256**
ONCAP Funds	606	**21**	**(253)**	**160**	**534**
Other private equity	743	**40**	**(513)**	**422**	**692**
Carried interest	87	**n/a**	**(48)**	**230**	**269**
Total private equity investments[a]	4,605	**844**	**(1,261)**	**1,563**	**5,751**
Private Credit Strategies[b]	849	**641**	**(842)**	**157**	**805**
Real estate[c]	62	**–**	**(14)**	**4**	**52**
Other net assets[d]	410	**(1,583)**	**1,830**	**(26)**	**631**
Total corporate investments excluding intercompany loans	5,926	**(98)**	**(287)**	**1,698**	**7,239**
Intercompany loans receivable from Onex and the Asset Managers[e]	4,043	**174**	**(462)**	**–**	**3,755**
Intercompany loans payable to Onex and the Asset Managers[f]	(425)	**(26)**	**22**	**–**	**(429)**
Intercompany loans receivable from Investment Holding Companies[f]	425	**26**	**(22)**	**–**	**429**
Total corporate investments	$ 9,969	**$ 76**	**$ (749)**	**$ 1,698**	**$ 10,994**

	December 31, 2019	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2020
Onex Partners Funds	$ 2,999	$ 518	$ (835)	$ 487	$ 3,169
ONCAP Funds	501	5	(1)	101	606
Other private equity	421	145	(36)	213	743
Carried interest	66	n/a	–	21	87
Total private equity investments[a]	3,987	668	(872)	822	4,605
Private Credit Strategies[b]	746	383	(334)	54	849
Real estate[c]	90	–	(20)	(8)	62
Other net assets[d]	410	(895)	915	(20)	410
Total corporate investments excluding intercompany loans	5,233	156	(311)	848	5,926
Intercompany loans receivable from Onex and the Asset Managers[e]	4,217	172	(346)	–	4,043
Intercompany loans payable to Onex and the Asset Managers[f]	(714)	(24)	313	–	(425)
Intercompany loans receivable from Investment Holding Companies[f]	714	24	(313)	–	425
Total corporate investments	$ 9,450	$ 328	$ (657)	$ 848	$ 9,969

a) Private equity investments

The Company's private equity investments comprised the following:

	December 31, 2020	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2021
Onex Partners Funds					
Onex Partners I	$ 1	$ –	$ –	$ –	$ 1
Onex Partners II	52	–	–	(41)	11
Onex Partners III	445	–	(248)	96	293
Onex Partners IV	1,834	–	(274)	454	2,014
Onex Partners V	1,052	783	(18)	313	2,130
Management incentive programs	(215)	n/a	93	(71)	(193)
Total investment in Onex Partners Funds[(i)]	3,169	783	(447)	751	4,256
ONCAP Funds					
ONCAP II	101	–	(45)	47	103
ONCAP III	246	–	(254)	92	84
ONCAP IV	322	21	–	57	400
Management incentive programs	(63)	n/a	46	(36)	(53)
Total investment in ONCAP Funds[(ii)]	606	21	(253)	160	534
Other private equity investments[(iii)]	743	40	(513)	422	692
Carried interest[(iv)]	87	n/a	(48)	230	269
Total private equity investments	$ 4,605	$ 844	$ (1,261)	$ 1,563	$ 5,751

	December 31, 2019	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2020
Onex Partners Funds					
Onex Partners I	$ 1	$ –	$ –	$ –	$ 1
Onex Partners II	84	–	–	(32)	52
Onex Partners III	554	–	(6)	(103)	445
Onex Partners IV	2,087	11	(833)	569	1,834
Onex Partners V	463	507	(67)	149	1,052
Management incentive programs	(190)	n/a	71	(96)	(215)
Total investment in Onex Partners Funds[(i)]	2,999	518	(835)	487	3,169
ONCAP Funds					
ONCAP II	106	–	(1)	(4)	101
ONCAP III	184	–	–	62	246
ONCAP IV	248	5	–	69	322
Management incentive programs	(37)	n/a	–	(26)	(63)
Total investment in ONCAP Funds[(ii)]	501	5	(1)	101	606
Other private equity investments[(iii)]	421	145	(36)	213	743
Carried interest[(iv)]	66	n/a	–	21	87
Total private equity investments	$ 3,987	$ 668	$ (872)	$ 822	$ 4,605

i) Onex Partners Funds

The Onex Partners Funds typically make control equity investments in operating companies headquartered, organized, domiciled or whose principal executive offices are in North America or Western Europe. Onex Partners V will not invest more than 20% of aggregate commitments in any single operating company and its affiliates. Certain Onex Partners Funds also have limits on the amount of aggregate commitments that can be invested in operating companies whose headquarters or principal executive offices are located outside North America.

At December 31, 2021, the Onex Partners Funds had investments in 22 (2020 – 19) operating businesses which operate in various industries and countries. Onex' investments in the Onex Partners Funds include co-investments, where applicable.

Onex Partners III – 2021

During 2021, the Onex Partners III Group sold its remaining 32.9 million shares in JELD-WEN Holding, Inc. ("JELD-WEN"). Onex' combined share of the net proceeds was $203, including carried interest and net of payments under the management incentive programs.

Onex Partners IV – 2021

In June 2021, the Onex Partners IV Group sold approximately 10.6 million ordinary shares of Clarivate Analytics Plc ("Clarivate Analytics") at a price of $26.00 per share. Onex' share of the net proceeds was $101.

In September 2021, the Onex Partners IV Group sold approximately 18.0 million ordinary shares of Clarivate Analytics at a price of $25.25 per share. Onex' share of the net proceeds was $123, net of payments under the management incentive programs. At December 31, 2021, Onex held approximately 16.2 million ordinary shares of Clarivate Analytics through Onex Partners IV.

In July 2021, PowerSchool completed an initial public offering of its Class A common stock (NYSE: PWSC). The Onex Partners IV Group did not sell any shares of PowerSchool as part of this offering. At December 31, 2021, Onex held approximately 24.4 million Class A common shares of PowerSchool through Onex Partners IV.

Onex Partners V – 2021

In March 2021, Onex invested $279 as part of the Onex Partners V Group's investment in Imagine Learning (formerly Weld North Education), a K-12 digital curriculum company in the United States. Onex' investment included $100 as a co-investor.

In June 2021, Acacium Group (formerly Independent Clinical Services Group) repaid the shareholder loan held by the Onex Partners V Group. Onex' share of the repayment was £12 ($16).

In July 2021, Onex invested $185 as part of the Onex Partners V Group's investment in Newport Healthcare, a provider in the United States of evidence-based healing centres for teens and young adults struggling with primary mental health issues.

In September 2021, Onex invested $226 as part of the Onex Partners V Group's investment in Wealth Enhancement Group ("WEG"), an independent wealth management firm offering comprehensive and customized financial planning and investment management services in the United States. Onex' investment included $54 as a co-investor.

In December 2021, Onex invested $83 as part of the Onex Partners V Group's investment in Fidelity Building Services Group ("Fidelity BSG"). Fidelity BSG is a provider of technical building solutions for the commercial and industrial facilities market.

Onex Partners IV – 2020

During 2020, the Onex Partners IV Group sold its remaining 101.8 million shares in SIG Combibloc Group AG ("SIG"). Onex' combined share of the net proceeds was CHF 537 ($590), net of payments under the management incentive programs.

In April 2020, the Onex Partners IV Group received a dividend from SIG, of which Onex' share was CHF 9 ($9).

In June 2020, the Onex Partners IV Group sold approximately 20.8 million ordinary shares of Clarivate Analytics at a price of $22.50 per share. Onex' share of the net proceeds was $171.

Onex Partners V – 2020

In June and August 2020, Onex invested $72 and $35, respectively, in Onex Partners V as part of the fund's investments in preferred shares of Emerald Holding, Inc. ("Emerald"). Emerald is an operator of large business-to-business trade shows in the United States across several end markets.

In September 2020, Onex invested $64 in Onex Partners V as part of the fund's investment in Acacium Group, a specialized staffing, workforce management solutions, and health and social services business operating primarily in Europe and present across four continents.

In November 2020, Onex invested $200 in Onex Partners V as part of the fund's investment in OneDigital, a U.S. provider of employee benefits insurance brokerage and retirement consulting services.

In December 2020, Onex invested $136 as part of the Onex Partners V Group's add-on investment in Convex Group Limited ("Convex"). Convex is a specialty insurer and reinsurer focused on complex risks.

ii) ONCAP Funds

The ONCAP Funds typically make control equity investments in operating companies headquartered, organized, domiciled or whose principal executive offices are in the United States or Canada. ONCAP IV will not invest more than 20% of aggregate commitments in any single operating company and its affiliates.

At December 31, 2021, the ONCAP Funds had investments in 14 operating businesses (2020 – 16) headquartered in North America. Onex' investments in the ONCAP Funds include co-investments, where applicable.

ONCAP II – 2021

In April 2021, the ONCAP II Group sold its remaining 10.4 million shares in Pinnacle Renewable Energy Inc. ("Pinnacle") for C$11.30 per share, in connection with the sale of Pinnacle to Drax Group plc. Onex' share of the net proceeds was C$54 ($43), including carried interest and net of payments under the management incentive programs.

ONCAP III – 2021

In October 2021, the ONCAP III Group sold Bradshaw International, Inc. ("Bradshaw"). Onex' share of the net proceeds was $135, including estimated proceeds from amounts held in escrow, carried interest and net of payments under the management incentive programs.

In December 2021, the ONCAP III Group sold Davis-Standard, LLC ("Davis-Standard). Onex' share of the net proceeds was $75, including carried interest and net of payments under the management incentive programs.

ONCAP IV – 2021

The ONCAP IV Group invested in Komar Industries, Inc. ("Komar") in June 2021. Komar is a designer and manufacturer of industrial waste and recycling processing systems. In July 2021, Onex invested $20 in the ONCAP IV Group in connection with the investment in Komar.

During 2020, there were no significant transactions related to Onex' investments in the ONCAP Funds.

iii) Other private equity investments

Other private equity investments primarily consist of Onex' investments in Celestica and Ryan Specialty Group ("RSG").

In July 2021, RSG completed an initial public offering of approximately 65.5 million shares of its Class A common stock (NYSE: RYAN), including the exercise of the over-allotment option. The offering was priced at $23.50 per share. In connection with this transaction, RSG acquired all of Onex' preferred unit interests in the company and redeemed approximately 8.1 million Class A shares held by Onex. With the completion of this transaction, net proceeds received by Onex were $492. At December 31, 2021, Onex held approximately 12.3 million Class A shares of RSG.

In August 2020, Onex invested an additional $108 in preferred shares of RSG in connection with an add-on acquisition completed by RSG.

iv) Carried interest

The General Partner of each Onex Partners and ONCAP Fund is entitled to 20% of the realized net gains of the limited partners in such Fund provided the limited partners have achieved a minimum 8% net compound annual return on their investment. This performance-based capital allocation of realized net gains is referred to as carried interest. Onex is entitled to 40% of the carried interest realized in the Onex Partners and ONCAP Funds. Once the ONCAP IV investors achieve a net return of two times their aggregate capital contributions, carried interest participation increases from 20% to 25% of the realized net gains. The amount of carried interest ultimately received by Onex is based on realizations, the timing of which can vary significantly from period to period.

During 2021, Onex received $48 of carried interest from the sales of Bradshaw, Davis-Standard, JELD-WEN and Pinnacle, as described earlier in this note. The receipt of carried interest earned from the secondary offerings by Clarivate Analytics during 2021, as described earlier in this note, was elected to be deferred by the General Partner of Onex Partners IV.

