ONEX

2022 Annual Report

CHAIRMAN'S LETTER

Dear Shareholder,

When Onex was formed in 1984, I could not have anticipated the incredible journey that lay ahead. In the nearly forty years since, and with the support of a remarkable team, we have invested in and helped to build more than one hundred businesses and completed more than 700 add-on acquisitions with a total value surpassing $100 billion. In the 35 full years since our IPO, Onex has generated a compounded annualized total return for shareholders of nearly 13 percent versus 8 percent for the S&P/TSX index. We were able to achieve this result by adhering to our disciplined investment philosophy and maintaining a strong liquidity position to take advantage of market dislocations and opportunities.

However, no journey is without its challenges and 2022 was one of them, as the global economy dealt with the after-effects of the pandemic, including broken supply chains, geopolitical conflict and the highest inflation in 40 years.

Despite this backdrop, Onex performed relatively well from an operating and performance perspective. Investing capital per share rose 7% and our private equity portfolio increased in value by 3% compared to declines of approximately 18% in the S&P 500 and MSCI World Mid Cap indices. We achieved this outcome by working closely with our portfolio companies on value creation strategies and using our liquidity to repurchase over six million Onex shares trading well below their intrinsic value, thereby providing immediate accretion for shareholders.

The Credit team continued to differentiate itself through strong credit underwriting and new products offering compelling risk-adjusted returns. Our Credit business raised approximately $2.1 billion of new fee-generating assets in 2022, benefiting from defensive positioning and a growing interest in direct lending and credit solutions.

The fundraising environment for Private Equity was more challenging, however, reflecting a crowded and consolidated market. We continue to actively fundraise across our private equity platform and remain focused on delivering operating excellence across the portfolio and attractive returns to our limited partners.

In these volatile and uncertain markets, it is even more essential that we continue to create value for our investors, as we have across our history. Our industry specialization and proprietary network remain a source of true differentiation and continued to yield results in 2022. We were also able to achieve attractive returns through monetization, showing there is still market appetite for high-quality investments.

Our private wealth business also made strides in 2022, progressing with a major technology upgrade that will further enhance its first-rate client service and allow it to grow more efficiently with clients and advisors. We also expanded our wealth planning capabilities to deliver an even more compelling value proposition to clients.

The future for alternative assets remains positive. The asset class has provided strong risk-adjusted returns over long periods with relatively low correlation to traditional investments. Moreover, the democratization of this asset class, through investment vehicles created for private clients and individual investors, will open the door to a large new addressable market. With our high-quality and differentiated alternatives platforms, we are positioning ourselves to benefit from continued growth in this space.

We made good progress in 2022 but there is much more work to be done. We have plans to scale each of our platforms and deliver profitable growth. The next few years will be pivotal as we execute this strategic growth plan and continue to deliver the value our shareholders have come to expect. We have set the course; now it is crucial to have the right leadership team to execute the plan.

I am therefore pleased that the Board of Directors has supported the appointment of Bobby Le Blanc as Chief Executive Officer, following approval of the related proposal at our annual meeting of shareholders in May. Bobby has shown exemplary leadership over his 23 years with the firm and is ideally suited to guide Onex in its next phase of growth while providing for a smooth transition.

I am confident in our ability to continue to build "One Onex" and to drive value over the long term for all our stakeholders.

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

[signed]

Gerald W. Schwartz
Chairman and Chief Executive Officer

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, 2022 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 regarding 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 23, 2023. 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.

Onex Corporation's financial filings, including the 2022 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 therefore may not be comparable to similar financial measures or ratios presented by other companies. Onex management believes that these financial measures and ratios provide helpful information to investors.

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COMPANY OVERVIEW

Onex is an investor and asset manager that invests capital on behalf of Onex shareholders and clients across the globe. Formed in 1984, we have a long track record of creating value for our clients and shareholders. Onex became a public company in 1987 and is listed on the Toronto Stock Exchange under the symbol ONEX.

Onex' two primary businesses are Private Equity and Credit. In Private Equity, we raise funds from third-party investors, or limited partners, and invest them, along with our own investing capital, through the funds of our private equity platforms: Onex Partners and ONCAP. Similarly, in Credit, we raise and invest capital across several private credit, liquid credit and public equity strategies. Our investors include a broad range of global clients, including public and private pension plans, sovereign wealth funds, insurance companies and family offices. In addition, through our private wealth platform, we service high net worth clients in Canada.

Onex has $50.8 billion in assets under management ("AUM")[(1)], of which $34.1 billion is fee-generating[(1)] and $7.9 billion is Onex' own investing capital ($96.95 or C$131.31 per fully diluted share). We generate value for our shareholders through two segments: Investing and Asset Management. Our Investing segment includes gains on our invested capital. Our Asset Management segment generates revenues from the recurring fees clients pay us to manage their capital, and also includes carried interest from our private equity and private credit funds.

Our Team and Commitment

Onex is led by the firm's founder and CEO, Gerry Schwartz, and our President, Bobby Le Blanc, as well as experienced leaders at each of our businesses. We have over 180 investment professionals across all platforms, supported by over 285 professionals dedicated to our corporate functions and investment platforms, including our institutional and high net worth relationship professionals. Consistent with our One Onex approach, the teams share and leverage sector expertise, and sourcing and origination opportunities across all business lines.

Our culture is guided by our strong commitment to accountability, intellectual honesty and respect for all our partners and stakeholders. Onex was formed on principles of entrepreneurialism and responsible investing and our team is united in recognizing the value of collaboration, diversity of perspective and background, and an inclusive environment. Our team is a critical factor in our success and attracting and retaining the best people and strongest investors are an important competitive advantage.

Also crucial to our long-term success is the alignment of interests between the Onex management team, shareholders and clients. Members of our management team have a significant long-term ownership in Onex shares and invest meaningfully in our funds. We believe this alignment creates stronger relationships with both clients and shareholders.

(1) Refer to the glossary in this MD&A for further details concerning the composition of AUM and fee-generating AUM.

Environmental, Social and Governance

Consistent with our long-held belief that responsible investing is both the right approach to investing, as well as a driver of meaningful stakeholder value, we continue to enhance our environmental, social and governance ("ESG") program. Recent initiatives include efforts to measure carbon emissions across our investment platforms and to collect other ESG metrics in our private equity funds. Two of our private equity funds and one of our private credit funds are classified as Article 8 funds under the EU Sustainable Finance Disclosure Regulation. We have also measured the Scope 1, Scope 2 and select Scope 3 emissions associated with Onex' own operations and purchased verified offsets in respect of them. We expect our program to continue to expand in line with this rapidly evolving area, while remaining rooted in our founding principle of responsible investing.

PRIVATE EQUITY

Onex has $24.9 billion of private equity assets under management, of which $10.4 billion is fee-generating and $6.1 billion is Onex' own investing capital.

Private equity investments are primarily made through Onex' two main 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 macroeconomic trends. Each platform follows a disciplined investment process with vertical specialization where the team has considerable industry expertise, a long track record of success and strong network of relationships. This in turn enables the teams to take a targeted approach with investment opportunities, creates a competitive informational advantage and helps shape their go-to-market strategy.

Onex has raised nine private equity funds to date and is currently fundraising for Onex Partners VI, which completed its first close in November 2022, and ONCAP V, which completed its first close in December 2022. The firm is currently investing through Onex Partners V, a $7.15 billion fund, and ONCAP IV, a $1.1 billion fund. Since inception, Onex has generated a Gross MOC[(1)] of 2.5 times and a 27% Gross IRR[(1)] on realized, substantially realized and publicly traded investments. For more information on the historical performance of Onex private equity funds, please refer to Onex' Q4 2022 supplemental information package on Onex' website, www.onex.com.

Onex earns management fees from limited partners during the fee period of each fund. During the initial fee period, Onex is entitled to a management fee based on limited partners' committed capital. Once a fund is either fully invested or a successor fund starts calling fees, Onex is entitled to a management fee based on limited partners' net funded commitments. These fees are included as revenue in our asset management segment. At December 31, 2022, the run-rate management fees[(1)] from our private equity business are $110 million.

(1) Refer to the glossary in this MD&A for further details concerning the composition of Gross MOC, Gross IRR and run-rate management fees.

Onex is entitled to receive carried interest based on the performance of each private equity fund. Carried interest in Onex' private equity funds 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 IRR on their investment. Onex is entitled to 40% of the carried interest realized from limited partners in its private equity funds, while Onex Partners and ONCAP management are entitled to the remaining 60%. Onex' share of realized carried interest is included in distributable earnings of our asset management segment. Currently, we have $10.4 billion of private equity assets under management eligible for carried interest. As at December 31, 2022, Onex' share of unrealized carried interest from private equity totalled $265 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.

Onex is one of the largest investors in each of its private equity funds and, therefore, Onex shareholders also benefit from investing gains. Mark-to-market gains (losses) on corporate investments are recognized within Onex' investing segment results, whereas realized gains (losses) since inception on investments are included in distributable earnings.

CREDIT

Our Credit business includes a broad spectrum of private credit, liquid credit and public equity investing strategies that are managed by the Onex Credit team. Credit has $25.9 billion in assets under management, of which $23.8 billion is fee-generating and $717 million is Onex' own investing capital. The Credit team has a successful track record of executing a disciplined approach to investing with a focus on capital preservation and strong risk-adjusted returns through cycles. 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. Credit's sourcing capabilities and data intelligence help to better inform investment decisions and dynamically manage portfolios in varying market conditions.

Onex earns management fees on its Credit strategies, with the fee varying depending on the strategy. The weighted average annual management fee for Credit's fee-generating AUM at December 31, 2022 is 0.6%. As at December 31, 2022, the run-rate management fees from our Credit business were $148 million. Onex is also entitled to earn performance fees on $2.2 billion of Credit assets under management. Performance fees range between 10% and 20% of net gains and may be subject to performance hurdles.

Onex has $15.5 billion of assets under management from Credit which are eligible for carried interest, including $12.5 billion of CLOs. In most cases, Onex receives 50% of the carried interest realized in its private credit strategies, while the Credit management team is allocated the remaining 50%. Carried interest ranges between 12.5% and 20% of net gains and is generally subject to a hurdle or minimum preferred return to investors. Carried interest from our Credit strategies is generally realized near the final realizations for each fund. As at December 31, 2022, Onex' share of unrealized carried interest in the Credit Funds totalled $16 million.