During 2020, Onex received less than $1 of carried interest. The receipt of carried interest earned from the secondary offerings by Clarivate Analytics and SIG during 2020, as described earlier in this note, was elected to be deferred by the General Partner of Onex Partners IV.

Unrealized carried interest is calculated based on the current fair values of the Funds and the overall realized and unrealized gains in each Fund in accordance with its limited partnership agreements.

b) Private Credit strategies

Collateralized Loan Obligations ("CLOs") are leveraged structured vehicles that hold a widely diversified asset portfolio funded through the issuance of long-term debt in a series of rated tranches of secured notes and equity. The Onex Credit U.S. CLOs invest only in securities denominated in U.S. dollars, while the Onex Credit EURO CLOs invest only in securities denominated in euros. The Company primarily invests in the equity tranches of the Onex Credit CLOs.

The middle-market lending strategy primarily holds investments in senior secured loans and other loan investments in private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers. The loans are predominantly with borrowers in the United States and, selectively, in Canada and Europe.

The senior loan strategies hold investments in first-lien, senior secured loans and may employ leverage.

The opportunistic and special situation strategies invest primarily in North American and European first-lien, senior secured loans, second-lien loans, bonds, trade claims, credit default swaps and other debt investments having similar characteristics.

The structured credit and high yield strategies invest primarily in U.S. and European collateralized loan obligations.

The Company's investment in Private Credit strategies comprised the following:

	December 31, 2020	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2021
Private Credit Strategies					
U.S. CLOs	$ 383	**$ 76**	**$ (239)**	**$ 93**	**$ 313**
EURO CLOs	112	**7**	**(39)**	**21**	**101**
CLO warehouses	–	**82**	**(56)**	**1**	**27**
Middle-market lending	89	**50**	**(54)**	**13**	**98**
Senior loan strategies	192	**98**	**(199)**	**10**	**101**
Opportunistic and special situation strategies	68	**153**	**(130)**	**12**	**103**
Structured credit and high yield strategies	5	**54**	**(23)**	**5**	**41**
Direct lending	–	**121**	**(102)**	**2**	**21**
Total investment in Private Credit Strategies	$ 849	**$ 641**	**$ (842)**	**$ 157**	**$ 805**

	December 31, 2019	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2020
Private Credit Strategies					
U.S. CLOs	$ 340	$ 82	$ (72)	$ 33	$ 383
EURO CLOs	92	35	(12)	(3)	112
CLO warehouses	52	102	(159)	5	–
Middle-market lending	73	26	(13)	3	89
Senior loan strategies	187	–	–	5	192
Opportunistic and special situation strategies	2	125	(69)	10	68
Structured credit and high yield strategies	–	13	(9)	1	5
Total investment in Private Credit Strategies	$ 746	$ 383	$ (334)	$ 54	$ 849

During 2021, Onex invested net capital of $50 in CLOs, and received distributions of $114. Onex also sold a portion of its equity interests in certain U.S. and European collateralized loan obligations for total proceeds of $114 and €14 ($17), respectively.

During 2021, Onex invested a total of $55 to support the warehouse facilities for its twenty-second and twenty-third CLOs denominated in U.S. dollars ("CLO-22" and "CLO-23", respectively). During the fourth quarter of 2021, Onex closed CLO-22 and CLO-23 and received $56, including interest, for the investments that supported the warehouse facilities for these CLOs. Onex also invested €24 ($27) to support the warehouse facilities for its fifth European CLO ("EURO CLO-5").

During 2021, Onex made investments in middle-market lending strategies totalling $50 and received distributions totalling $54.

During 2021, Onex made investments in structured credit and high yield strategies totalling $54. During the same period, Onex also made investments totalling $121 in its direct lending strategy, which consisted of investments in a warehouse facility to support the strategy. In the fourth quarter of 2021, Onex received $99 for a portion of its investments as a result of third-party capital commitments to a direct lending fund.

During 2021, Onex Credit raised capital for its opportunistic and special situation strategies, which included a $100 commitment from Onex to the Onex Capital Solutions Fund, as described in note 25(n). The fund invests primarily in loans, bonds, trade claims and credit default swaps, among other assets.

During 2021, Onex made investments in opportunistic and special situation strategies totalling $153 and received distributions totalling $130, including $128 from the Onex Senior Loan Opportunity Fund. The Onex Senior Loan Opportunity Fund was dissolved during 2021.

In the first quarter of 2021, Onex redeemed all of its investment in the Onex Credit Partners Senior Floating Income Fund, which totalled $98. The proceeds from this redemption were invested in Onex Senior Credit Fund II, which was subsequently redeemed later in the year.

During 2020, Onex invested net capital of $109, and received distributions of $76 from CLO investments.

During 2020, Onex made investments in middle-market lending strategies totalling $26, and received distributions totalling $13.

During 2020, Onex Credit completed fundraising for the Onex Senior Loan Opportunity Fund, as described in note 25(l), which invests primarily in North American and European first-lien, senior secured loans, second-lien loans and other debt investments having similar characteristics. During 2020, Onex invested a total of $10 in the Onex Senior Loan Opportunity Fund. In addition, Onex invested a net $55 in a separately managed account which follows a similar strategy as the Onex Senior Loan Opportunity Fund.

During 2020, Onex Credit completed the first and second close of fundraising for the Onex Structured Credit Opportunities Fund, as described in note 25(m), which invests primarily in U.S. and European collateralized loan obligations. During 2020, Onex invested $2 in a separately managed account which follows a similar strategy as the Onex Structured Credit Opportunities Fund.

c) Real estate

Onex' investment in real estate is comprised of an investment in Flushing Town Center, a commercial and residential complex located in Flushing, New York. During 2021, Onex received distributions of $14 (2020 – $20) from Flushing Town Center, which were primarily funded by the sale of residential condominium units.

d) Other net assets

Other net assets consist of assets and liabilities of the Investment Holding Companies, excluding investments in private equity, private credit strategies, real estate and intercompany loans receivable from and payable to Onex and the Asset Managers. Other net assets comprised the following:

	December 31, 2021	December 31, 2020
Cash and cash equivalents	**$ 246**	$ 113
Treasury investments	**310**	307
Restricted cash	**21**	22
Other net assets (liabilities)[i]	**54**	(32)
Total other net assets	**$ 631**	$ 410

(i) Included in other net assets at December 31, 2021 was $130 of subscription financing receivable, including interest receivable, from the Onex Capital Solutions Fund attributable to third-party investors.

Treasury investments held by the Investment Holding Companies comprised the following:

	December 31, 2021	December 31, 2020
Federal debt instruments	**$ 172**	$ 167
Commercial paper and corporate obligations	**109**	117
Asset-backed securities	**18**	12
Other	**11**	11
Total treasury investments	**$ 310**	$ 307

e) Intercompany loans receivable from Onex and the Asset Managers

The Investment Holding Companies have advanced intercompany loans to Onex and the Asset Managers. At December 31, 2021, the intercompany loans receivable from Onex and the Asset Managers of $3,755 (December 31, 2020 – $4,043) formed part of Onex' net investment in the Investment Holding Companies, which is recorded at fair value through net earnings (loss). These intercompany loans receivable are the same loans presented as intercompany loans payable to the Investment Holding Companies in the consolidated balance sheets, which at December 31, 2021 totalled $3,755 (December 31, 2020 – $4,043) and are described in note 9. There is no impact on net assets or net earnings (loss) from these intercompany loans.

f) Intercompany loans payable to Onex and the Asset Managers and intercompany loans receivable from Investment Holding Companies

At December 31, 2021, Onex and the Asset Managers had advanced intercompany loans to the Investment Holding Companies totalling $429 (December 31, 2020 – $425). The corresponding intercompany loans payable to Onex and the Asset Managers, which at December 31, 2021 totalled $429 (December 31, 2020 – $425), formed part of Onex' net investment in the Investment Holding Companies, which is recorded at fair value through net earnings (loss). There is no impact on net assets or net earnings (loss) from these intercompany loans.

6. OTHER ASSETS

Other assets comprised the following:

	December 31, 2021	December 31, 2020
Forward agreements	**$ 116**	$ 78
Restricted cash	**11**	13
Prepaid expenses and other	**9**	7
Total	**$ 136**	$ 98

Forward agreements with a total value of $116 (2020 – $78) represent the fair value of hedging arrangements entered into with financial institutions to economically hedge the Company's exposure to changes in the market value of Onex SVS associated with certain DSUs outstanding, as described in note 15.

7. PROPERTY AND EQUIPMENT

The Company's property and equipment comprised the following:

	Right-of-Use Assets	Aircraft	Leasehold Improvements	Furniture and Equipment	Total
Year ended December 31, 2020					
Opening net book amount	$ 67	$ 56	$ 48	$ 10	$ 181
Acquisition of Onex Falcon (note 26)	9	–	2	–	11
Additions	2	–	–	1	3
Amortization charge	(10)	(3)	(9)	(4)	(26)
Closing net book amount	$ 68	$ 53	$ 41	$ 7	$ 169
At December 31, 2020					
Cost	$ 87	$ 73	$ 67	$ 17	$ 244
Accumulated amortization	(19)	(20)	(26)	(10)	(75)
Net book amount	$ 68	$ 53	$ 41	$ 7	$ 169
Year ended December 31, 2021					
Opening net book amount	**$ 68**	**$ 53**	**$ 41**	**$ 7**	**$ 169**
Additions	**8**	**–**	**–**	**1**	**9**
Amortization charge	**(12)**	**(7)**	**(8)**	**(3)**	**(30)**
Closing net book amount	**$ 64**	**$ 46**	**$ 33**	**$ 5**	**$ 148**
At December 31, 2021					
Cost	**$ 95**	**$ 73**	**$ 67**	**$ 18**	**$ 253**
Accumulated amortization	**(31)**	**(27)**	**(34)**	**(13)**	**(105)**
Net book amount	**$ 64**	**$ 46**	**$ 33**	**$ 5**	**$ 148**

Right-of-use assets primarily consisted of leased premises.

8. GOODWILL AND INTANGIBLE ASSETS

The Company's goodwill and intangible assets comprised the following:

	Goodwill	Tradename	Client Relationships and Asset Management Contracts	Software	Total Intangible Assets
Year ended December 31, 2020					
Opening net book amount	$ 261	$ 15	$ 142	$ 1	$ 158
Impairment	(85)	–	–	–	–
Acquisition of Onex Falcon (note 26)	88	2	36	–	38
Amortization charge(i)	–	–	(30)	(1)	(31)
Foreign exchange	–	–	2	–	2
Closing net book amount	$ 264	$ 17	$ 150	$ –	$ 167
As at December 31, 2020					
Cost	$ 342	$ 17	$ 207	$ 2	$ 226
Accumulated amortization and impairment losses	(78)	–	(57)	(2)	(59)
Net book amount	$ 264	$ 17	$ 150	$ –	$ 167
Year ended December 31, 2021					
Opening net book amount	**$ 264**	**$ 17**	**$ 150**	**$ –**	**$ 167**
Amortization charge(i)	**–**	**–**	**(29)**	**–**	**(29)**
Foreign exchange	**–**	**–**	**1**	**–**	**1**
Closing net book amount	**$ 264**	**$ 17**	**$ 122**	**$ –**	**$ 139**
As at December 31, 2021					
Cost	**$ 342**	**$ 17**	**$ 203**	**$ 2**	**$ 222**
Accumulated amortization and impairment losses	**(78)**	**–**	**(81)**	**(2)**	**(83)**
Net book amount	**$ 264**	**$ 17**	**$ 122**	**$ –**	**$ 139**

(i) Included in amortization is $5 (2020 – $11) related to the derecognition of client relationship intangible assets resulting from client terminations.

Goodwill is attributable to the acquisition of Onex Falcon, as described in note 26, the acquisition of Gluskin Sheff in 2019, which was primarily attributable to its leading position in the Canadian high net worth private client market and the skills and competence of its workforce, and goodwill recognized as a result of the acquisition of the Onex Credit asset management platform in 2015, which was primarily attributable to the acquired workforce and industry relationships at Onex Credit. Management tested goodwill for impairment during the fourth quarter of 2021 and concluded that no impairments existed.

Management concluded that as at March 31, 2020, conditions existed which may indicate that goodwill and intangible assets associated with the acquisitions of Gluskin Sheff and Onex Credit were impaired as a result of the market volatility and economic disruption which began in March 2020 in connection with the COVID-19 pandemic, as described in note 1. As a result, management tested the goodwill and intangible assets of Gluskin Sheff and Onex Credit for impairment as at March 31, 2020 and recorded a goodwill impairment charge of C$114 ($85) associated with the goodwill of Gluskin Sheff, measured in accordance with IAS 36, *Impairment of Assets* ("IAS 36"). The impairment was primarily due to the decrease in assets under management as a result of the COVID-19 pandemic, as described in note 1. The impairment for Gluskin Sheff was calculated on a fair value less costs of disposal basis, which resulted in a recoverable amount of C$310 ($219) as at March 31, 2020. The recoverable amount was a Level 3 measurement in the fair value hierarchy due to significant unobservable inputs used in determining the recoverable amount, which was based on a five-year discounted cash flow projection.

Significant assumptions included in the discounted cash flow projection were i) a 16.5% discount rate; ii) net growth in assets under management; and iii) a terminal value growth rate of 2.5%. The impact to the goodwill impairment expense from changes in the discount rate and terminal value growth rate include the following:

Significant Unobservable Inputs	Decrease of 1.0 Percentage Point	Increase of 1.0 Percentage Point
Discount rate	$28 decrease in impairment expense	$23 increase in impairment expense
Terminal value growth rate	$14 increase in impairment expense	$17 decrease in impairment expense

Significant Unobservable Input	Decrease of 10%	Increase of 10%
Net growth rate	$14 increase in impairment expense	$16 decrease in impairment expense

As a result of the impairment charge, goodwill associated with the acquisition of Gluskin Sheff was reduced to a value of C$146 ($114) as at December 31, 2020.

Management determined that the goodwill and intangible assets associated with the acquisition of Onex Credit were not impaired as at March 31, 2020, based on their value in use.

The cost and accumulated amortization of client relationships have been reduced for client relationships that ended during 2020 and 2021.

9. INTERCOMPANY LOANS PAYABLE TO INVESTMENT HOLDING COMPANIES

Onex and the Asset Managers have intercompany loans payable to the Investment Holding Companies. The loans are primarily due on demand and non-interest bearing. At December 31, 2021, intercompany loans payable to the Investment Holding Companies totalled $3,755 (2020 – $4,043) and the corresponding receivable of $3,755 (2020 – $4,043) was included in the fair value of the Investment Holding Companies within corporate investments (note 5). There is no impact on net assets or net earnings (loss) from these intercompany loans.

10. ACCRUED COMPENSATION

Accrued compensation at December 31, 2021 consisted primarily of cash incentive compensation related to fiscal 2021 (2020 – fiscal 2020), which is to be paid to employees and management of the Company during the first quarter of 2022 (2020 – first quarter of 2021).

11. STOCK-BASED COMPENSATION PAYABLE

Stock-based compensation payable comprised the following:

	December 31, 2021	December 31, 2020
Stock Option Plan	$ 338	$ 181
Management DSU Plan	69	44
Director DSU Plan	51	38
Other	4	–
Total stock-based compensation payable	$ 462	$ 263

Included in other assets (note 6) at December 31, 2021 was $116 (2020 – $78) related to forward agreements to economically hedge the Company's exposure to changes in the trading price of Onex shares associated with the Management and Director DSU plans.

12. LEASES

The Company leases office space in Canada, the United States and the United Kingdom. Lease terms are negotiated on an individual basis and contain a wide range of terms and conditions. The terms of the Company's leasing agreements are generally made for fixed periods up to 2032 and in certain circumstances contain options to extend beyond the initial fixed periods. In circumstances where it is reasonably certain that the Company will exercise an option to extend a leasing agreement, the minimum lease payments to be made during the extension period are included in the determination of the lease liability to be recorded. The lease contracts entered into by the Company do not contain any significant restrictions or covenants.

The Company's lease liabilities at December 31, 2021 totalled $71 (2020 – $75) and the annual minimum payment requirements for these liabilities were as follows:

For the year:	
2022	$ 13
2023	12
2024	12
2025	12
2026	11
Thereafter	19
Total minimum lease payments	$ 79
Less: imputed interest	(8)
Balance of obligations under lease	$ 71

During 2021, the Company recognized $2 (2020 – $2) in interest expense related to its lease liabilities, which was included in other expenses. The Company had total cash disbursements of $15 (2020 – $10) related to lease liabilities.

Information concerning right-of-use assets is disclosed in note 7.

13. LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following tables provide an analysis of liabilities arising from financing activities:

	December 31, 2021	December 31, 2020
Principal balance of intercompany loans payable to Investment Holding Companies	**$ 3,755**	$ 4,043
Principal balance of lease liabilities	**79**	84
Accrued and imputed interest	**(8)**	(9)
Net financing obligations	**$ 3,826**	$ 4,118

	Intercompany Loans Payable to Investment Holding Companies	Lease Liabilities	Total
Balance – December 31, 2019	$ 4,217	$ 72	$ 4,289
Issuance of loans	172	–	172
Acquisition of Onex Falcon (note 26)	–	9	9
Interest accrued	–	2	2
Lease amendments	–	2	2
Repayment of financing obligations	(346)	(8)	(354)
Cash interest paid	–	(2)	(2)
Balance – December 31, 2020	$ 4,043	$ 75	$ 4,118
Issuance of loans	**174**	**–**	**174**
Interest accrued	**–**	**2**	**2**
Lease amendments	**–**	**8**	**8**
Repayment of financing obligations	**(347)**	**(13)**	**(360)**
Non-cash settlement	**(115)**	**–**	**(115)**
Cash interest paid	**–**	**(2)**	**(2)**
Foreign exchange	**–**	**1**	**1**
Balance – December 31, 2021	**$ 3,755**	**$ 71**	**$ 3,826**

14. INCOME TAXES

The reconciliation of statutory income tax rates to the Company's effective tax rate is as follows:

Year ended December 31	2021	2020
Income tax expense at statutory rate	**$ 372**	$ 194
Changes related to:		
Non-taxable net gains on corporate investments	**(374)**	(70)
Unbenefited tax losses	**–**	4
Utilization of tax loss carryforwards not previously benefited	**(23)**	(65)
Income tax rate differential	**(7)**	(4)
Non-taxable dividends	**(37)**	(74)
Non-deductible expenses[i]	**62**	16
Other, including permanent differences	**6**	(1)
Recovery of income taxes	**$ (1)**	$ –
Classified as:		
Current	**$ –**	$ –
Deferred	**(1)**	–
Recovery of income taxes	**$ (1)**	$ –

(i) Non-deductible expenses primarily relate to stock-based compensation.

The Company's deferred income tax assets and liabilities, as presented in other liabilities, are presented after taking into consideration the offsetting of balances within the same tax jurisdiction. Deferred income tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, comprised the following:

Deferred Income Tax Assets	Tax Losses	Property, Equipment, Right-of-Use Assets and Intangibles	Total
Balance – December 31, 2019	$ 33	$ 1	$ 34
Credited (charged) to net earnings	(7)	–	(7)
Balance – December 31, 2020	$ 26	$ 1	$ 27
Credited (charged) to net earnings	**(6)**	**1**	**(5)**
Balance – December 31, 2021	**$ 20**	**$ 2**	**$ 22**

Deferred Income Tax Liabilities	Property, Equipment, Right-of-Use Assets and Intangibles
Balance – December 31, 2019	$ 37
Credited to net earnings	(7)
Balance – December 31, 2020	$ 30
Credited to net earnings	**(6)**
Balance – December 31, 2021	**$ 24**

As at December 31, 2021, Onex and the Asset Managers had $1,235 of non-capital loss carryforwards and $68 of capital loss carryforwards that were available to offset current and future taxable income when realized. However, a net deferred tax asset has not been recognized in respect of these income tax losses since it is not probable, as of December 31, 2021, that sufficient taxable income or taxable temporary differences will arise in the future to utilize these losses prior to their expiry, with the exception of taxable temporary differences associated with the acquired limited life intangible assets of Gluskin Sheff. The Company will continue to assess the likelihood of sufficient future taxable income being recognized to utilize available tax losses.

During 2019, the Canada Revenue Agency ("CRA") reassessed Onex' 2011 taxation year, the impact of which, if sustained, would result in a decrease to Onex' non-capital losses of approximately $275 and an increase to Onex' capital losses of approximately $265. In 2021, Onex received proposed adjustments in respect of additional matters pertaining to the 2012 through 2014 taxation years. All proposed matters are under review and it is possible that the CRA may propose adjustments for subsequent years on the same basis. Given the uncertainty over the matters currently under review, the outcomes cannot be reasonably estimated at this time. However, there is no expected impact on Onex' consolidated balance sheets as Onex has not recognized any deferred tax assets associated with its non-capital losses and the outcome of the various matters is not expected to exceed such amounts. Onex has objected to the 2011 reassessments and believes that its tax filing positions on all matters, including those under review, were appropriate and intends to defend itself vigorously.

During 2020 and 2021, no deferred tax provision was recognized on income from Onex' investments in foreign Investment Holding Companies since the Company had determined, as of December 31, 2021 and December 31, 2020, that it is probable these earnings will be indefinitely reinvested. In addition, foreign realized and unrealized gains are typically not subject to taxation in the foreign tax jurisdictions.

At December 31, 2021, the aggregate amount of taxable temporary differences not recognized in association with investments in subsidiaries was $1,913 (2020 – $2,052).

15. SHARE CAPITAL

a) The authorized share capital of the Company consists of:

i) 100,000 Multiple Voting Shares, which entitle their holders to elect 60% of the Company's directors and carry such number of votes in the aggregate as represents 60% of the aggregate votes attached to all shares of the Company carrying voting rights. The Multiple Voting Shares have no entitlement to a distribution on winding up or dissolution other than the payment of their nominal paid-in value.

ii) An unlimited number of SVS, which carry one vote per share and as a class are entitled to 40% of the aggregate votes attached to all shares of the Company carrying voting rights to elect 40% of the Company's directors and to appoint the auditors. These shares are entitled, subject to the prior rights of other classes, to distributions of the residual assets on winding up and to any declared but unpaid cash dividends. The shares are entitled to receive cash dividends, dividends in kind and stock dividends as and when declared by the Board of Directors.

The Multiple Voting Shares and SVS are subject to provisions whereby, if an event of change occurs (such as Mr. Schwartz, Chairman and CEO, ceasing to hold, directly or indirectly, more than 5,000,000 SVS or related events), the Multiple Voting Shares will thereupon be entitled to elect only 20% of the Company's directors and otherwise will cease to have any general voting rights. The SVS would then carry 100% of the general voting rights and be entitled to elect 80% of the Company's directors.

iii) An unlimited number of Senior and Junior Preferred Shares issuable in series. The Company's directors are empowered to fix the rights to be attached to each series.

b) At December 31, 2021, the issued and outstanding share capital consisted of 100,000 Multiple Voting Shares (2020 – 100,000) and 86,805,538 SVS (2020 – 90,310,931). The Multiple Voting Shares have a nominal paid-in value in these consolidated financial statements.