2022 RESULTS & ACTIVITY

FINANCIAL RESULTS

Onex' financial results during the three months and years ended December 31, 2022 and 2021 were as follows:

	Three Months Ended		Year Ended	
($ millions except per share amounts)	**December 31, 2022**	December 31, 2021	**December 31, 2022**	December 31, 2021
Net earnings	**$ 435**	$ 214	**$ 235**	$ 1,405
Net earnings per diluted share	**$ 5.32**	$ 2.45	**$ 2.77**	$ 15.76
Investing segment net earnings	**$ 375**	$ 291	**$ 117**	$ 1,469
Asset management segment net earnings (loss)	**117**	30	**(28)**	220
Total segment net earnings[1]	**$ 492**	$ 321	**$ 89**	$ 1,689
Total segment net earnings per fully diluted share[2]	**$ 5.94**	$ 3.55	**$ 1.03**	$ 18.42
Asset management fee-related earnings (loss)[3]	**$ (1)**	$ (5)	**$ (12)**	$ 8
Total fee-related earnings (loss)[4]	**$ (4)**	$ (14)	**$ (44)**	$ (28)
Distributable earnings[5]	**$ 67**	$ 126	**$ 308**	$ 708

($ millions except per share amounts)	**December 31, 2022**	December 31, 2021	Change[6]
Investing capital (U.S. dollars)	**$ 7,863**	$ 8,212	
Investing capital per share (U.S. dollars)[7]	**$ 96.95**	$ 90.75	7%
Investing capital per share (Canadian dollars)[7]	**$ 131.31**	$ 115.05	14%

(1) Refer to pages 27 and 28 of this MD&A for the reconciliation of total segment net earnings to net earnings.

(2) Refer to the glossary of this MD&A for further details concerning the composition of fully diluted shares.

(3) Asset management fee-related earnings (loss) excludes public company expenses and other expenses associated with managing Onex' investing capital and is a component of total fee-related earnings (loss), as outlined on page 15 of this MD&A.

(4) Total fee-related earnings (loss) is a non-GAAP financial measure that does not have a standardized meaning prescribed under IFRS. Therefore, it may not be comparable to similar financial measures disclosed by other companies. Onex management believes that fee-related earnings (loss) provides investors with useful information concerning the profitability of Onex' asset management business. Fee-related earnings (loss) excludes realization-driven carried interest, which can be less predictable and recurring due to the long-term nature of Onex' private equity and private credit funds. The most directly comparable financial measure under IFRS to fee-related earnings (loss) is Onex' net earnings. Refer to the glossary and pages 15 and 17 of this MD&A for further details concerning fee-related earnings (loss), including a reconciliation to net earnings.

(5) Distributable earnings is a non-GAAP financial measure that does not have a standardized meaning prescribed under IFRS. Therefore, it may not be comparable to similar financial measures disclosed by other companies. Onex management believes that distributable earnings provides investors with useful information concerning the Company's ability to redeploy capital in its business and/or return capital to shareholders. Distributable earnings consists of the recurring fee-related earnings (loss), net realized gains from Onex' investments and the receipt of carried interest from Onex' private equity and private credit funds. The most directly comparable financial measure under IFRS to distributable earnings is Onex' net earnings. Refer to the glossary and pages 16 and 17 of this MD&A for further details concerning distributable earnings, including a reconciliation to net earnings.

(6) Change for the period is adjusted to exclude the impact of capital deployed in the asset management segment, where applicable, and dividends paid.

(7) Refer to the glossary of this MD&A for further details concerning the composition of investing capital per share.

INVESTING SEGMENT RESULTS

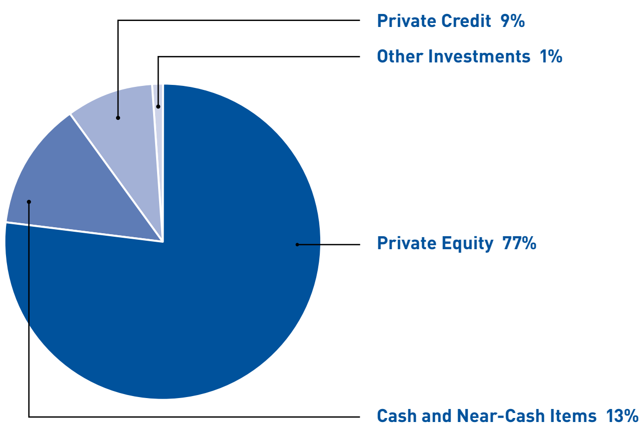
During the three months ended December 31, 2022, Onex' investing segment generated net earnings of $375 million ($4.54 per fully diluted share) (2021 – $291 million ($3.21 per fully diluted share)), which was primarily driven by a $368 million net gain from private equity, as described on page 30 of this MD&A.

During the year ended December 31, 2022, Onex' investing segment generated net earnings of $117 million ($1.37 per fully diluted share) (2021 – $1.5 billion ($16.00 per fully diluted share)), which was primarily driven by a $172 million net gain from private equity, partially offset by a $40 million net loss from private credit strategies, as described on pages 30 and 31 of this MD&A.

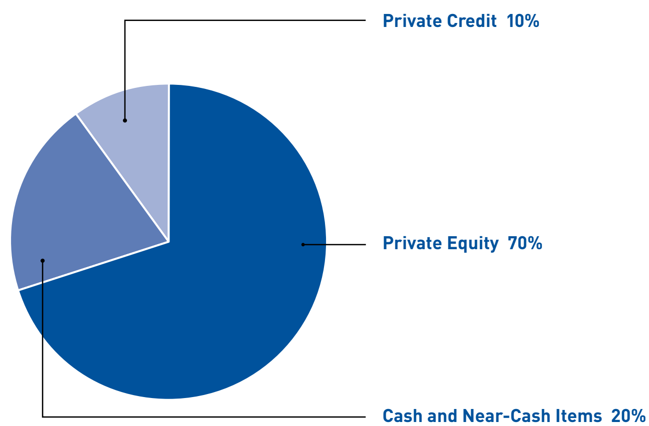
Onex' investing results contributed to its investing capital of $7.9 billion at December 31, 2022 (December 31, 2021 – $8.2 billion), which was $96.95 or C$131.31 per fully diluted share (December 31, 2021 – $90.75 or C$115.05), an increase of 7%[(1)] for the year ended December 31, 2022.

At December 31, 2022, Onex' investing capital was primarily invested in or committed to its private equity and private credit platforms.

Onex' Investment Allocation at December 31, 2022



Onex' Investment Allocation at December 31, 2021



(1) The percentage change for the period is adjusted to exclude the impact of capital deployed in the asset management segment, where applicable, and dividends paid.

Private Equity – Capital Deployment and Realizations

The table below presents the private equity investments made, and realizations and distributions received, by Onex during the year ended December 31, 2022.

($ millions)	Investments	Realizations	Net Investments
Fund			
Onex Partners V	$ 327	$ (166)	$ 161
Direct investment – Unanet	99	–	99
ONCAP IV	45	–	45
Onex Partners IV	1	(194)	(193)
Onex Partners III	–	(27)	(27)
Other private equity	48	(6)	42
Total	$ 520	$ (393)	$ 127

The following significant private equity investments and realizations occurred in 2022:

- $154 million of proceeds received as part of the Onex Partners IV and Onex Partners V Groups' sale of Partou, including carried interest of $13 million and net of payments under the management incentive programs;
- $117 million invested as part of the Onex Partners V Group's investment in Resource Environmental Solutions, LLC ("RES"), an ecological restoration company that supports the public and private sectors with solutions for environmental mitigation, stormwater, water quality, and climate and flooding resilience;
- $108 million invested as part of the Onex Partners V Group's investment in Analytic Partners, Inc. ("Analytic Partners"), a cloud-based, managed software platform that helps customers assess marketing spend effectiveness and optimize future allocations across offline and online media channels;
- $103 million of proceeds were received as part of the Onex Partners IV Group's partial sale of Ryan LLC ("Ryan");
- $99 million invested directly by Onex in Unanet, a leading provider of enterprise resource planning solutions and customer relationship management solutions purpose-built for government contractors and architecture, engineering and construction firms;
- $98 million invested as part of the Onex Partners V Group's investment in Tes Global ("Tes"), an international provider of comprehensive software solutions for the education sector;
- $38 million of proceeds received from a distribution made by Acacium Group to the Onex Partners V Group;
- $36 million of proceeds received as part of the Onex Partners IV Group's partial sale of Advanced Integration Technology LP ("AIT");
- $28 million invested as part of the ONCAP IV Group's investment in Ideal Dental Management Partners ("Ideal Dental"), a specialty dental service organization focused on providing business and administrative services to specialty dental service providers; and
- $16 million invested as part of the ONCAP IV Group's investment in Merrithew Corporation ("Merrithew"), a developer, manufacturer and retailer of Pilates equipment, accessories, content and education.

During the fourth quarter of 2022, Onex received distributions from private equity totalling $68 million, which includes the distribution from Acacium Group. Onex also invested a total of $137 million in private equity during the fourth quarter of 2022, consisting primarily of the investment in Unanet.

During the three months and year ended December 31, 2022, Onex' private equity investments generated realized gains of $33 million and $242 million, respectively, which are included in Onex' distributable earnings as presented on page 16 of this MD&A.

Private Equity – Investment Performance

During the three months and year ended December 31, 2022, Onex' investing segment recognized net gains from private equity investments of $368 million and $172 million, respectively. During 2022, the fair values of Onex' private equity investments were impacted by macroeconomic and market factors, including broad increases in global interest rates and inflation, fluctuations in foreign exchange rates and changes in trading multiples for public companies, which were offset by improved business performance or improved projected performance in certain operating companies. Included in Onex' net gains on corporate investments during the year ended December 31, 2022 is a foreign exchange mark-to-market loss of $92 million in respect of private equity investments denominated in a currency other than the U.S. dollar (three months ended December 31, 2022 – mark-to-market gains of $43 million). At December 31, 2022, Onex' private equity investments denominated in Canadian dollars and pounds sterling totalled $603 million (C$817 million) and $414 million (£344 million), respectively.

The operating businesses in Onex' private equity platforms operate across a broad range of countries and industry segments, providing beneficial diversification. Refer to pages 42, 43 and 44 of this MD&A for further details.