There were no issued and outstanding Senior and Junior Preferred Shares at December 31, 2021 or December 31, 2020.

c) Onex renewed its Normal Course Issuer Bid in April 2021 for one year, permitting the Company to purchase on the Toronto Stock Exchange up to 10% of the public float of its SVS. The 10% limit represents approximately 7.4 million shares.

During 2021, the Company repurchased and cancelled 3,521,526 of its SVS for a total cost of $249 (C$313) or an average cost per share of $70.63 (C$88.85). The excess of the purchase cost of these shares over the average paid-in amount was $237 (C$299), which was charged to retained earnings. The shares repurchased were comprised of: (i) 2,421,526 SVS repurchased under the Normal Course Issuer Bid for a total cost of $171 (C$214) or an average cost per share of $70.34 (C$88.19); and (ii) 1,100,000 SVS repurchased in private transactions for a total cost of $78 (C$99) or a weighted average cost per share of $71.28 (C$90.30). As at December 31, 2021, the Company had the capacity under the current Normal Course Issuer Bid to repurchase 4,313,371 shares.

During 2020, the Company repurchased and cancelled 9,780,411 of its SVS under the Normal Course Issuer Bid for a total cost of $444 (C$595) or an average cost per share of $45.35 (C$60.86). The excess of the purchase cost of these shares over the average paid-in amount was $414 (C$555), which was charged to retained earnings.

During 2021, 16,133 SVS (2020 – 28,199) were issued upon the exercise of stock options at an average cost of C$97.43 (2020 – C$72.15).

d) The Company has a Director DSU Plan and a Management DSU Plan, as described in note 1.

Details of DSUs outstanding under the plans were as follows:

	Director DSU Plan		Management DSU Plan	
	Number of DSUs	Weighted Average Price	Number of DSUs	Weighted Average Price
Outstanding at December 31, 2019	702,857		707,048	
Granted	42,486	C$ 60.85	–	–
Redeemed	(102,407)	C$ 65.13	–	–
Additional units issued in lieu of compensation and cash dividends	18,901	C$ 60.73	63,492	C$ 84.29
Outstanding at December 31, 2020	661,837		770,540	
Granted	**22,401**	**C$ 82.58**	**–**	**–**
Redeemed	**(35,500)**	**C$ 98.12**	**(3,785)**	**C$ 90.38**
Additional units issued in lieu of compensation and cash dividends	**11,217**	**C$ 86.84**	**115,188**	**C$ 73.59**
Outstanding at December 31, 2021	**659,955**		**881,943**	
Hedged with counterparty financial institutions at December 31, 2021	**(593,740)**		**(881,943)**	
Outstanding at December 31, 2021 – Unhedged	**66,215**		**–**	

e) The Company has a Plan under which options and/or share appreciation rights for a term not exceeding 10 years may be granted to directors, officers and employees for the acquisition of SVS of the Company at a price not less than the market value of the shares on the business day preceding the day of the grant. Under the Plan, no options or share appreciation rights may be exercised unless the average market price of the SVS for the five previous business days exceeds the exercise price of the options or the share appreciation rights by at least 25% (the "hurdle price"). At December 31, 2021, 15,489,050 SVS (2020 – 15,505,183) were reserved for issuance under the Plan, against which options representing 12,116,370 shares (2020 – 13,122,750) were outstanding, of which 9,484,480 options were vested. The Plan provides that the number of options issued to certain individuals in aggregate may not exceed 10% of the shares outstanding at the time the options are issued.

Options granted vest at a rate of 20% per year from the date of grant. When an option is exercised, the employee has the right to request that the Company repurchase the option for an amount equal to the difference between the fair value of the stock under the option and its exercise price. Upon receipt of such request, the Company has the right to settle its obligation to the employee by the payment of cash, the issuance of shares or a combination of cash and shares.

In addition to the options outstanding under the Plan, in January 2015, the Company issued 60,000 options in connection with acquiring control of the Onex Credit asset management platform. The options are subject to the same terms and conditions as the Company's existing Plan.

The details of the options outstanding were as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2019	14,073,050	C$ 68.50
Grants	68,750	C$ 61.15
Surrendered	(247,850)	C$ 35.17
Exercised	(50,000)	C$ 31.20
Expired	(721,200)	C$ 82.44
Outstanding at December 31, 2020	13,122,750	C$ 68.47
Grants	**687,000**	**C$ 75.09**
Surrendered	**(1,394,830)**	**C$ 53.30**
Exercised	**(25,000)**	**C$ 33.11**
Expired	**(273,550)**	**C$ 84.85**
Outstanding at December 31, 2021	**12,116,370**	**C$ 70.30**

During 2021 and 2020, the total cash consideration paid on options surrendered was $40 (C$49) and $9 (C$11), respectively. These amounts represent the difference between the market value of the SVS at the time of surrender and the exercise price, both as determined under the Plan. The weighted average share price at the date of exercise was C$88.31 per share (2020 – C$81.02).

Options outstanding at December 31, 2021 consisted of the following:

Exercise Prices	Number of Options Outstanding	Number of Options Exercisable	Hurdle Prices	Weighted Average Remaining Life (Years)
C$ 40.35 – C$ 49.99	323,250	323,250	C$ 50.44	0.9
C$ 50.00 – C$ 69.99	5,853,620	5,803,340	C$ 66.04 – C$ 85.71	2.2
C$ 70.00 – C$ 89.99	4,293,550	10,000	C$ 90.28 – C$ 111.11	7.3
C$ 90.00 – C$ 101.62	1,645,950	–	C$ 114.48 – C$ 127.03	5.6
Total	12,116,370	6,136,590		

16. REVENUES

The Company generated revenues from the provision of asset management and advisory services from the following sources:

Year ended December 31, 2021	**Management and Advisory Fees**	**Performance Fees**	**Reimbursement of Expenses**	**Total**
Private Equity Funds(i)	**$ 125**	**$ –**	**$ 32**	**$ 157**
Private Credit Strategies	**90**	**–**	**10**	**100**
Public Strategies	**62**	**13**	**–**	**75**
Total	**$ 277**	**$ 13**	**$ 42**	**$ 332**

(i) Includes advisory fees and expense reimbursements from the Onex Partners and ONCAP operating businesses.

Year ended December 31, 2020	Management and Advisory Fees	Performance Fees	Reimbursement of Expenses	Total
Private Equity Funds(i)	$ 129	$ –	$ 10	$ 139
Private Credit Strategies	54	–	4	58
Public Strategies	61	16	–	77
Total	$ 244	$ 16	$ 14	$ 274

(i) Includes advisory fees and expense reimbursements from the Onex Partners and ONCAP operating businesses.

Management and advisory fees, and the reimbursement of expenses from investment funds and operating businesses, are recognized over time. Performance fees are typically recognized at the end of each performance year, or upon closure of an account or transfer of assets to a different investment model.

In addition, segment income (note 28) includes allocations of $53 relating to management fees on Onex' capital for the year ended December 31, 2021 (2020 – $56). These management fees reduce Onex' investing segment income in the period and are included in Onex' asset management segment income.

17. INTEREST AND NET TREASURY INVESTMENT INCOME

Interest and net treasury investment income recognized by the Company consists of income earned from certain investments recognized at fair value through net earnings (loss).

18. STOCK-BASED COMPENSATION EXPENSE (RECOVERY)

Year ended December 31	2021	2020
Stock Option Plan	$ 199	$ (20)
Director DSU Plan	2	(1)
Other	4	–
Total stock-based compensation expense (recovery)	$ 205	$ (21)

The fair value of Onex' stock option plan is determined using an option valuation model. The significant inputs into the model were the share price at December 31, 2021 of C$99.28 (2020 – C$73.06), the exercise price of the options, the remaining life of each option issuance, the volatility of each option issuance ranging from 20.87% to 37.44% (2020 – 16.10% to 49.26%), an average dividend yield of 0.40% (2020 – 0.54%) and an average risk-free rate of 1.11% (2020 – 0.51%). The volatility is measured as the historical volatility based on the remaining life of each respective option issuance.

The fair values of the Director DSU and Management DSU plans are determined by reference to the value of the underlying SVS at the balance sheet date, as described in note 1.

19. OTHER EXPENSES

During 2021, Onex recognized $5 (2020 – $19) of acquisition and integration expenses, primarily related to the continued integration activities of Falcon, as described in note 26, and continued integration activities for Gluskin Sheff and Onex Credit.

Other expenses comprised the following:

Year ended December 31	2021	2020
Professional services	$ 18	$ 13
Information technology	12	10
Contingent consideration related to the acquisition of Onex Falcon (note 26)	10	–
Acquisition and integration expenses	5	19
Facilities	5	4
Travel	4	4
Directors' compensation	2	3
Interest expense from lease liabilities	2	2
Donations	2	2
Insurance	2	1
Foreign exchange	–	(1)
Administrative and other	14	12
Total	$ 76	$ 69

20. NET EARNINGS PER SUBORDINATE VOTING SHARE

The weighted average number of SVS for the purpose of the net earnings per share calculations was as follows:

Year ended December 31	2021	2020
Weighted average number of shares outstanding *(in millions)*:		
Basic	89	96
Diluted	89	96

21. FINANCIAL INSTRUMENTS

Financial assets held by the Company, presented by financial statement line item, were as follows:

	Fair Value through Net Earnings (Loss)			
	Recognized	Designated	Amortized Cost[i]	Total
December 31, 2021				
Assets as per balance sheet				
Cash and cash equivalents	$ 547	$ –	$ –	$ 547
Treasury investments	290	–	–	290
Management and advisory fees, recoverable fund expenses and other receivables	–	–	364	364
Corporate investments	10,565	429	–	10,994
Other assets	130	–	–	130
Total	$ 11,532	$ 429	$ 364	$ 12,325

(i) The carrying value of financial assets at amortized cost approximates their fair value.

	Fair Value through Net Earnings (Loss)			
	Recognized	Designated	Amortized Cost[i]	Total
December 31, 2020				
Assets as per balance sheet				
Cash and cash equivalents	$ 706	$ –	$ –	$ 706
Treasury investments	234	–	–	234
Management and advisory fees, recoverable fund expenses and other receivables	–	–	261	261
Corporate investments	9,544	425	–	9,969
Other assets	91	–	–	91
Total	$ 10,575	$ 425	$ 261	$ 11,261

(i) The carrying value of financial assets at amortized cost approximates their fair value.

Financial liabilities held by the Company, presented by financial statement line item, were as follows:

	Fair Value through Net Earnings (Loss)			
	Recognized	**Designated**	**Amortized Cost**	**Total**
December 31, 2021				
Liabilities as per balance sheet				
Intercompany loans payable to Investment Holding Companies	**$ –**	**$ 3,755**	**$ –**	**$ 3,755**
Accounts payable and accrued liabilities	**–**	**–**	**22**	**22**
Lease liabilities	**–**	**–**	**71**	**71**
Contingent consideration and other liabilities	**43**	**–**	**5**	**48**
Total	**$ 43**	**$ 3,755**	**$ 98**	**$ 3,896**

	Fair Value through Net Earnings (Loss)			
	Recognized	Designated	Amortized Cost	Total
December 31, 2020				
Liabilities as per balance sheet				
Intercompany loans payable to Investment Holding Companies	$ –	$ 4,043	$ –	$ 4,043
Accounts payable and accrued liabilities	–	–	25	25
Lease liabilities	–	–	75	75
Other liabilities	33	–	5	38
Total	$ 33	$ 4,043	$ 105	$ 4,181

At December 31, 2021, intercompany loans payable to Investment Holding Companies that are recorded at fair value through net earnings (loss) had contractual amounts due on maturity of $3,755 (2020 – $4,043).

The gains (losses) recognized by the Company related to financial assets and liabilities during the years ended December 31, 2021 and 2020 were as follows:

Year ended December 31	**2021**	2020
Financial assets recognized at fair value through net earnings		
Net gain on corporate investments	**$ 1,698**	$ 848
Net gain and interest income from treasury investments	**1**	16
Net gain (loss) from forward agreements[i]	**31**	(8)
Financial liabilities recognized at fair value through net earnings		
Contingent consideration expense	**(10)**	–
Financial liabilities at amortized cost		
Interest expense	**(2)**	(2)
Total net gain recognized	**$ 1,718**	$ 854

(i) Onex has entered into forward agreements with its Director and Management DSU plans, as described in note 1.

22. FAIR VALUE MEASUREMENTS

Fair values of financial instruments

The estimated fair values of financial instruments as at December 31, 2021 and December 31, 2020 are based on relevant market prices and information available at those dates. The carrying values of receivables, accounts payable, accrued liabilities, lease liabilities and other liabilities approximate the fair values of these financial instruments.

Financial instruments measured at fair value are allocated within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement. Transfers between the three levels of the fair value hierarchy are recognized on the date of the event or change in circumstances that caused the transfer. There were no significant transfers between the three levels of the fair value hierarchy during 2021 and 2020. The three levels of the fair value hierarchy are as follows:

- Quoted prices in active markets for identical assets ("Level 1");
- Significant other observable inputs ("Level 2"); and
- Significant other unobservable inputs ("Level 3").

The allocation of financial assets in the fair value hierarchy, excluding cash and cash equivalents, was as follows:

As at December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through net earnings (loss)				
Investments in equities	$ –	$ –	$ 10,565	$ 10,565
Investments in debt	–	290	–	290
Intercompany loans receivable from Investment Holding Companies	–	429	–	429
Restricted cash and other	11	119	–	130
Total financial assets at fair value through net earnings (loss)	$ 11	$ 838	$ 10,565	$ 11,414

As at December 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through net earnings (loss)				
Investments in equities	$ –	$ –	$ 9,544	$ 9,544
Investments in debt	–	234	–	234
Intercompany loans receivable from Investment Holding Companies	–	425	–	425
Restricted cash and other	9	82	–	91
Total financial assets at fair value through net earnings (loss)	$ 9	$ 741	$ 9,544	$ 10,294

Financial liabilities measured at fair value at December 31, 2021 consisted of intercompany loans payable to Investment Holding Companies totalling $3,755 (2020 – $4,043), which are a Level 2 measurement in the fair value hierarchy, and contingent consideration of $43 (2020 – $33), which is a Level 3 measurement in the fair value hierarchy.

Details of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3) were as follows:

	Financial Assets at Fair Value through Net Earnings (Loss)	Financial Liabilities at Fair Value through Net Earnings (Loss)
Balance – December 31, 2019	$ 8,736	$ –
Acquisition of Onex Falcon (note 26)	–	33
Change in fair value recognized in net earnings (loss)	848	–
Net cash flows related to intercompany loans and distributions	(40)	–
Balance – December 31, 2020	$ 9,544	$ 33
Change in fair value recognized in net earnings (loss)	1,698	10
Net cash flows related to intercompany loans and distributions	(677)	–
Balance – December 31, 2021	$ 10,565	$ 43
Unrealized change in fair value of assets and liabilities held at December 31, 2021	$ 1,615	$ 10

Financial assets measured at fair value with significant unobservable inputs (Level 3) were recognized in the consolidated statements of earnings in the net gain (loss) on corporate investments line item. Financial liabilities measured at fair value with significant unobservable inputs (Level 3) were recognized in the consolidated statements of earnings in the other expenses line item.

The valuation of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3) is determined quarterly utilizing company-specific considerations and available market data of comparable public companies. The valuation of investments in the Onex Partners Funds and ONCAP Funds is reviewed and approved by the General Partner of the respective Fund each quarter.

The fair value measurements for corporate investments were primarily driven by the underlying net asset values of Onex' investments in the Onex Partners Funds, ONCAP Funds and private credit strategies. The valuation of underlying non-public investments requires significant judgement due to the absence of quoted market values, inherent lack of liquidity, the heightened market uncertainty as a result of COVID-19 and the long-term nature of such investments. A change to reasonably possible alternative estimates and assumptions used in the valuation of non-public investments in the Onex Partners Funds and ONCAP Funds, and investments held in private credit strategies, may have a significant impact on the fair values calculated for these financial assets.

The valuation of public investments held directly by Onex or through the Onex Partners Funds and ONCAP Funds is based on their publicly traded closing prices at December 31, 2021 and December 31, 2020. For certain public investments, a discount was applied to the closing price in relation to restrictions that were in place relating to the securities held by Onex, the Onex Partners Funds or the ONCAP Funds. At December 31, 2021, these discounts resulted in a reduction of $77 in the fair value of corporate investments (2020 – $63).

The valuation of investments in debt securities is measured at fair value with significant other observable inputs (Level 2) generally determined by obtaining quoted market prices or dealer quotes for identical or similar instruments in inactive markets, or other inputs that are observable or can be corroborated by observable market data.

The Company utilized the adjusted net asset method to derive the fair values of its investments in its Investment Holding Companies by reference to the underlying fair value of the Investment Holding Companies' assets and liabilities, along with assessing any required discount or premium to be applied to the net asset values. The discount or premium applied to the net asset values of the Investment Holding Companies was a significant unobservable input. The Company determined that the adjusted net asset method was the appropriate valuation technique to be used, considering the value of the Investment Holding Companies is primarily derived from the assets they hold, which primarily consist of investments in private equity, investments in private credit strategies, treasury investments and intercompany loans receivable from Onex and the Asset Managers. The Company has determined that no discount or premium was required for the net asset values of its Investment Holding Companies at December 31, 2021 and December 31, 2020. If a discount of 1% or a premium of 1% were applied to all of the net asset values of the Investment Holding Companies, with all other variables remaining constant, the total fair value of the Company's corporate investments at December 31, 2021 would decrease or increase by $106 (2020 – $95), respectively.

Valuation methodologies for the underlying private equity investments may include observations of the trading multiples of public companies considered comparable to the private companies being valued and discounted cash flows. The following table presents the significant unobservable inputs used to value the private equity funds' underlying private securities that impact the valuation of corporate investments.

Investment Platform	Valuation Technique	Significant Unobservable Inputs	Inputs at December 31, 2021	Inputs at December 31, 2020
Onex Partners Funds	Comparable company valuation multiple	Adjusted EBITDA multiples	7.0x – 16.0x	9.3x – 13.7x
Onex Partners Funds	Discounted cash flow	Weighted average costs of capital	13.7% – 18.0%	10.2% – 15.5%
		Exit multiples	4.0x – 17.0x	4.2x – 18.0x
ONCAP Funds	Comparable company valuation multiple	Adjusted EBITDA multiples	7.4x – 9.5x	7.3x – 12.0x
ONCAP Funds	Discounted cash flow	Weighted average costs of capital	10.7% – 22.4%	10.0% – 25.0%
		Exit multiples	7.0x – 11.0x	7.0x – 10.0x

In addition, at December 31, 2021, the Onex Partners Funds had one investment that was valued using a market approach, one investment that was valued based on a multiple of book value, one investment that was valued using a convertible bond model and three investments that were valued at cost as this approximated fair value. At December 31, 2020, the Onex Partners Funds had two investments that were valued using a market approach, one investment that was valued based on a multiple of book value and two investments that were valued at cost as this approximated their fair values.

The impact on the fair value of corporate investments as at December 31, 2021 from changes in the significant unobservable inputs used to value the private equity funds' underlying private securities included the following:

Investment Platform	Valuation Technique	Significant Unobservable Inputs	Multiple Increase by 0.5	Multiple Decrease by 0.5
Onex Partners Funds	Comparable company valuation multiple	Adjusted EBITDA multiples	$ 103	$ (103)
ONCAP Funds	Comparable company valuation multiple	Adjusted EBITDA multiples	$ 22	$ (22)

Investment Platform	Valuation Technique	Significant Unobservable Inputs	Multiple Increase by 0.5	Multiple Decrease by 0.5
Onex Partners Funds	Discounted cash flow	Exit multiples	$ 76	$ (65)
ONCAP Funds	Discounted cash flow	Exit multiples	$ 33	$ (33)

Investment Platform	Valuation Technique	Significant Unobservable Inputs	Decrease of 0.5 Percentage Point	Increase of 0.5 Percentage Point
Onex Partners Funds	Discounted cash flow	Weighted average costs of capital	$ 21	$ (20)
ONCAP Funds	Discounted cash flow	Weighted average costs of capital	$ 13	$ (13)

Generally, adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization as well as other adjustments. Other adjustments can include non-cash costs of stock-based compensation and retention plans, transition and restructuring expenses including severance payments, annualized pro-forma adjustments for acquisitions, the impact of derivative instruments that no longer qualify for hedge accounting, the impacts of purchase accounting and other similar amounts. Adjusted EBITDA is a measurement that is not defined under IFRS.

Investments in the Onex Credit CLOs were valued using internally developed pricing models based on a projection of the future cash flows expected to be realized from the underlying collateral of the CLOs, which are a Level 3 measurement in the fair value hierarchy. These pricing models include third-party pricing information and a number of unobservable inputs, including default rates, discount rates and recovery rates. Significant increases or decreases in certain unobservable inputs in isolation may result in a significantly lower or higher fair value measurement. The fair values determined by the internally developed pricing models are also compared to fair values determined by third-party pricing models to ensure management's estimates are reasonable.

The following table presents the significant unobservable inputs used to value Onex' investments in the Onex Credit CLOs.

Investment Platform	Significant Unobservable Inputs	Inputs at December 31, 2021	Inputs at December 31, 2020
U.S. CLOs	Default rate	2%	2%
	Discount rate	14% – 19%	15% – 20%
	Recovery rate	55%	55%
EURO CLOs	Default rate	2%	2%
	Discount rate	12% – 17%	12% – 17%
	Recovery rate	55%	55%

In addition, at December 31, 2021, Onex Credit had two U.S. CLO investments that were valued at cost as this approximated their fair value.

The impact on the fair value of corporate investments as at December 31, 2021 from changes in the significant unobservable inputs used to value Onex' investments in the CLOs included the following:

Investment Platform	Significant Unobservable Inputs	Decrease of 1.5 Percentage Points	Increase of 1.5 Percentage Points
U.S. CLOs	Default rate	$ 52	$ (56)
EURO CLOs	Default rate	$ 21	$ (21)

Investment Platform	Significant Unobservable Inputs	Decrease of 3.0 Percentage Points	Increase of 3.0 Percentage Points
U.S. CLOs	Discount rate	$ 15	$ (16)
EURO CLOs	Discount rate	$ 7	$ (6)

Investment Platform	Significant Unobservable Inputs	Decrease of 15.0 Percentage Points	Increase of 15.0 Percentage Points
U.S. CLOs	Recovery rate	$ (24)	$ 21
EURO CLOs	Recovery rate	$ (9)	$ 9

23. FINANCIAL INSTRUMENT RISKS

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to perform its obligation and cause the Company to incur a loss.