The following table presents the recent gross performance of Onex' private equity investments:

	Three Months Ended		Years Ended	
	December 31, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
Gross performance of Onex' private equity investments in U.S. dollars[i][ii]:				
Onex Partners	**8%**	3%	**0%**	23%
ONCAP	**1%**	12%	**27%**	33%
Direct investments	**8%**	18%	**3%**	83%
Total private equity investments	**7%**	5%	**3%**	32%

(i) 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 therefore may not be comparable to similar financial measures presented by other companies. The net gains (losses) used to calculate the gross performance of Onex' private equity investments are gross of management incentive programs. Onex management believes that the gross performance of Onex' private equity investments provides helpful information to investors in assessing the performance of Onex' investments in private equity strategies. During the three months and year ended December 31, 2022, Onex recognized net gains on corporate investments of $494 million and $130 million, respectively (2021 – $317 million and $1.7 billion, respectively).

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

Credit – Capital Deployment and Realizations

Within Credit, Onex invests in private credit strategies and has no investments in public equity strategies. During the year ended December 31, 2022, Onex' investments in Credit generated net realizations of $64 million, as outlined in the following table:

Year ended December 31, 2022	Net Realizations (Investments) *($ millions)*
Structured Credit Strategies	
U.S. CLOs	$ 45
EURO CLOs	20
CLO warehouses	11
Other structured strategies	(7)
Liquid Strategies	(2)
Opportunistic Credit Strategies	(32)
Direct Lending	29
Total net realizations from Credit Strategies	$ 64

During the year ended December 31, 2022, Onex' net investments in CLOs decreased by $65 million as a result of regular quarterly distributions and the sale of a portion of Onex' equity interest in certain U.S. CLOs, partially offset by investments in new CLOs, including its twenty-fourth and twenty-fifth CLOs denominated in U.S. dollars ("CLO-24" and "CLO-25", respectively).

During 2022, Onex committed an additional $100 million to the Onex Capital Solutions Fund, as described on page 54 of this MD&A, resulting in additional capital deployed in Opportunistic Credit Strategies.

During the three months and year ended December 31, 2022, Onex' investments in Credit strategies generated $22 million and $61 million of realized gains, respectively, which are included in Onex' distributable earnings, as presented on page 16 of this MD&A.

Credit – Investment Performance

During the three months ended December 31, 2022, Onex had a net gain of $7 million on its Credit investments, representing a gain of 1%[(1)]. This net gain was primarily driven by an increase in fair value of Onex' CLO investments, consistent with a strengthening in the leveraged loan market (Credit Suisse Leveraged Loan Index – increase of 2%) and structural leverage employed in CLOs.

During the year ended December 31, 2022, Onex had a net loss of $40 million on its Credit investments, representing a loss of 5%[(1)]. This net loss was primarily driven by a decrease in fair value of Onex' CLO investments, consistent with a weakening in the leveraged loan market (Credit Suisse Leveraged Loan Index – decrease of 1%) and structural leverage employed in CLOs.

ASSET MANAGEMENT SEGMENT RESULTS

For the three months and year ended December 31, 2022, Onex' asset management segment had net earnings of $117 million and a net loss of $28 million, respectively, compared to net earnings of $30 million and $220 million during the same periods in 2021. The asset management segment net earnings during the three months ended December 31, 2022 were primarily driven by an increase in unrealized carried interest from Onex Partners IV. The asset management segment net loss during the year ended December 31, 2022 was primarily driven by lower net gains from unrealized carried interest, as described on page 16 of this MD&A.

Assets Under Management

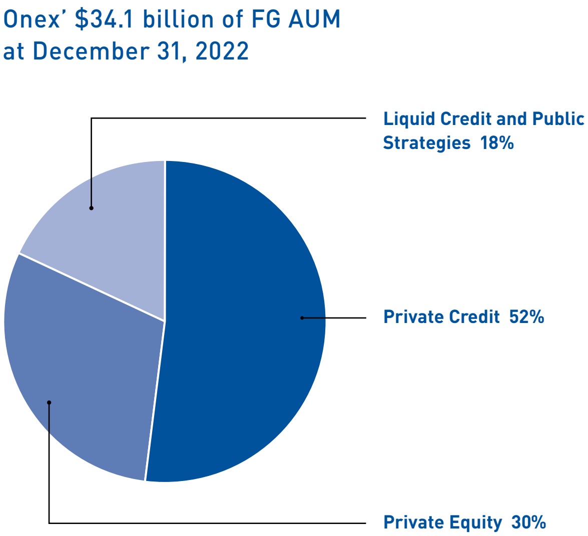
At December 31, 2022, Onex managed $41.4 billion (December 31, 2021 – $40.0 billion) of invested and committed capital on behalf of institutional investors and high net worth clients from around the world, including fee-generating assets under management ("FG AUM") of $34.1 billion (December 31, 2021 – $33.0 billion). Onex' FG AUM increased by 3% since December 31, 2021, and includes approximately $1.8 billion of third-party capital raised during 2022 for private credit strategies. Assets under management by business line included the following:

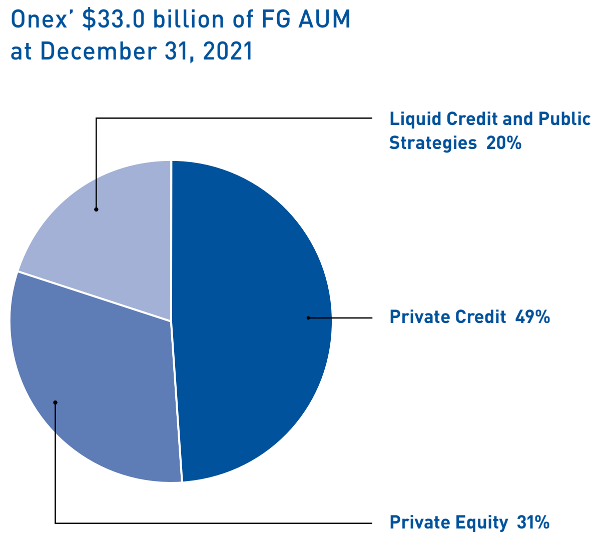
Assets Under Management[(i)]

($ millions)	Fee-Generating			Subject to Carried Interest or Performance Fees		
	December 31, 2022	December 31, 2021	**Change in Total**	**December 31, 2022**	December 31, 2021	**Change in Total**
Credit	**$ 23,756**	$ 22,803	**4%**	**$ 17,698**	$ 16,070	**10%**
Private Equity	**10,376**	10,205	**2%**	**10,376**	10,205	**2%**
Total	**$ 34,132**	$ 33,008	**3%**	**$ 28,074**	$ 26,275	**7%**

(i) Assets under management include co-investments and capital invested by the Onex management team, as applicable. Fee-generating assets under management and assets under management subject to carried interest or performance fees exclude capital from Onex and the Onex management team. Assets under management for strategies denominated in currencies other than the U.S. dollar have been converted to U.S. dollars using the exchange rates on December 31, 2022 and December 31, 2021, respectively. Refer to the glossary in this MD&A for further details concerning the composition of assets under management.

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

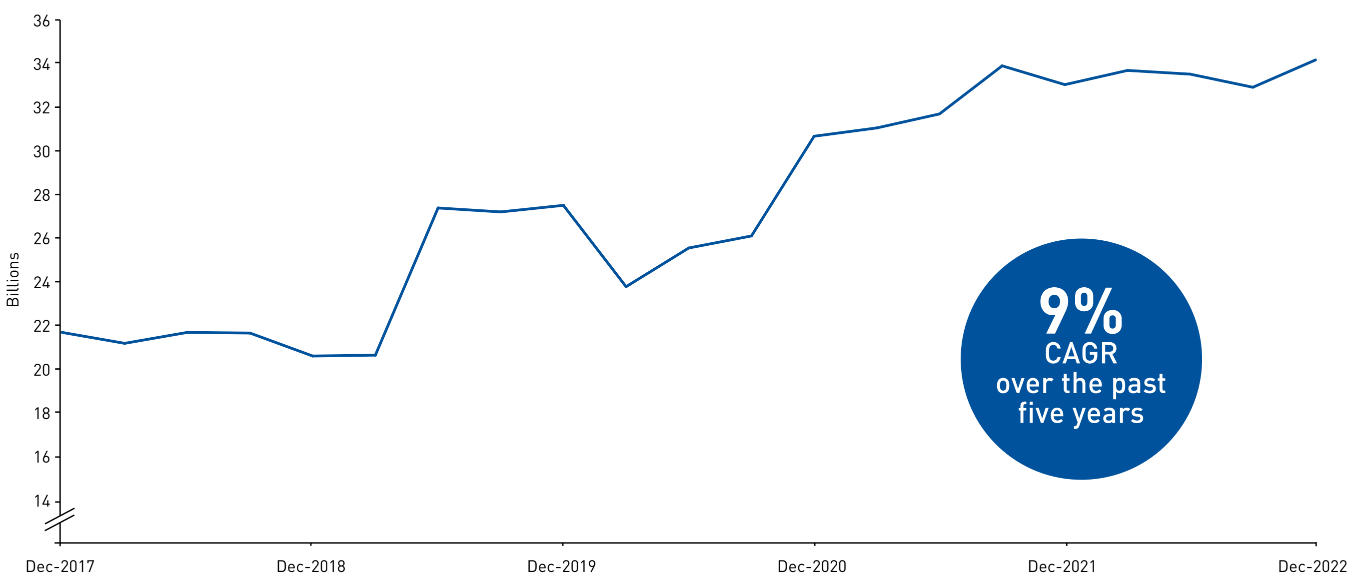




Onex' FG AUM at December 31, 2022 comprised $28.5 billion from institutional investors (December 31, 2021 – $26.8 billion) and $5.6 billion from high net worth clients (December 31, 2021 – $6.2 billion). Onex' FG AUM from private wealth clients is primarily invested in securities which are denominated in Canadian dollars. Run-rate management fees from Onex' FG AUM at December 31, 2022 are $258 million, consisting of $110 million from Private Equity and $148 million from Credit.

Over the past five years, FG AUM has increased at a compound annual growth rate ("CAGR") of 9%, which includes the FG AUM of Onex Falcon and Gluskin Sheff, which were acquired in December 2020 and June 2019, respectively. FG AUM, excluding acquired capital, has increased at a CAGR of 2% over the same period.

Fee-Generating Assets Under Management (December 31, 2017 to December 31, 2022)



Fee-Related Earnings (Loss)

Onex' asset management fee-related earnings for the three months and year ended December 31, 2022 were losses of $1 million and $12 million, respectively (2021 – loss of $5 million and earnings of $8 million, respectively). Onex' fee-related earnings for the three months and year ended December 31, 2022 were losses of $4 million and $44 million, respectively (2021 – $14 million and $28 million, respectively).