Cash and cash equivalents and treasury investments include investments in debt securities which are subject to credit risk. Certain underlying assets within corporate investments are also debt securities which are subject to credit risk.

At December 31, 2021, Onex, including its Investment Holding Companies, had $716 of cash on hand and $1,006 of near-cash items and cash equivalents held by a third-party investment manager at market value. Cash and cash equivalents are held with financial institutions having a current Standard & Poor's rating of A-1+ or above. Near-cash items include treasury investments managed by a third-party investment manager, as described below, $308 in management fees and recoverable expenses receivable from the Onex Partners and ONCAP Funds. Treasury investments have current Standard & Poor's ratings ranging from BBB to AAA. The portfolio concentration limits range from a maximum of 10% for BBB investments to 100% for AAA investments.

The Company's recoverable fund expenses and other receivables are also subject to credit risk.

Liquidity risk

Liquidity risk is the risk that Onex will have insufficient funds on hand to meet its obligations as they come due. Onex needs to be in a position to support the operating businesses its private equity funds invest in when and if it is appropriate and reasonable for Onex, as an equity owner with paramount duties to act in the best interests of Onex shareholders, to do so. Maintaining sufficient liquidity at Onex is important because Onex, as a holding company, generally does not have guaranteed sources of meaningful cash flow to support its investing activities.

Accounts payable are generally due within 90 days. The repayment schedule for leases is disclosed in note 12. Onex has no external debt and does not guarantee the debt of the operating businesses of the Onex Partners and ONCAP Funds or any other operating business Onex invests in directly. Onex Credit has provided guarantees for credit facilities that certain members of the Onex Credit management team have access to in connection with personal investments made in certain Onex Falcon Funds, as more fully described in note 25(a).

Market risk

Market risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market prices. The Company is primarily exposed to fluctuations in the foreign currency exchange rates associated with Canadian and U.S. dollars and the euro, as well as fluctuations in LIBOR, EURIBOR, SOFR and the U.S. prime interest rate.

Foreign currency exchange rates

The functional currency of Onex is the U.S. dollar; however, certain cash and cash equivalents, treasury investments, receivables, corporate investments, forward agreements, payables and lease liabilities are denominated in Canadian dollars, while certain private credit corporate investments are denominated in euros. In addition, the Company has cash and cash equivalents and a lease liability denominated in pounds sterling. As a result, Onex is exposed to currency risk related to these financial instruments. At December 31, 2021, had the U.S. dollar strengthened by 5% relative to the Canadian dollar, the euro and pound sterling, with all other variables held constant, the net decrease in net earnings from financial instruments would have been $15. Conversely, had the U.S. dollar weakened by 5% relative to the Canadian dollar, the euro and pound sterling, with all other variables held constant, the net increase in net earnings from financial instruments would have been $15. Certain underlying investments held by the Onex Partners and ONCAP Funds may be denominated in Canadian dollars, euros or pounds sterling, while Onex' investments in these Funds are denominated in U.S. dollars, with the exception of investments made in the ONCAP II and III Funds, which are denominated in Canadian dollars. As such, Onex is also indirectly exposed to foreign currency exchange risk associated with these underlying investments.

Interest rates

The Company is exposed to changes in future cash flows as a result of changes in the interest rate environment, primarily through the cash and cash equivalents held, which are held in money market funds, short-term term deposits and commercial paper. Assuming no significant changes in cash balances held by the Company from those at December 31, 2021, a 0.25% increase (0.25% decrease) in the interest rate (including the Canadian and U.S. prime rates) would result in a minimal impact on annual interest income.

Onex also has exposure to interest rate risk through its treasury investments managed by a third-party investment manager. As interest rates change, the fair values of fixed income investments are inversely impacted. Investments with shorter durations are less impacted by changes in interest rates compared to investments with longer durations. At December 31, 2021, Onex' treasury investments included $263 of fixed income securities measured at fair value, which are subject to interest rate risk. These securities had a weighted average duration of 0.8 years. Other factors, including general economic conditions and political conditions, may also affect the value of fixed income securities. These risks are monitored on an ongoing basis and the treasury investments may be repositioned in response to changes in market conditions.

Price risk

Price risk is the risk of variability in fair value as a result of movements in equity prices. Onex is exposed to price risk in relation to the equity interests in its private equity investment held within its corporate investments. At December 31, 2021, had the price of equity securities held within corporate investments related to private equity investments decreased by 5%, with all other variables held constant, the decrease in net earnings would have been $288. Conversely, had the price increased by 5%, with all other variables held constant, the increase in net earnings would have been $288. Onex' investments in private credit strategies are primarily held in underlying debt instruments. Onex is not exposed to a significant price risk associated with its equity interest in these investments.

Regulatory risk

Onex is subject to government regulations and oversight with respect to its business activities. Failure to comply with applicable regulations, obtain applicable regulatory approvals or maintain those approvals may subject Onex to civil penalties, suspension or withdrawal of any regulatory approval obtained, injunctions, operating restrictions and criminal prosecutions and penalties, which could, individually or in the aggregate, have a material adverse effect on Onex' consolidated financial position.

24. CAPITAL DISCLOSURES

Onex considers the capital it manages to be the amounts it has in cash and cash equivalents, near-cash investments, treasury investments managed by a third-party investment manager and the investments made in its private equity funds, credit strategies and other investments. Onex also manages the capital of other investors in the Onex Partners and ONCAP Funds, private credit strategies and public strategies. Onex' objectives in managing capital are to:

- preserve a financially strong parent company with appropriate liquidity and no, or a limited amount of, external debt so that funds are available to pursue new investments and growth opportunities as well as support expansion of its existing businesses;
- achieve an appropriate return on capital invested commensurate with the level of assumed risk;
- build the long-term value of its corporate investments;
- control the risk associated with capital invested in any particular strategy. Onex Corporation does not guarantee the debt of its investment funds or the underlying operating businesses of its private equity funds.

A portion of the Company's capital is managed by a third-party investment manager. At December 31, 2021, the fair value of investments, including cash yet to be deployed, managed by the third-party investment manager was $677. The investments are managed in a mix of short- and long-term portfolios. Treasury investments consist of liquid investments including money market instruments and commercial paper with original maturities of three months to one year, in addition to longer-term investments, which include money market instruments, federal and municipal debt instruments, corporate obligations and structured products with maturities of one year to five years. The investments are managed to maintain an overall weighted average duration of two years or less.

At December 31, 2021, Onex had access to uncalled committed limited partner capital for acquisitions through Onex Partners V ($1,436) and ONCAP IV ($181).

The strategy for risk management of capital has not changed significantly since December 31, 2020.

25. COMMITMENTS AND RELATED-PARTY TRANSACTIONS

a) Incline Aviation Fund, letters of guarantee and other commitments

Incline Aviation Fund is an aircraft investment fund managed by BBAM, which in turn is an operating business of Onex Partners III. At December 31, 2021, Onex' uncalled commitment to Incline Aviation Fund was $18 (2020 – $22).

Incline Aviation Fund II is an aircraft investment fund managed by BBAM and focused on investments in contractually leased commercial jet aircraft. At December 31, 2021, Onex' uncalled commitment to Incline Aviation Fund II was $99 (2020 – $125).

Onex Credit has provided guarantees for credit facilities that certain members of the Onex Credit management team have access to in connection with personal investments made in certain Onex Falcon Funds. Borrowings under these credit facilities are collateralized by the personal investments for each participating Onex Credit management team member. These credit facilities have a capacity of $9 with $4 outstanding at December 31, 2021.

The Company has commitments with respect to leases, which are disclosed in note 12.

b) Legal contingencies

Onex is or may become a party to legal claims arising in the ordinary course of business. Onex has not currently recorded any legal provision and does not believe that the resolution of known claims would reasonably be expected to have a material adverse impact on Onex' consolidated financial position. However, the final outcome with respect to outstanding, pending or future actions cannot be predicted with certainty, and therefore there can be no assurance that their resolution will not have an adverse effect on Onex' consolidated financial position.

c) Commitments to Onex Partners Funds

Onex Partners I, Onex Partners II, Onex Partners III, Onex Partners IV and Onex Partners V (the "Onex Partners Funds") were established to provide committed capital for Onex-sponsored acquisitions not related to Onex' direct investments or ONCAP. Onex controls the General Partner and Manager of the Onex Partners Funds. The following table provides information on Onex' commitments to the Onex Partners Funds:

	Final Close Date	Total Onex Commitments	Onex Commitments Invested[i]	Remaining Onex Commitments[ii]
Onex Partners I	February 2004	$ 400	$ 346	$ 16
Onex Partners II	August 2006	$ 1,407	$ 1,164	$ 158
Onex Partners III	December 2009	$ 1,200	$ 929	$ 100
Onex Partners IV	March 2014	$ 1,700[iii]	$ 1,546[iii]	$ 123
Onex Partners V	November 2017	$ 2,000	$ 1,375	$ 536

(i) Amounts include capitalized acquisition costs and bridge financing, where applicable.

(ii) Onex' remaining commitment is calculated based on the assumption that all remaining limited partners' commitments are invested.

(iii) Excludes the impact of an additional commitment that was acquired by Onex from a limited partner in 2017.

The remaining commitments for Onex Partners I, Onex Partners II and Onex Partners III are for future funding partnership expenses. The remaining commitments for Onex Partners IV are for possible future funding of remaining businesses and future funding of partnership expenses. The remaining commitments for Onex Partners V are primarily for future funding of Onex-sponsored investments.

Onex management has committed, as a group, to invest a minimum percentage in each of the Onex Partners Funds. The minimum commitment to Onex Partners V for Onex management is 2%, which may be adjusted annually to a maximum of 10%. At December 31, 2021, Onex management and directors have committed 4% to Onex Partners V for new investments completed in 2022. The original amount invested at cost in the Onex Partners Funds' remaining investments by Onex management and directors at December 31, 2021 was $520 (2020 – $462), of which $98 (2020 – $46) was invested in the year ended December 31, 2021, including bridge financing, where applicable.

d) Commitments to ONCAP Funds

ONCAP II, ONCAP III and ONCAP IV (the "ONCAP Funds") were established to provide committed capital for acquisitions of small and medium-sized businesses. Onex controls the General Partner and Manager of the ONCAP Funds. The following table provides information on Onex' commitments to the ONCAP Funds:

	Final Close Date	Total Onex Commitments	Onex Commitments Invested[i]	Remaining Onex Commitments[ii]
ONCAP II	May 2006	C$ 252	C$ 221	C$ 1
ONCAP III	September 2011	C$ 252	C$ 186	C$ 30
ONCAP IV	November 2016	$ 480	$ 306	$ 124

(i) Amounts include capitalized acquisition costs and bridge financing, where applicable.

(ii) Onex' remaining commitment is calculated based on the assumption that all remaining limited partners' commitments are invested.

The remaining commitments for ONCAP II are for future funding of partnership expenses. The remaining commitments for ONCAP III are for possible future funding of remaining businesses and future funding of partnership expenses. The remaining commitments for ONCAP IV are primarily for funding of future Onex-sponsored investments.