	Three Months Ended		Year Ended	
($ millions)	**December 31, 2022**	December 31, 2021	**December 31, 2022**	December 31, 2021
Private Equity				
Management and advisory fees	**$ 30**	$ 30	**$ 118**	$ 125
Total fee-related revenues from Private Equity	**$ 30**	$ 30	**$ 118**	$ 125
Compensation expense	**(19)**	(22)	**(85)**	(78)
Support and other net expenses	**(10)**	(16)	**(41)**	(52)
Net contribution	**$ 1**	$ (8)	**$ (8)**	$ (5)
Credit				
Management and advisory fees	**$ 37**	$ 38	**$ 152**	$ 152
Performance fees	**1**	4	**1**	13
Other income	**2**	1	**3**	3
Total fee-related revenues from Credit	**$ 40**	$ 43	**$ 156**	$ 168
Compensation expense	**(23)**	(19)	**(88)**	(82)
Support and other net expenses	**(19)**	(21)	**(72)**	(73)
Net contribution	**$ (2)**	$ 3	**$ (4)**	$ 13
Asset management fee-related earnings (loss)	**$ (1)**	$ (5)	**$ (12)**	$ 8
Public Company and Onex Capital Investing				
Compensation recovery (expense)	**$ 2**	$ (4)	**$ (12)**	$ (17)
Other net expenses	**(5)**	(5)	**(20)**	(19)
Total expenses	**$ (3)**	$ (9)	**$ (32)**	$ (36)
Total fee-related earnings (loss)	**$ (4)**	$ (14)	**$ (44)**	$ (28)

The decrease in fee-related revenues during the year was primarily driven by lower private equity management fees and lower performance fees on perpetual capital managed in liquid strategies. Realizations in the post-initial-fee-period private equity funds contributed to the lower management fees.

The increase in Private Equity compensation expense and decrease in Private Equity support and other net expenses during the year were partly due to the classification of certain costs for fiscal 2022. The launch of Onex Transportation Partners during 2022 also contributed to higher expenses for Private Equity.

During the three months ended December 31, 2022, Private Equity and Public Company expenses were lower, primarily driven by a reduction in incentive compensation accrued during the first three quarters of 2022.

Distributable Earnings

During the three months and year ended December 31, 2022, Onex generated distributable earnings of $67 million and $308 million, respectively (2021 – $126 million and $708 million, respectively).

	Three Months Ended		Year Ended	
($ millions)	**December 31, 2022**	December 31, 2021	**December 31, 2022**	December 31, 2021
Fee-related earnings (loss)	**$ (4)**	$ (14)	**$ (44)**	$ (28)
Realized carried interest	**8**	28	**22**	48
Realized net gain on investments	**63**	112	**330**	688
Distributable earnings	**$ 67**	$ 126	**$ 308**	$ 708

Distributable earnings during the three months and year ended December 31, 2022 were primarily driven by CLO distributions (page 12 of this MD&A), realizations from Onex' private equity investments (page 10 of this MD&A), and realized carried interest from Onex' private equity investments (page 10 of this MD&A). The year-over-year decrease in quarterly distributable earnings reflects significant realizations in 2021 from ONCAP III. The year-over-year decrease in annual distributable earnings reflects significant realizations during 2021 from the Onex Partners III, Onex Partners IV and ONCAP III Funds, and the initial public offering of RSG.

Carried Interest

At December 31, 2022, unrealized carried interest totalled $281 million (December 31, 2021 – $287 million) and AUM subject to carried interest totalled $25.9 billion (December 31, 2021 – $24.1 billion).

		Unrealized Carried Interest[i]		
($ millions)	As at December 31, 2021	**Realizations and Distributions**	**Change in Fair Value**	**As at December 31, 2022**
Onex Partners Funds	$ 244	**$ (17)**	**$ (2)**	**$ 225**
ONCAP Funds	25	**(1)**	**16**	**40**
Private Credit Funds	18	**(4)**	**2**	**16**
Total	$ 287	**$ (22)**	**$ 16**	**$ 281**

(i) The actual amount of carried interest earned by Onex will depend on the ultimate performance of each underlying fund.

Fee-related earnings (loss) and distributable earnings are non-GAAP financial measures, as discussed on page 8 of this MD&A. The following tables include reconciliations of Onex' net earnings to fee-related earnings (loss) and distributable earnings during the three months and years ended December 31, 2022 and 2021:

($ millions)	**Three Months Ended December 31, 2022**	Three Months Ended December 31, 2021
Net Earnings	**$ 435**	$ 214
Recovery of income taxes	**(1)**	(1)
Earnings before income taxes	**$ 434**	$ 213
Stock-based compensation expense	**18**	78
Amortization of property, equipment and intangible assets, excluding right-of-use assets	**24**	11
Unrealized carried interest – Credit	**1**	18
Unrealized performance fees previously recognized in segment net earnings	**–**	(9)
Integration expense	**1**	–
Contingent consideration	**14**	10
Total segment net earnings	**492**	321
Net unrealized increase in carried interest	**(113)**	(16)
Net unrealized gain on corporate investments	**(312)**	(179)
Distributable earnings	**67**	126
Less: Realized carried interest	**(8)**	(28)
Less: Net realized gain on corporate investments	**(63)**	(112)
Total fee-related earnings (loss)	**$ (4)**	$ (14)

($ millions)	**Year Ended December 31, 2022**	Year Ended December 31, 2021
Net Earnings	**$ 235**	$ 1,405
Recovery of income taxes	**(1)**	(1)
Earnings before income taxes	**$ 234**	$ 1,404
Stock-based compensation expense (recovery)	**(222)**	205
Amortization of property, equipment and intangible assets, excluding right-of-use assets	**54**	47
Unrealized carried interest – Credit	**2**	18
Integration expense	**6**	5
Contingent consideration	**14**	10
Other net expenses	**1**	–
Total segment net earnings	**89**	1,689
Net unrealized decrease (increase) in carried interest	**6**	(200)
Net unrealized loss (gain) on corporate investments	**213**	(781)
Distributable earnings	**308**	708
Less: Realized carried interest	**(22)**	(48)
Less: Net realized gain on corporate investments	**(330)**	(688)
Total fee-related earnings (loss)	**$ (44)**	$ (28)

LIQUIDITY

At December 31, 2022, Onex' cash and near-cash balance was $1.1 billion[(1)] or 13% of Onex' investing capital (December 31, 2021 – $1.6 billion or 20% of Onex' investing capital) and Onex' consolidated cash and cash equivalents balance was $111 million (December 31, 2021 – $547 million). The $570 million decrease in cash and near-cash was primarily driven by net investments made in Private Equity as described on page 10 of this MD&A, $321 million used to repurchase Onex' SVS and $26 million returned to shareholders through dividends.

Today, Onex has unfunded commitments totalling approximately $2.1 billion to Onex Partners VI, ONCAP V and to private equity funds that are actively investing. Onex also has approximately $240 million of unfunded commitments to private credit funds.

(1) Cash and near-cash is a non-GAAP financial measure calculated using methodologies that are not in accordance with IFRS. The presentation of this measure does not have a standardized meaning prescribed under IFRS and is 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. Refer to page 36 of this MD&A for further details concerning cash and near-cash items.

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, 2022 compared to those for the year ended December 31, 2021 and, in selected areas, to those for the year ended December 31, 2020.

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 private credit strategies. These investments are 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, these companies primarily 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.

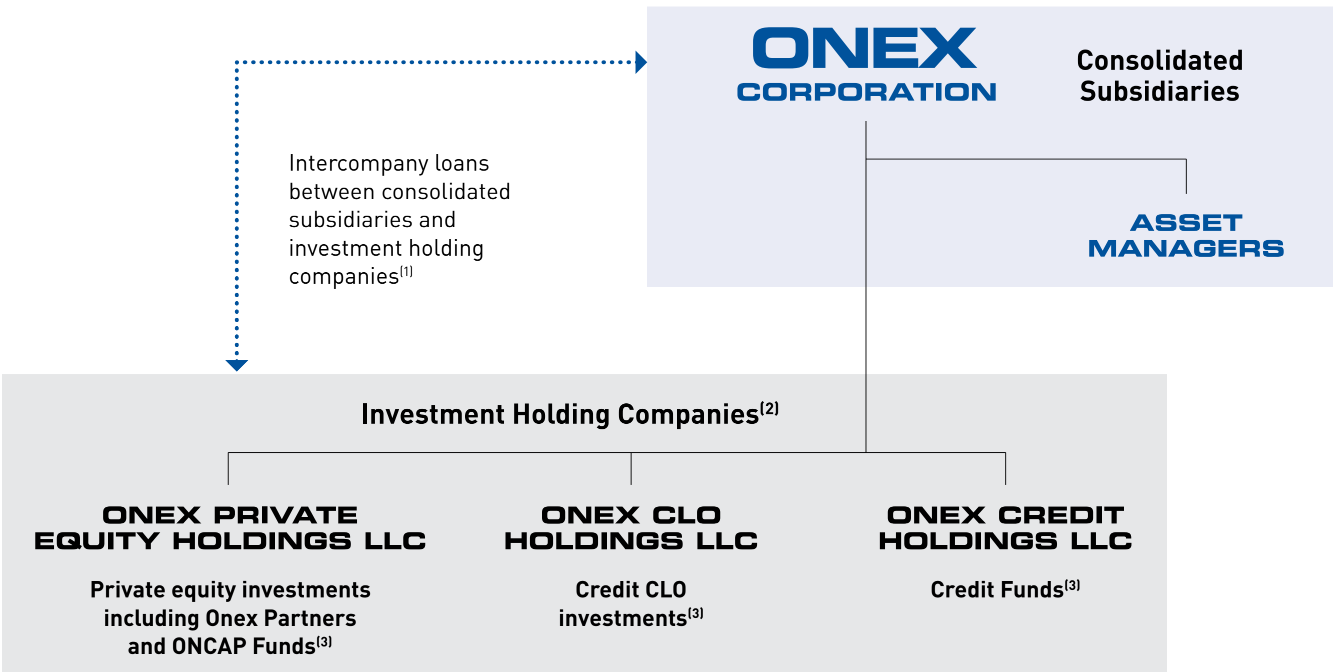
Asset management refers to the activity of managing capital in Onex' private equity funds, private credit strategies and liquid strategies. This activity is conducted through wholly-owned subsidiaries of Onex, which are the managers of the Onex Partners Funds, ONCAP Funds and Credit strategies. These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

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 Credit strategies are typically held directly or indirectly through wholly-owned investment holding companies, which are subsidiaries of the Primary Investment Holding Companies.