ONCAP management has committed, as a group, to invest a minimum percentage in each of the ONCAP Funds. The minimum commitment to ONCAP IV for ONCAP management is 2%. The commitment from management of Onex and ONCAP and directors may be increased to a maximum of 10% of ONCAP IV. At December 31, 2021, management of Onex and ONCAP and directors had committed 10% to ONCAP IV for new investments completed in 2022. The original amount invested at cost in the ONCAP Funds' remaining investments by management of Onex and ONCAP and directors at December 31, 2021 was $101 (2020 – $123), of which $4 was invested in the year ended December 31, 2021 (2020 – $1).

e) Carried interest participation

The General Partners of the Onex Partners and ONCAP Funds are entitled to a carried interest of 20% on the realized net gains of the limited partners in each fund, subject to an 8% compound annual preferred return to those limited partners on all amounts contributed in each particular fund. Onex is entitled to 40% of the carried interest realized in the Onex Partners and ONCAP Funds. Onex and Onex Partners management are allocated 60% of the carried interest realized in the Onex Partners Funds. For Onex Partners V, Onex Partners management is also entitled to a carried interest of 12% of the realized gains from Onex' capital, subject to an 8% compound annual preferred return to Onex on amounts contributed to the fund. ONCAP management is allocated 60% of the carried interest realized in the ONCAP Funds and an equivalent carried interest on Onex' capital. Once the ONCAP IV investors achieve a return of two times their aggregate capital contributions, carried interest participation increases from 20% to 25% of the realized net gains. Under the terms of the partnership agreements, the General Partners may receive carried interest as realizations occur. The ultimate amount of carried interest earned will be based on the overall performance of each fund, independently, and includes typical catch-up and clawback provisions within each fund, but not between funds.

Carried interest received from Onex Partners I, Onex Partners II, Onex Partners III and Onex Partners IV has fully vested for Onex management. Carried interest received from Onex Partners V for management will vest equally over six years from November 2018. Carried interest received from ONCAP II, ONCAP III and ONCAP IV has fully vested for ONCAP management.

During the year ended December 31, 2021, management of Onex, Onex Partners and ONCAP received $106 (2020 – less than $1) in carried interest. Management has the potential to receive $522 (2020 – $205) of carried interest on businesses in the Onex Partners and ONCAP Funds based on their values as determined at December 31, 2021.

Onex Falcon is entitled to a carried interest of 20% on the realized net gains of the limited partners in each Onex Falcon Fund, provided the limited partners have achieved a minimum 8% net internal rate of return ("net IRR") on their investment. Onex Falcon management is entitled to the entire carried interest for existing funds at the date Onex acquired the company in December 2020, with the exception of Onex Falcon VI. For Onex Falcon VI, Onex Falcon management is entitled to approximately 80% of the carried interest and Onex is entitled to the remaining approximately 20%.

Onex is entitled to 50% of the carried interest realized on Onex Falcon Funds launched after December 2020, with the remaining 50% allocated to the Onex Credit team.

During the year ended December 31, 2021, Onex Falcon management received $27 (2020 – nil) in carried interest. Onex Falcon management has the potential to receive $110 (2020 – $62) of carried interest from the Onex Falcon Funds based on their values as determined at December 31, 2021.

f) Management Investment Plan

For all investments completed prior to 2020 and excluding all Onex Partners V investments, the MIP required Onex management team members to invest in each of the operating businesses acquired or invested in by Onex. In addition to this required investment, management was allocated 12% of Onex' realized gain from an operating business investment, subject to certain conditions. In particular, Onex must realize the full return of its investment plus a net 15% internal rate of return from the investment in order for management to be allocated the additional gain on Onex' investment.

Realizations under the program during 2021 were $132 (2020 – $70) and are satisfied by certain Investment Holding Companies, which are accounted for as corporate investments at fair value through net earnings, as described in note 1.

g) Stock Option Plan

Onex has a Stock Option Plan in place that provides for options and/or share appreciation rights to be granted to Onex directors, officers and employees for the acquisition of SVS of Onex, as more fully described in note 15(e).

h) Management Deferred Share Unit Plan

Onex has a Management Deferred Share Unit Plan, which enables the Onex management team to apply all or a portion of their annual compensation earned to acquire DSUs based on the market value of Onex shares at the time, in lieu of cash, as more fully described in note 1.

i) Director Deferred Share Unit Plan

Onex has a Director Deferred Share Unit Plan, which entitles Onex directors to apply directors' fees earned to acquire DSUs based on the market value of Onex shares at the time, as more fully described in note 1.

j) Management reinvestment of MIP and carried interest

Members of Onex management are required to reinvest up to 25% of the gross proceeds received related to their share of the Onex Partners' carried interest participation to acquire Onex SVS in the market and/or management DSUs. The size of the reinvestment requirement generally increases with the seniority of the participant and the cumulative proceeds they have realized from the Onex Partners' carried interest. Onex SVS and/or management DSUs acquired under this program are subject to a minimum three-year holding period. During 2021 and 2020, no amounts were invested under this program.

k) OCLP I

Onex Credit Lending Partners ("OCLP I") provides committed capital for investments in senior secured loans and other loan investments in middle-market, upper middle-market and large private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers. As at December 31, 2021, Onex has invested $74 (2020 – $74) of its $100 commitment in OCLP I and the duration of the commitment period is up to June 2022. Onex controls the General Partner and Manager of OCLP I. The Onex management team has committed, as a group, to invest $79 in OCLP I. The total amount invested at cost in OCLP I by the Onex management team at December 31, 2021 was $59 (2020 – $59). There were no investments made by Onex or the Onex management team during the years ended December 31, 2021 and 2020.

l) Onex Senior Loan Opportunity Fund

During 2020, Onex Credit completed fundraising for the Onex Senior Loan Opportunity Fund, reaching aggregate commitments of $85, including $20 from Onex and $25 from the Onex management team. In addition to Onex' $20 commitment to the fund, Onex committed $80 which was invested through a separately managed account which followed a similar strategy as the Onex Senior Loan Opportunity Fund. During the year ended December 31, 2021, the Onex Senior Loan Opportunity Fund was dissolved, as described in note 5.

m) Onex Structured Credit Opportunities Fund

During 2021, Onex Credit continued fundraising for the Onex Structured Credit Opportunities Fund, reaching aggregate commitments of $457, including $25 from Onex and $43 from the Onex management team, as described in note 5. In addition to Onex' $25 commitment to the fund, Onex committed $25 which was invested through a separately managed account which followed a similar strategy as the Onex Structured Credit Opportunities Fund. As at December 31, 2021, Onex had invested $37 (2020 – $2) of its aggregate $50 commitment.

n) Onex Capital Solutions Fund

During 2021, Onex Credit continued fundraising for the Onex Capital Solutions Fund, reaching aggregate commitments of $272, including $100 from Onex and $34 from the Onex management team, as described in note 5. As at December 31, 2021, Onex had invested $20 in the Onex Capital Solutions Fund as an investor in the fund.

o) Management investment in Onex Credit

The Onex management team may invest in strategies and funds managed by Onex Credit. At December 31, 2021, investments at market value held by the Onex management team in strategies and funds managed by Onex Credit were approximately $605 (2020 – $353).

p) Management and directors' investment in other investments

Members of management and the Board of Directors of Onex can invest limited amounts in partnership with Onex in all acquisitions outside the Onex Partners and ONCAP Funds, including co-investment opportunities, at the same time and cost as Onex and other outside investors. During 2021, a total of $18 (2020 – $19) in investments was made by the Onex management team and directors in Incline Aviation Fund II and the co-investments for WEG and Imagine Learning (2020 – primarily co-investments for Convex and OneDigital).

q) Remuneration to key management

Remuneration to key management includes amounts recognized in the consolidated statements of earnings as compensation. Stock-based compensation associated with Onex stock options is included based on the cash ultimately paid while DSUs issued to Onex directors are included at the grant date fair value. Payments received by key management from investment holding companies related to their carried interest participation and the MIP are excluded, and are described in notes 25(e) and 25(f), respectively. Aggregate payments to the Company's key management were as follows:

Year ended December 31	2021	2020
Share-based payments[i]	$ 12	$ 7
Short-term employee benefits and costs	18	24
Total	$ 30	$ 31

(i) Share-based payments include $10 (2020 – $4) paid on the exercise of Onex stock options (note 15).

r) Related-party revenues

Onex receives management fees on limited partners' and clients' capital within the Onex private equity funds and private credit strategies, and advisory fees directly from certain operating businesses. Onex also receives performance fees from the private credit strategies and recovers certain deal investigation, research and other expenses from the Onex private equity funds, private credit strategies and the operating businesses of Onex Partners and ONCAP. Onex indirectly controls the Onex private equity funds and private credit strategies, and therefore the management and performance fees earned from these sources represent related-party transactions. Furthermore, Onex indirectly controls, jointly controls or has significant influence over certain operating businesses held by the Onex private equity funds and, as such, advisory fees from these operating businesses represent related-party transactions.

Gluskin Sheff has agreements to manage its pooled fund vehicles, where it generally acts as the trustee, manager, transfer agent and principal distributor. In the case of those pooled fund vehicles that are limited partnerships, Gluskin Sheff or an affiliate of Gluskin Sheff is the General Partner. As such, the Gluskin Sheff pooled fund vehicles are related parties of the Company.

Related-party revenues included the following:

Year ended December 31, 2021	Management and Advisory Fees	Reimbursement of Expenses	Performance Fees	Total
Source of related-party revenues				
Private Equity Funds[i]	$ 125	$ 32	$ –	$ 157
Private Credit Strategies	90	10	–	100
Gluskin Sheff pooled fund vehicles[ii]	56	–	13	69
Total related-party revenues	$ 271	$ 42	$ 13	$ 326
Gluskin Sheff third-party revenues	6	–	–	6
Total revenues	$ 277	$ 42	$ 13	$ 332

(i) Includes advisory fees and expense reimbursements from Onex Partners and ONCAP operating businesses.

(ii) Revenue associated with the reimbursement of expenses from the Gluskin Sheff pooled fund vehicles is included within other income.

Year ended December 31, 2020	Management and Advisory Fees	Reimbursement of Expenses	Performance Fees	Total
Source of related-party revenues				
Private Equity Funds[i]	$ 129	$ 10	$ –	$ 139
Private Credit Strategies	54	4	–	58
Gluskin Sheff pooled fund vehicles[ii]	57	–	16	73
Total related-party revenues	$ 240	$ 14	$ 16	$ 270
Gluskin Sheff third-party revenues	4	–	–	4
Total revenues	$ 244	$ 14	$ 16	$ 274

(i) Includes advisory fees and expense reimbursements from Onex Partners and ONCAP operating businesses.

(ii) Revenue associated with the reimbursement of expenses from the Gluskin Sheff pooled fund vehicles is included within other income.

Related-party receivables included the following:

As at December 31, 2021	Management and Advisory Fees Receivable	Recoverable Fund and Operating Expenses Receivable	Performance Fees	Other Receivables	Total
Private Equity Funds	**$ 186**	**$ 122**	**$ –**	**$ –**	**$ 308**
Private Credit Strategies	**14**	**11**	**–**	**–**	**25**
Gluskin Sheff pooled fund vehicles	**5**	**1**	**13**	**–**	**19**
Onex Partners and ONCAP operating businesses	**2**	**4**	**–**	**–**	**6**
Total related-party receivables	**$ 207**	**$ 138**	**$ 13**	**$ –**	**$ 358**
Third-party receivables	**1**	**–**	**–**	**10**	**11**
Total	**$ 208**	**$ 138**	**$ 13**	**$ 10**	**$ 369**

As at December 31, 2020	Management and Advisory Fees Receivable	Recoverable Fund and Operating Expenses Receivable	Performance Fees	Other Receivables	Total
Private Equity Funds	$ 122	$ 78	$ –	$ –	$ 200
Private Credit Strategies	12	3	–	1	16
Gluskin Sheff pooled fund vehicles	6	1	17	2	26
Onex Partners and ONCAP operating businesses	2	5	–	–	7
Total related-party receivables	$ 142	$ 87	$ 17	$ 3	$ 249
Third-party receivables	–	–	–	12	12
Total	$ 142	$ 87	$ 17	$ 15	$ 261

s) Services received from operating companies

During the years ended December 31, 2021 and December 31, 2020, Onex received services from certain operating companies, the value of which was not significant.

t) Repurchase of shares

During 2021, Onex repurchased 1,100,000 of its SVS that were held indirectly by Mr. Gerald W. Schwartz in two private transactions. The shares were repurchased at a weighted average cost of $71.28 (C$90.30) per SVS, or a total cost of $78 (C$99), which represented a discount to the trading price of Onex shares on the dates of the transactions.