CONSOLIDATED OPERATING RESULTS

This section should be read in conjunction with Onex' consolidated statements of earnings for the years ended December 31, 2022 and 2021, and the corresponding notes thereto.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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 exchange 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.

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 under IFRS 10, *Consolidated financial statements* ("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.

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.

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.

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). Contingent consideration recorded in Onex' consolidated balance sheets at December 31, 2022 and December 31, 2021 is related to the acquisition of Falcon Investment Advisors by Onex in December 2020.

Revenue recognition

The Company's significant revenue streams are as follows:

Management and advisory fees

Onex earns management fees for managing investor capital through its private equity funds, private credit strategies and public strategies. Onex earns advisory fees for services provided directly to certain underlying operating businesses of the Onex Partners and ONCAP Funds. 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.

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 a client account or transfer of assets to a different investment model.

Performance fees associated with the management of public 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 – Credit Funds

The General Partners of the 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 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 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, toward the end of the fund's term.

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").

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. 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 is 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, private equity investments held directly by Onex and investments in 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 the underlying non-public investments requires significant judgement due to the absence of quoted market values, the inherent lack of liquidity, the long-term nature of such investments and heightened market uncertainty as a result of global inflationary pressures, increasing interest rates, heightened geopolitical risks and the impact of the COVID-19 pandemic. Valuation methodologies include discounted cash flows and observations of the valuation multiples implied by precedent transactions or 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 precedent transactions and 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 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 used 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.

The changes in fair value of corporate investments are further described on pages 30, 31 and 32 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.

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 models 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

Determining the impact of COVID-19 on the valuation of the Company's corporate investments requires 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 overall economy are highly uncertain and difficult to predict. If the financial markets and/or 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 Onex' 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, the occurrence of natural disasters, incidents of war, riot or civil unrest, 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, private credit investments and the Onex Partners and ONCAP Funds' operating businesses, 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' 2022 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.

REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS AND FOURTH QUARTER RESULTS

The discussion that follows identifies those material factors that affected Onex' consolidated financial results for the three months and year ended December 31, 2022.

Consolidated net earnings

Onex recorded consolidated net earnings of $435 million and net earnings per diluted share of $5.32 during the three months ended December 31, 2022 compared to net earnings of $214 million and net earnings per diluted share of $2.45 during the same period in 2021.

During the year ended December 31, 2022, Onex recorded consolidated net earnings of $235 million and net earnings per diluted share of $2.77 compared to net earnings of $1.4 billion and net earnings per diluted share of $15.76 during 2021.

Tables 1 and 2 present the segmented results for the three months and years ended December 31, 2022 and 2021. Onex' segmented results include unrealized carried interest from third-party limited partners in the 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, and net of allocations to management. In Onex' consolidated financial statements, carried interest from the Credit Funds is recognized as revenue gross of allocations to management and to the extent it is highly probable to not reverse, which typically occurs when the investments held by a given fund are substantially realized, toward the end of the fund's term, as described in note 1 to the 2022 audited annual consolidated financial statements.

Onex' segmented results also include performance fees associated with the management of certain Credit strategies, which are based on the funds' performance during the periods presented by applying an agreed-upon formula to the growth in the net asset value of clients' assets under management. In Onex' consolidated statements of earnings, 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, as described in note 1 to the 2022 audited annual consolidated financial statements. The reportable segment results for 2021 have been restated to include unrealized performance fees earned from Credit strategies.

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.

During 2021, Onex' reportable segment results included allocations from the investing segment to the asset management segment related to carried interest and management fees that would have been earned by the asset management segment had Onex' private equity capital been subject to carried interest and management fees under the same terms as third-party limited partners. These allocations are no longer used by Onex to assess performance and allocate resources and are therefore excluded from Onex' reportable segment results. The reportable segment results for the three months ended December 31, 2021 and years ended December 31, 2021 and 2020 have been restated to remove these allocations.

TABLE 1 | *($ millions)*

	Three Months Ended December 31, 2022			Three Months Ended December 31, 2021		
	Investing	Asset Management[i]	Total	Investing	Asset Management[i]	Total
Net gain on corporate investments (including an increase in carried interest)	$ 374	$ 121[ii]	$ 495	$ 291	$ 44[ii]	$ 335
Management and advisory fees	–	67	67	–	68	68
Performance fees	–	1	1	–	4	4
Interest and net treasury investment income	1	–	1	–	–	–
Other income	–	2	2	–	1	1
Total segment income	375	191	566	291	117	408
Compensation	–	(53)	(53)	–	(64)	(64)
Amortization of right-of-use assets	–	(3)	(3)	–	(3)	(3)
Other expense	–	(18)	(18)	–	(20)	(20)
Segment net earnings	$ 375	$ 117	$ 492	$ 291	$ 30	$ 321
Stock-based compensation expense			(18)			(78)
Amortization of property, equipment and intangible assets, excluding right-of-use assets			(24)			(11)
Unrealized carried interest included in segment net earnings – Credit			(1)			(18)
Unrealized performance fees previously recognized in segment net earnings			–			9
Integration expense			(1)			–
Contingent consideration			(14)			(10)
Earnings before income taxes			$ 434			$ 213
Recovery of income taxes			1			1
Net earnings			$ 435			$ 214
Segment net earnings per share[iii]			$ 5.94			$ 3.55
Net earnings per share – diluted			$ 5.32			$ 2.45

(i) The asset management segment includes public company expenses and other expenses associated with managing Onex' investing capital.

(ii) The asset management segment includes an increase in unrealized carried interest of $1 million (2021 – $18 million) from third-party limited partners in the Credit Funds.

(iii) Calculated on a fully diluted basis.

TABLE 2 ($ millions)	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Investing	Asset Management(i)	Total	Investing	Asset Management(i)	Total
Net gain on corporate investments (including an increase in carried interest)	$ 116	$ 16(ii)	$ 132	$ 1,468	$ 248(ii)	$ 1,716
Management and advisory fees	–	270	270	–	277	277
Performance fees	–	1	1	–	13	13
Interest and net treasury investment income	1	–	1	1	–	1
Other income	–	3	3	–	3	3
Total segment income	117	290	407	1,469	541	2,010
Compensation	–	(239)	(239)	–	(248)	(248)
Amortization of right-of-use assets	–	(12)	(12)	–	(12)	(12)
Other expense	–	(67)	(67)	–	(61)	(61)
Segment net earnings (loss)	$ 117	$ (28)	$ 89	$ 1,469	$ 220	$ 1,689
Stock-based compensation recovery (expense)			222			(205)
Amortization of property, equipment and intangible assets, excluding right-of-use assets			(54)			(47)
Unrealized carried interest included in segment net earnings (loss) – Credit			(2)			(18)
Integration expense			(6)			(5)
Contingent consideration			(14)			(10)
Other net expenses			(1)			–
Earnings before income taxes			$ 234			$ 1,404
Recovery of income taxes			1			1
Net earnings			$ 235			$ 1,405
Segment net earnings per share(iii)			$ 1.03			$ 18.42
Net earnings per share – diluted			$ 2.77			$ 15.76

(i) The asset management segment includes public company expenses and other expenses associated with managing Onex' investing capital.

(ii) The asset management segment includes an increase in unrealized carried interest of $2 million (2021 – $18 million) from third-party limited partners in the Credit Funds.

(iii) Calculated on a fully diluted basis.

Table 3 presents the segmented results for the years ended December 31, 2021 and 2020.

TABLE 3 *($ millions)*	Year Ended December 31, 2021			Year Ended December 31, 2020		
	Investing	Asset Management[i]	Total	Investing	Asset Management[i]	Total
Net gain on corporate investments (including an increase in carried interest)	$ 1,468	$ 248[ii]	$ 1,716	$ 827	$ 21[ii]	$ 848
Management and advisory fees	–	277	277	–	244	244
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	1,469	541	2,010	843	284	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	$ 1,469	$ 220	$ 1,689	$ 843	$ 17	$ 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			(10)			–
Unrealized carried interest included in segment net earnings – Credit			(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[iii]			$ 18.42			$ 8.95
Net earnings per share – diluted			$ 15.76			$ 7.63

(i) The asset management segment includes public company expenses and other expenses associated with managing Onex' investing capital.

(ii) The asset management segment includes an increase in unrealized carried interest of $18 million (2020 – nil) from third-party limited partners in the Credit Funds.

(iii) Calculated on a fully diluted basis.

Consolidated income for the three months and years ended December 31, 2022 and 2021

Consolidated income consists of net gains from corporate investments, including carried interest, and management and advisory fees on third-party capital managed through Private Equity and Credit Funds.

During the three months and year ended December 31, 2022, Onex' investing segment recognized a net gain on corporate investments of $374 million and $116 million, respectively (2021 – $291 million and $1.5 billion, respectively). The contribution of private equity and private credit to this performance is detailed in the two tables below:

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

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	**Year Ended December 31, 2022**	Year Ended December 31, 2021
Onex Partners Funds[i]				
Onex Partners II	**$ 1**	$ 2	**$ (6)**	$ (41)
Onex Partners III	**24**	22	**35**	96
Onex Partners IV	**171**	1	**(233)**	454
Onex Partners V	**139**	84	**225**	313
Management incentive programs	**(38)**	1	**(7)**	(71)
Total net gain from Onex Partners Funds	**297**	110	**14**	751
ONCAP Funds[i]				
ONCAP II	**18**	16	**15**	47
ONCAP III	**(7)**	11	**(20)**	92
ONCAP IV	**–**	46	**171**	57
Management incentive programs	**–**	(14)	**(27)**	(36)
Total net gain from ONCAP Funds	**11**	59	**139**	160
Net gain from other private equity investments	**60**	106	**19**	422
Total net gain from private equity	**$ 368**	$ 275	**$ 172**	$ 1,333

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

During 2022 and 2021, the changes in fair value of Onex' investments in the private equity funds were driven by the underlying fair values of the operating companies, as outlined below.

During the three months ended December 31, 2022, the net gain from private equity investments was primarily driven by:

- Onex Partners IV, which generated increases in fair value for its investments in ASM Global and PowerSchool Group, partially offset by decreases in fair value in Clarivate Analytics Plc ("Clarivate Analytics") and Parkdean Resorts;
- Onex Partners V, which generated increases in fair value for its investments in Acacium Group, Convex, Fidelity BSG, OneDigital, Tes and Wealth Enhancement Group, partially offset by a decrease in fair value in RES; and
- increases in fair value of Onex' investments in Celestica and Ryan Specialty Group ("RSG").

During the year ended December 31, 2022, the net gain from private equity investments was primarily driven by:

- Onex Partners V, which generated increases in fair value for its investments in Acacium Group, Convex, Fidelity BSG, Imagine Learning, Newport Healthcare and OneDigital, partially offset by decreases in fair value in Emerald Expositions and Wealth Enhancement Group;
- ONCAP IV, which generated increases in fair value for its investments in AutoSavvy, International Language Academy of Canada and Precision Concepts International; and
- the net gains from Onex Partners V and ONCAP IV were partially offset by a net loss from Onex Partners IV, which was primarily driven by net losses in Clarivate Analytics, Parkdean Resorts and SCP Health, partially offset by increases in fair value in PowerSchool Group and Ryan.

During 2022, macroeconomic and market factors, including broad increases in global interest rates and inflation, fluctuations in foreign exchange rates and changes in trading multiples for public companies, impacted the fair values of Onex' private equity investments.

During the three months ended December 31, 2021, the net gain from private equity investments was primarily driven by:

- increases in fair value of Onex' investments in Celestica and RSG; and
- Onex Partners V, which generated increases in fair value for its investments in Convex, Imagine Learning, OneDigital and Partou, partially offset by a decrease in fair value in Emerald Expositions.

During the year ended December 31, 2021, the net gain from private equity investments was primarily driven by:

- an increase in fair value of Onex' investment in RSG;
- Onex Partners IV, which generated increases in fair value for its investments in Advanced Integration Technology, ASM Global, Parkdean Resorts, Ryan, SCP Health and WireCo WorldGroup, partially offset by a decrease in fair value in Clarivate Analytics; and
- Onex Partners V, which generated increases in fair value for its investments in Acacium Group, Convex, Imagine Learning and OneDigital.

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

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	**Year Ended December 31, 2022**	Year Ended December 31, 2021
Structured Credit Strategies				
U.S. CLOs	**$ 3**	$ 13	**$ (20)**	$ 93
EURO CLOs	**6**	–	**(20)**	21
CLO warehouses	**–**	1	**5**	1
Other structured strategies	**–**	–	**(2)**	5
Opportunistic Credit Strategies	**(5)**	2	**–**	12
Liquid Strategies	**3**	2	**(3)**	10
Direct Lending	**–**	5	**–**	15
Total net gain (loss) from Private Credit Strategies	**$ 7**	$ 23	**$ (40)**	$ 157

The net gain (loss) on investments from private credit strategies in all four periods was primarily driven by the gains (losses) from CLO investments. The performance of CLO investments is correlated with the performance of the underlying leveraged loan market, but amplified due to the CLOs' structural leverage.

Management and advisory fees for the three months and years ended December 31, 2022 and 2021 were generated from the following sources:

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

	Three Months Ended December 31, 2022	Three Months Ended December 31, 2021	Change in Total	
Source of management and advisory fees				
Credit	$ 37	$ 38	$ (1)	(3)%
Private Equity[i]	30	30	–	–
Total management and advisory fees	$ 67	$ 68	$ (1)	(1)%

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

TABLE 7 | *($ millions)* — Management and Advisory Fees

	Year Ended December 31, 2022	Year Ended December 31, 2021	Change in Total	
Source of management and advisory fees				
Credit	$ 152	$ 152	$ –	–
Private Equity[i]	118	125	(7)	(6)%
Total management and advisory fees	$ 270	$ 277	$ (7)	(3)%

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

Management and advisory fees from Private Equity were 6% lower during the year ended December 31, 2022 compared to 2021. This decrease was primarily driven by Onex Partners III no longer collecting management fees and realizations in the Onex Partners IV and ONCAP III Funds during 2021, which reduced the management fee basis for these funds.

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

TABLE 8 | *($ millions)*

Management and Advisory Fees	Year Ended December 31, 2021	Year Ended December 31, 2020	Change in Total	
Source of management and advisory fees				
Credit	$ 152	$ 115	$ 37	32 %
Private Equity[i]	125	129	(4)	(3)%
Total management and advisory fees	$ 277	$ 244	$ 33	14 %

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

The increase in management and advisory fees was primarily due to increased management fees earned by Credit in connection with the acquisition of Onex Falcon in December 2020.

During the three months and year ended December 31, 2022, Onex recognized $1 million in performance fees from its liquid strategies compared to $13 million in the same periods in 2021. The decline in performance fees was primarily driven by declines in equity and bond markets in North America during 2022. During 2020, Onex recognized $16 million of performance fees from its liquid 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. During the three months and year ended December 31, 2022, Onex recognized $13 million and $35 million, respectively, in revenues and expenses associated with these reimbursements (2021 – $10 million and $42 million, respectively). During the year ended December 31, 2020, Onex recognized $14 million in revenues and expenses associated with these reimbursements.

Compensation

Compensation expense for the three months and year ended December 31, 2022 was $53 million and $239 million, respectively, compared to $64 million and $248 million, respectively, during the same periods in 2021. Refer to pages 15 and 16 of this MD&A for further details concerning compensation expense.

Stock-based compensation recovery (expense)

During the three months ended December 31, 2022, Onex recorded a consolidated stock-based compensation expense of $18 million compared to $78 million during the same period in 2021. The stock-based compensation expense recorded during the three months ended December 31, 2022 was primarily due to a 3% increase in the market value of Onex' SVS to C$65.29 at December 31, 2022 from C$63.36 at September 30, 2022.

During the year ended December 31, 2022, Onex recorded a consolidated stock-based compensation recovery of $222 million compared to a stock-based compensation expense of $205 million during 2021. The stock-based compensation recovery recorded during the year ended December 31, 2022 was primarily due to a 34% decline in the market value of Onex' SVS to C$65.29 at December 31, 2022 from C$99.28 at December 31, 2021.

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

Stock-Based Compensation Recovery (Expense)

TABLE 9 *($ millions)*	Three Months Ended December 31			Year Ended December 31		
	2022	2021	**Change**	**2022**	2021	**Change**
Stock Option Plan	**$ (18)**	$ (77)	**$ 59**	**$ 220**	$ (199)	**$ 419**
Director DSU Plan	**–**	(1)	**1**	**2**	(2)	**4**
Other	**–**	–	**–**	**–**	(4)	**4**
Total stock-based compensation recovery (expense)	**$ (18)**	$ (78)	**$ 60**	**$ 222**	$ (205)	**$ 427**

Amortization of property, equipment and intangible assets

Amortization of property, equipment and intangible assets for the three months and year ended December 31, 2022 was $27 million and $66 million, respectively (2021 – $14 million and $59 million, respectively) and consisted primarily of amortization expense of client relationship and trade name intangible assets, and right-of-use assets and leasehold improvements related to Onex' leased premises.

Other expenses

Other expenses for the years ended December 31, 2022 and 2021 comprised the following:

Other Expenses

TABLE 10 *($ millions)* Year ended December 31	2022	2021	Change
Professional services	$ 18	$ 18	$ –
Information technology	14	12	2
Travel	7	4	3
Integration expenses	6	5	1
Facilities	5	5	–
Research subscriptions	5	5	–
Directors' compensation	3	2	1
Interest expense from lease liabilities	2	2	–
Insurance	2	2	–
Donations	1	2	(1)
Administrative and other	13	9	4
Total	$ 76	$ 66	$ 10

Other comprehensive earnings (loss)

Other comprehensive earnings for the three months ended December 31, 2022 and 2021 of $3 million and $1 million, respectively, were due to favourable currency translation adjustments associated with the consolidation of Gluskin Sheff's net assets.

Other comprehensive loss for the year ended December 31, 2022 of $14 million (2021 – earnings of $1 million) was due to unfavourable currency translation adjustments associated with the consolidation of Gluskin Sheff's net assets (2021 – favourable currency translation adjustments).

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)*

	2022				2021[i]			
	December	**September**	**June**	**March**	December	September	June	March
Total segment income (loss)	**$ 566**	**$ (96)**	**$ (212)**	**$ 149**	$ 408	$ 688	$ 361	$ 553
Total segment expenses	**(74)**	**(83)**	**(79)**	**(82)**	(87)	(81)	(75)	(78)
Segment net earnings (loss)	**492**	**(179)**	**(291)**	**67**	321	607	286	475
Other non-segment items	**(57)**	**(1)**	**107**	**97**	(107)	(5)	(112)	(60)
Net earnings (loss)	**$ 435**	**$ (180)**	**$ (184)**	**$ 164**	$ 214	$ 602	$ 174	$ 415
Segment net earnings (loss) per share[ii]	**$ 5.94**	**$ (2.08)**	**$ (3.35)**	**$ 0.76**	$ 3.55	$ 6.60	$ 3.11	$ 5.14
Net earnings (loss) per share – basic	**$ 5.33**	**$ (2.12)**	**$ (2.15)**	**$ 1.90**	$ 2.45	$ 6.77	$ 1.95	$ 4.60
Net earnings (loss) per share – diluted	**$ 5.32**	**$ (2.12)**	**$ (2.15)**	**$ 1.89**	$ 2.45	$ 6.76	$ 1.95	$ 4.59

(i) The quarterly segment results in 2021 have been restated to include unrealized performance fees from the Credit strategies, as described on page 26 of this MD&A.

(ii) Calculated on a fully diluted basis.

CASH AND NEAR-CASH

At December 31, 2022, Onex' cash and near-cash balance was $1.1 billion (December 31, 2021 – $1.6 billion) and Onex' consolidated cash and cash equivalents balance was $111 million (December 31, 2021 – $547 million). Onex' cash and near-cash consisted of the following:

Cash and Near-Cash[i]

TABLE 12 *($ millions)*	**December 31, 2022**	December 31, 2021
Cash and cash equivalents – Investing segment[ii]	**$ –**	$ 357
Cash and cash equivalents within Investment Holding Companies[iii]	**253**	228
Treasury investments[ii]	**–**	290
Treasury investments within Investment Holding Companies	**271**	310
Management fees and recoverable fund expenses receivable[iv]	**460**	308
Subscription financing receivable[v]	**69**	130
Cash and near-cash[i]	**$ 1,053**	$ 1,623

(i) 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 therefore might not 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 manages its capital.

(ii) Excludes cash, cash equivalents and treasury investments allocated to the asset management segment related to accrued incentive compensation ($122 million (December 31, 2021 – $147 million)) and contingent consideration related to the acquisition of Onex Falcon ($57 million (December 31, 2021 – $43 million)).