26. ACQUISITION OF FALCON

In December 2020, Onex Credit acquired 100% of Falcon for a value of $131. Falcon is a U.S. private credit manager, which provides private credit financing solutions and employs an opportunistic approach to mezzanine and other direct lending investments for U.S. middle-market companies. The Company acquired Falcon to grow and complement its existing credit platform. Following the acquisition, the business operates as Onex Falcon within the Onex Credit platform.

The purchase price consisted of $98 paid on closing and additional amounts of up to $80 payable based primarily on Onex Falcon's financial performance from 2022 to 2024 and the size and performance of future funds to be launched by Onex Falcon. The contingent consideration was recognized at a fair value of $33 as part of the purchase price for the transaction. At December 31, 2021, the fair value of contingent consideration in connection with the acquisition of Onex Falcon was $43, which was recognized as a liability in Onex' consolidated balance sheet. Onex determined that Onex Falcon and the wholly-owned subsidiaries that were formed to acquire the company did not meet the definition of an investment entity under IFRS 10 and that the entities' primary business purpose, as a whole, is to provide investment-related services. As such, Onex' consolidated balance sheets include the assets and liabilities of Onex Falcon and the wholly-owned subsidiaries that were formed to acquire the company. No revenues, expenses or operating cash flows from Onex Falcon were recognized in Onex' 2020 consolidated statements of earnings and cash flows given the short operating period from the date of acquisition of Onex Falcon to December 31, 2020.

Details of the purchase price and allocation to the acquired assets and liabilities of Onex Falcon were as follows:

Cash and cash equivalents	$ 1
Management fees, recoverable fund expenses and other receivables	1
Other assets	1
Property and equipment	11
Intangible assets with a limited life	38
Goodwill	88
Lease liabilities	(9)
Net assets acquired	$ 131

Included in the net assets acquired are gross receivables of $1, of which substantially all contractual cash flows were recovered. The fair value of these receivables on the date of acquisition was determined to be $1.

Goodwill is primarily attributable to Onex Falcon's competitive position in the U.S. private credit market and the skills and competence of its workforce. The expected value of goodwill to be deductible for tax purposes is $50.

At December 31, 2021, the Company recognized, at fair value, a liability of $43 (2020 – $33) for contingent consideration in connection with the acquisition of Onex Falcon, which is included within other liabilities in the consolidated balance sheet. The fair value of the contingent consideration was estimated by calculating the present value of future expected cash flows.

27. SUBSEQUENT EVENTS

In February 2022, Onex invested approximately $96 as part of the Onex Partners V Group's acquisition of Tes Global ("Tes"). Based in London, England, Tes is an international provider of comprehensive software solutions for the education sector.

In February 2022, Onex invested approximately $16 as part of the ONCAP IV Group's acquisition of Merrithew Corporation ("Merrithew"). Merrithew is a developer, manufacturer and retailer of Pilates equipment, accessories, content and education.

28. INFORMATION BY REPORTABLE SEGMENT

The Company has two reportable segments:

- **Investing**, which comprises the activity of investing Onex' capital; and
- **Asset management**, which comprises the asset management activities provided by Onex to support its private equity, private credit and public strategies, as well as Onex' corporate functions.

Onex' segmented results include allocations of management fees and carried interest that would have been recognized on Onex' capital in the Onex Partners and ONCAP Funds, as this presentation is used by Onex management, in part, to assess Onex' performance. During 2021 and 2020, these allocations, on a net basis, reduced Onex' investing segment income and increased Onex' asset management segment income, with no net impact to total segment net earnings.

Onex' segmented results also include unrealized carried interest from third-party limited partners in the Onex Credit Funds, which is recognized based on the fair values of the underlying investments and the unrealized net gains in each respective Fund, in accordance with the limited partnership agreements. In Onex' consolidated financial statements, carried interest from the Onex Credit Funds is recognized when realized, as described in note 1.

Onex' segmented results exclude revenues and expenses associated with recoverable expenses from the Onex Partners, ONCAP and private credit strategies, and the operating businesses of Onex Partners and ONCAP. Onex management excludes these amounts when assessing Onex' performance given the nature of these expenses, which are recoverable at cost.

	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Investing	Asset Management	Total	Investing	Asset Management	Total
Net gain on corporate investments (including an increase in carried interest)	$ 1,304[i][ii]	$ 359[i]	$ 1,663[i][ii]	$ 757[i][ii]	$ 35[i]	$ 792[i][ii]
Management and advisory fees	–	330[ii]	330[ii]	–	300[ii]	300[ii]
Performance fees	–	13	13	–	16	16
Interest and net treasury investment income	1	–	1	16	–	16
Other income	–	3	3	–	3	3
Total segment income	1,305	705	2,010	773	354	1,127
Compensation	–	(248)	(248)	–	(207)	(207)
Amortization of right-of-use assets	–	(12)	(12)	–	(10)	(10)
Other expenses	–	(61)	(61)	–	(50)	(50)
Segment net earnings	$ 1,305	$ 384	$ 1,689	$ 773	$ 87	$ 860
Stock-based compensation recovery (expense)			(205)			21
Amortization of property, equipment and intangible assets, excluding right-of-use assets			(47)			(47)
Acquisition and integration expenses			(5)			(19)
Contingent consideration expense			(10)			–
Unrealized carried interest revenue – Onex Credit Funds			(18)			–
Impairment of goodwill			–			(85)
Earnings before income taxes			$ 1,404			$ 730
Recovery of income taxes			1			–
Net earnings			$ 1,405			$ 730

(i) The asset management segment includes an allocation of $111 (2020 – $14) from the investing segment, representing carried interest that would have been earned by the asset management segment had Onex' capital been subject to carried interest under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds. The asset management segment also includes a net gain of $18 (2020 – nil) for unrealized carried interest from third-party limited partners in the Onex Credit Funds.

(ii) The asset management segment includes an allocation of $53 (2020 – $56) from the investing segment, representing management fees that would have been earned by the asset management segment had Onex' capital been subject to management fees under the same terms as third-party limited partners of the Onex Partners and ONCAP Funds.

Segmented assets included the following:

	As at December 31, 2021			As at December 31, 2020		
	Investing	Asset Management	Total	Investing	Asset Management	Total
Cash and cash equivalents	$ 357	$ 190[i]	$ 547	$ 505	$ 201[i]	$ 706
Treasury investments	290	–	290	234	–	234
Management and advisory fees, recoverable fund expenses and other receivables	308[ii]	61	369	122[ii]	139	261
Corporate investments	7,239	–	7,239	5,926	–	5,926
Unrealized carried interest – Onex Credit Funds	18	–	18	–	–	–
Other assets	–	136	136	–	98	98
Property and equipment	–	148	148	–	169	169
Intangible assets	–	139	139	–	167	167
Goodwill	–	264	264	–	264	264
Total segment assets	$ 8,212	$ 938	$ 9,150	$ 6,787	$ 1,038	$ 7,825
Net intercompany loans receivable, comprising part of the fair value of Investment Holding Companies			3,755			4,043
Unrealized carried interest – Onex Credit Funds			(18)			–
Total assets			$ 12,887			$ 11,868

(i) Cash and cash equivalents allocated to the asset management segment relate to accrued employee incentive compensation, and contingent consideration related to the acquisition of Falcon, as described in note 26. At December 31, 2020, cash and cash equivalents allocated to the asset management segment also included a liability relating to the retirement of the Onex Credit chief executive officer.

(ii) Represents management fees receivable that Onex has elected to defer cash receipt from the Onex Partners and ONCAP Funds. At December 31, 2021, the balance also included recoverable fund expenses from the Onex Partners and ONCAP Funds.

Geographic Segments

	As at December 31, 2021				As at December 31, 2020			
	Canada	United States	United Kingdom	Total	Canada	United States	United Kingdom	Total
Year-to-date revenues[i]	$ 99	$ 233	$ –	$ 332	$ 96	$ 178	$ –	$ 274
Property and equipment	$ 86	$ 47	$ 15	$ 148	$ 101	$ 50	$ 18	$ 169
Intangible assets	$ 92	$ 47	$ –	$ 139	$ 114	$ 53	$ –	$ 167
Goodwill	$ 114	$ 150	$ –	$ 264	$ 114	$ 150	$ –	$ 264

(i) Revenues attributed to geographic areas are based on the location of the asset management entities.

During the year ended December 31, 2020, Onex had additions to property and equipment, intangible assets and goodwill in the asset management segment. These additions were primarily related to the acquisition of Onex Falcon, as described in note 26.

SHAREHOLDER INFORMATION

Year-End Closing Share Price

As at December 31

(in Canadian dollars)	**2021**	2020	2019	2018	2017
Toronto Stock Exchange	**$ 99.28**	$ 73.06	$ 82.17	$ 74.35	$ 92.19

Shares
The Subordinate Voting Shares of the Company are listed and traded on the Toronto Stock Exchange.

Share Symbol
ONEX

Dividends
Dividends on the Subordinate Voting Shares are payable quarterly on or about January 31, April 30, July 31 and October 31 of each year. At December 31, 2021, the indicated dividend rate for each Subordinate Voting Share was C$0.40 per annum. Registered shareholders can elect to receive dividend payments in U.S. dollars by submitting a completed currency election form to AST Trust Company (Canada) five business days before the record date of the dividend. Non-registered shareholders who wish to receive dividend payments in U.S. dollars should contact their broker to submit their currency election.

Corporate Governance Policies
A presentation of Onex' corporate governance policies is included in the Management Information Circular that is mailed to all shareholders and is available on Onex' website.

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(416) 682-3860
or call toll-free throughout Canada and the United States
1-800-387-0825
www.tsxtrust.com
or shareholderinquiries@tmx.com

All questions about accounts, stock certificates or dividend cheques should be directed to the Registrar and Transfer Agent.

Electronic Communications with Shareholders
We encourage individuals to receive Onex' shareholder communications electronically. You can submit your request online by visiting the TSX Trust Company website, www.tsxtrust.com, or contacting them at 1-800-387-0825.

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Website
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Auditor
PricewaterhouseCoopers LLP
Chartered Professional Accountants

Duplicate Communication
Registered holders of Onex Corporation shares may receive more than one copy of shareholder mailings. Every effort is made to avoid duplication, but when shares are registered under different names and/or addresses, multiple mailings result. Shareholders who receive but do not require more than one mailing for the same ownership are requested to write to the Registrar and Transfer Agent and arrangements will be made to combine the accounts for mailing purposes.

Shares Held in Nominee Name
To ensure that shareholders whose shares are not held in their name receive all Company reports and releases on a timely basis, a direct mailing list is maintained by the Company. If you would like your name added to this list, please forward your request to Investor Relations at Onex.

Annual Meeting of Shareholders
Onex Corporation's Annual Meeting of Shareholders will be held virtually on May 12, 2022 at 10:00 am (Eastern Daylight Time).

Typesetting by Moveable Inc.
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Printed in Canada