(iii) Includes restricted cash and cash equivalents of $2 million (December 31, 2021 – $21 million) for which the Company can readily remove the external restriction. Excludes cash and cash equivalents reserved for payments under the management incentive programs and Onex' share of uncalled expenses payable by the Investment Holding Companies of $27 million.

(iv) Includes management fees and recoverable fund expenses receivable from certain funds which Onex has elected to defer cash receipt from, less amounts allocated to the asset management segment related to accrued incentive compensation and contingent consideration related to the acquisition of Falcon Investment Advisors.

(v) Subscription financing receivable attributable to third-party investors in certain Credit Funds.

Table 13 provides a reconciliation of the change in cash and near-cash at Onex from December 31, 2021 to December 31, 2022.

Change in Cash and Near-Cash

TABLE 13 *($ millions)*		Amount
Cash and near-cash at December 31, 2021		$ 1,623
Private equity realizations:		
Onex Partners		
Sale of Partou	154	
Partial sale of Ryan	103	
Distribution from Acacium	38	
Partial sale of AIT	36	
Other	54	
Other private equity realizations	8	393
Private equity investments:		
Onex Partners		
RES	(117)	
Analytic Partners	(108)	
Tes	(98)	
ONCAP		
Ideal Dental	(28)	
Merrithew	(16)	
Direct investment in Unanet	(99)	
Other private equity investments	(54)	(520)
Net private credit strategies investment activity		64
Onex share repurchases, options exercised, DSUs exercised and dividends		(404)
Net other, including capital expenditures, operating costs and changes in working capital		(103)
Cash and near-cash at December 31, 2022		**$ 1,053**

CONSOLIDATED FINANCIAL POSITION

Consolidated assets

Consolidated assets totalled $12.2 billion at December 31, 2022 compared to $12.9 billion at December 31, 2021. The decrease in consolidated assets was primarily driven by a net decrease in intercompany loans receivable from Onex and the Asset Managers, which are included within corporate investments, and cash used to repurchase Onex' SVS.

Table 14 presents consolidated assets by reportable segment as at December 31, 2022 and December 31, 2021.

Consolidated Assets by Reportable Segment

TABLE 14 ($ millions)	As at December 31, 2022			As at December 31, 2021		
	Investing	Asset Management	Total	Investing	Asset Management	Total
Cash and cash equivalents	$ –	$ 111[i]	$ 111	$ 357	$ 190[i]	$ 547
Treasury investments	–	52[i]	52	290	–	290
Management and advisory fees, recoverable fund expenses and other receivables	460[ii]	84	544	308[ii]	61	369
Corporate investments	7,387	–	7,387	7,239	–	7,239
Unrealized carried interest – Credit	16	–	16	18	–	18
Other assets	–	91	91	–	136	136
Property and equipment	–	140	140	–	148	148
Intangible assets	–	93	93	–	139	139
Goodwill	–	257	257	–	264	264
Total segment assets	$ 7,863	$ 828	$ 8,691	$ 8,212	$ 938	$ 9,150
Net intercompany loans receivable, comprising part of the fair value of Investment Holding Companies			3,488			3,755
Unrealized carried interest included in segment assets – Credit			(16)			(18)
Total assets			$ 12,163			$ 12,887
Investing capital per share (U.S. dollars)[iii]	$ 96.95			$ 90.75		
Investing capital per share (Canadian dollars)[iii]	$ 131.31			$ 115.05		

(i) Cash, cash equivalents and treasury investments allocated to the asset management segment relate to accrued employee incentive compensation and contingent consideration related to the acquisition of Falcon Investment Advisors.

(ii) Includes management fees and recoverable fund expenses receivable from certain funds which Onex has elected to defer cash receipt from, less amounts allocated to the asset management segment related to accrued employee incentive compensation and contingent consideration related to the acquisition of Falcon Investment Advisors.

(iii) Calculated on a fully diluted basis.

Table 15 presents consolidated assets by reportable segment as at December 31, 2021 and December 31, 2020.

Consolidated Assets by Reportable Segment

TABLE 15 *($ 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[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 – Credit	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 included in segment assets – Credit			(18)			–
Total assets			$ 12,887			$ 11,868
Investing capital per share (U.S. dollars)[iii]	$ 90.75			$ 73.61		
Investing capital per share (Canadian dollars)[iii]	$ 115.05			$ 93.73		

(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. 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 which Onex has elected to defer cash receipt from certain funds. At December 31, 2021, the balance also included recoverable fund expenses from certain funds.

(iii) 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, 2021	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2022
Onex Partners Funds	$ 4,256	$ 328	$ (370)	$ 14	$ 4,228
ONCAP Funds	534	45	–	139	718
Other private equity	692	147	(5)	19	853
Carried interest	269	n/a	(18)	14	265
Total private equity investments	5,751	520	(393)	186	6,064
Private Credit Strategies	805	270	(334)	(40)	701
Real estate	52	–	(18)	–	34
Other net assets[i]	631	(1,224)	1,197	(16)	588
Total corporate investments, excluding intercompany loans	7,239	(434)	452	130	7,387
Intercompany loans receivable from Onex and the Asset Managers	3,755	639	(906)	–	3,488
Intercompany loans payable to Onex and the Asset Managers	(429)	(20)	51	–	(398)
Intercompany loans receivable from Investment Holding Companies	429	20	(51)	–	398
Total corporate investments	$ 10,994	$ 205	$ (454)	$ 130	$ 10,875

(i) 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, 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[i]	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

(i) 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, 2022, Onex' corporate investments, which are more fully described in note 5 to the consolidated financial statements, totalled $10.9 billion (December 31, 2021 – $11.0 billion).

During the year ended December 31, 2022, Onex' investment of capital primarily consisted of the investments made in Onex Partners V, ONCAP IV and Unanet, as described on page 10 of this MD&A, and investments made in private credit strategies, as described on page 12 of this MD&A.

During the year ended December 31, 2022, realizations and distributions to Onex primarily consisted of realizations from the Onex Partners IV and Onex Partners V Funds, as described on page 10 of this MD&A, and distributions and realizations from private credit strategies, as described on page 12 of this MD&A.

During the year ended December 31, 2022, the change in fair value of Onex' corporate investments totalled an increase of $130 million, primarily driven by changes in fair value of Onex' investments in private equity, which are more fully described on page 31 of this MD&A, partially offset by a decrease in fair value of Onex' investments in CLOs, as more fully described on page 32 of this MD&A.

During the year ended December 31, 2021, Onex' investment of capital primarily consisted of the investments made in Onex Partners V and private credit strategies. Investments in private credit strategies included net investments of $50 million in CLOs and additional investments totalling $55 million to support the warehouse facilities for Onex' twenty-second and twenty-third CLOs denominated in U.S. dollars ("CLO-22" and "CLO-23", respectively). Investments in Onex Partners V included Onex' share of the fund's investments in the following operating companies:

- $279 million invested in Imagine Learning, a K-12 digital curriculum company in the United States. Onex' investment included $100 million as a co-investor;
- $226 million invested 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 invested in Newport Healthcare, a provider of evidence-based healing centres for teens and young adults struggling with primary mental health issues in the United States;

- $83 million invested 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"), a designer and manufacturer of industrial waste and recycling processing systems.

During the year ended December 31, 2021, realizations and distributions to Onex primarily consisted of proceeds from realizations and distributions from the following private equity and Credit activities:

- $492 million of net proceeds from RSG in connection with RSG's initial public offering of its Class A common stock (NYSE: RYAN);
- $224 million of net proceeds as part of the Onex Partners IV Group's partial sales of ordinary shares of Clarivate Analytics;
- $203 million of net proceeds as part of the Onex Partners III Group's sale of its remaining shares in JELD-WEN Holding, Inc. ("JELD-WEN");
- $135 million of net proceeds as part of the ONCAP III Group's sale of Bradshaw International, Inc. ("Bradshaw");
- $75 million of net proceeds as part of the ONCAP III Group's sale of Davis-Standard, LLC ("Davis-Standard");
- $131 million of net proceeds from the partial sale of Onex' equity interest in certain U.S. and European CLOs;
- $114 million of net proceeds from regular quarterly distributions from Onex' investments in U.S. and European CLOs; and
- $98 million of net proceeds in connection with the redemption of Onex' investment in the Onex Credit Partners Senior Floating Income Fund.

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 31 of this MD&A.

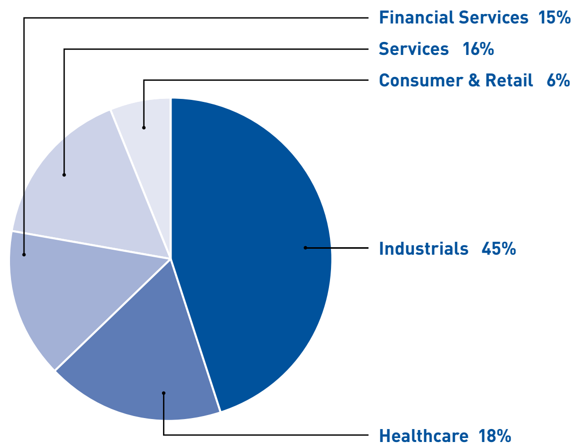
The valuation of public investments held directly by Onex or through the Onex Partners Funds and ONCAP Funds is based on their publicly traded closing prices at December 31, 2022 and December 31, 2021. For certain public investments, a discount was applied to the closing price in relation to restrictions that were in place at December 31, 2022 and December 31, 2021 relating to the securities held by Onex, the Onex Partners Funds or the ONCAP Funds. At December 31, 2022, these discounts resulted in a reduction of $73 million in the fair value of corporate investments (December 31, 2021 – $77 million).

Onex' private equity investments include direct and indirect investments in 41 operating businesses at December 31, 2022, 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, 2022	Operating Business Revenues(i)
Industrials	$ 13,484	45%
Healthcare	5,280	18%
Services	4,609	16%
Financial Services	4,540	15%
Consumer & Retail	1,766	6%
Total	$ 29,679	100%

(i) 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, 2022(i)

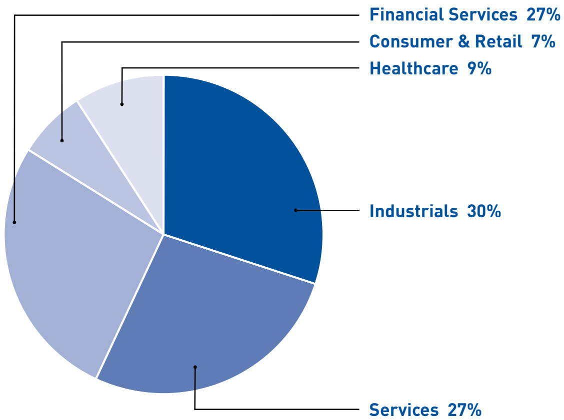


(i) Includes revenues during the period that Onex controls, jointly controls or has significant influence over the operating businesses.

TABLE 19	($ millions) As at December 31, 2022	Operating Business Assets[i]		Operating Business Debt[i]	
	Industrials	$ 14,578	30%	$ 5,109	32%
	Financial Services	13,277	27%	2,735	17%
	Services	13,120	27%	4,731	30%
	Healthcare	4,123	9%	1,902	12%
	Consumer & Retail	3,368	7%	1,509	9%
	Total	$ 48,466	100%	$ 15,986	100%

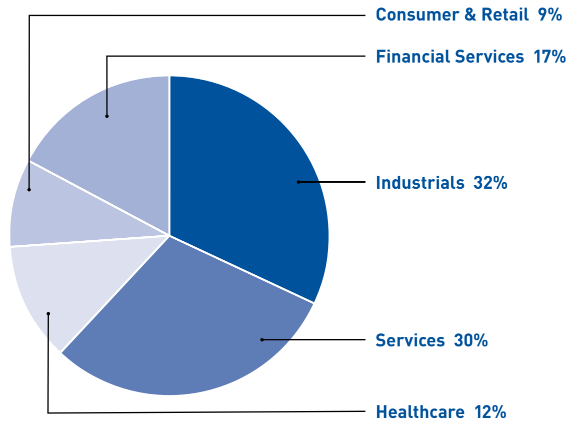
(i) Includes the assets and debt of operating businesses that Onex controls, jointly controls or has significant influence over.

Operating Business Assets by Industry Vertical – December 31, 2022[i]



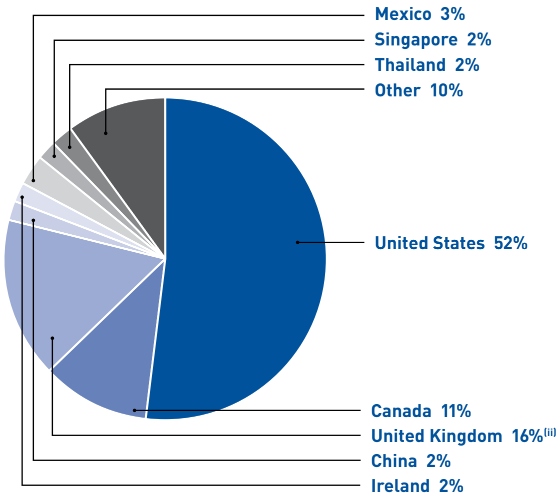
(i) Includes the assets of operating businesses that Onex controls, jointly controls or has significant influence over.

Operating Business Debt by Industry Vertical – December 31, 2022[i]



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

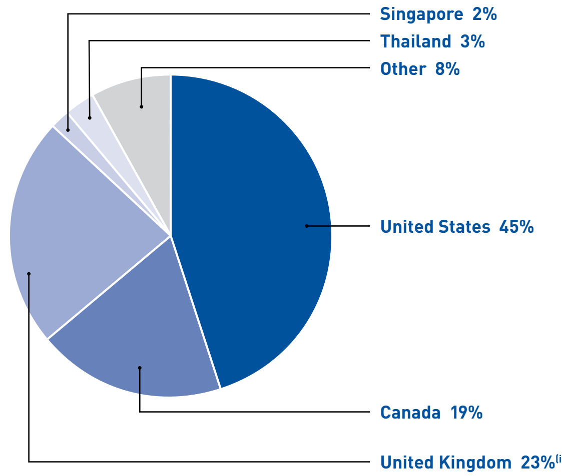
Operating Business Revenues by Country – Year Ended December 31, 2021(i)



(i) Includes revenues of operating businesses that are controlled or jointly controlled by Onex, adjusted for operating companies acquired or sold during 2022. The allocation of revenues by country is based on customer location and may not represent the currency of the revenue transactions. 2022 data will be available beginning in the first quarter of 2023.

(ii) Includes revenues recognized in the overseas territories of the United Kingdom.

Operating Business Assets by Country – December 31, 2021(i)



(i) Includes assets of operating businesses that are controlled or jointly controlled by Onex, adjusted for operating companies acquired or sold during 2022. Data as of December 31, 2022 will be available beginning in the first quarter of 2023.

(ii) Includes assets held in the overseas territories of the United Kingdom.

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, 2022, intercompany loans payable to the Investment Holding Companies totalled $3.5 billion (December 31, 2021 – $3.8 billion) and the corresponding receivable of $3.5 billion (December 31, 2021 – $3.8 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 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 2033 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, 2022**	December 31, 2021	December 31, 2020
Total lease liabilities	**$ 70**	$ 71	$ 75

The minimum lease payment requirements are more fully described in note 12 to the consolidated financial statements. Lease payments for office space in Canada and the United Kingdom are made in Canadian dollars and pounds sterling, respectively.

Stock-based compensation payable

Onex' stock-based compensation plans include its stock option plan, director deferred share unit plan and management deferred share unit plan, as further described on pages 47 and 48 of this MD&A.

TABLE 21 *($ millions)*	December 31, 2022	December 31, 2021
Stock Option Plan	**$ 63**	$ 338
Management DSU Plan	**41**	69
Director DSU Plan	**31**	51
Other	**2**	4
Total stock-based compensation payable	**$ 137**	$ 462

The decrease in stock-based compensation payable at December 31, 2022 was primarily driven by a decrease in the market value of Onex' SVS, as described on page 34 of this MD&A, and the exercise of stock options and redemption of DSUs during the year, as described on pages 48 and 49 of this MD&A.

Accrued compensation

Accrued compensation at December 31, 2022 was $122 million (December 31, 2021 – $147 million) and consisted of employee incentive compensation for the fiscal 2022 year, which will largely be paid during the first quarter of 2023.

Contingent consideration

Contingent consideration of $57 million was recorded as a liability in Onex' consolidated balance sheet at December 31, 2022 compared to $43 million and $33 million at December 31, 2021 and December 31, 2020, respectively, which represents the fair value of contingent consideration owed by Onex in connection with the acquisition of Falcon Investment Advisors in December 2020. The fair value of the contingent consideration was estimated by calculating the present value of future expected cash flows. Up to $80 million in contingent consideration may be payable by Onex in connection with the acquisition of Falcon Investment Advisors, based on Onex Falcon's financial performance from 2023 to 2025 and the size and performance of certain funds to be launched by Onex Falcon.

Equity

Table 22 provides a reconciliation of the change in equity from December 31, 2021 to December 31, 2022.

Change in Equity

TABLE 22 *($ millions)*	
Balance – December 31, 2021	$ 8,374
Dividends declared	**(26)**
Options exercised	**2**
Repurchase and cancellation of shares	**(321)**
Net earnings	**235**
Currency translation adjustments included in other comprehensive loss	**(14)**
Equity as at December 31, 2022	**$ 8,250**

Dividend policy

Table 23 presents Onex' dividends paid per share for the twelve months ended December 31 during the past five years.

TABLE 23 *($ per share amounts)*	Dividends Paid per Share
Twelve months ended December 31:	
2018	**C$ 0.33**
2019	**C$ 0.38**
2020	**C$ 0.40**
2021	**C$ 0.40**
2022	**C$ 0.40**

Shares outstanding

At December 31, 2022, Onex had 100,000 Multiple Voting Shares outstanding, which have a nominal paid-in value reflected in Onex' consolidated financial statements. Onex also had 80,808,343 SVS issued and outstanding. Note 16 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, 2022.

Table 24 shows the change in the number of SVS outstanding from December 31, 2020 to January 31, 2023.

TABLE 24 *($ 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, 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 December 31, 2021	86,805,538				
Shares repurchased and cancelled:					
Normal Course Issuer Bids	**(6,039,668)**	**$ 53.07**	**$ 69.85**	**$ 321**	**$ 422**
Options exercised	**42,473**	**$ 51.54**	**$ 70.35**	**$ 2**	**$ 3**
SVS outstanding at January 31, 2023	**80,808,343**				

Shares repurchased and cancelled

The Normal Course Issuer Bid ("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, 2022, Onex renewed its NCIB following the expiry of its previous NCIB on April 17, 2022. Under the new NCIB, Onex is permitted to purchase up to 10% of its public float of SVS, or 7,167,381 SVS. Onex may purchase up to 35,172 SVS during any trading day, being 25% of its average daily trading volume for the six months ended March 31, 2022. 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, 2022 and will conclude on the earlier of the date on which purchases under the NCIB have been completed and April 17, 2023. 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, 2022, Onex repurchased 4,039,408 SVS at a total cost of $286 million (C$360 million) or an average purchase price of $70.80 (C$89.10) per share.

The private transactions during the year ended December 31, 2021 represented the repurchase of SVS that were held indirectly by Mr. Gerald W. Schwartz, Onex' controlling shareholder and CEO.

Onex' Repurchases of SVS for the Past 10 Years

TABLE 25	Shares Repurchased[i]	Total Cost of Shares Repurchased *(in C$ millions)*	Average Share Price *(in C$ per share)*
2013	3,060,400	159	51.81
2014	2,593,986	163	62.98
2015	3,084,877	218	70.70
2016	3,114,397	250	80.14
2017	1,273,209	121	95.00
2018	1,169,733	102	86.78
2019	629,027	46	73.59
2020	9,780,411	595	60.86
2021	3,521,526	313	88.85
2022	6,039,668	422	69.85
Total	34,267,234	C$ 2,389	C$ 69.70

(i) Includes SVS repurchased in private transactions (2013 – 1,000,000 SVS, 2014 – 1,310,000 SVS, 2015 – 275,000 SVS, 2016 – 1,000,000 SVS, 2017 – 750,000 SVS, 2018 – 500,000 SVS and 2021 – 1,100,000 SVS).

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 ("hurdle price").

At December 31, 2022, Onex had 7,584,295 options outstanding to acquire SVS, of which 5,534,907 options were vested. At December 31, 2022, none of the options outstanding were exercisable.

Table 26 provides information on the activity from December 31, 2020 to December 31, 2022.

TABLE 26	Number of Options	Weighted Average Exercise Price
Outstanding at December 31, 2020	13,122,750	C$ 68.47
Grants	687,000	C$ 75.09
Surrendered for cash[i]	(1,394,830)	C$ 53.30
Exercised for SVS	(25,000)	C$ 33.11
Expired	(273,550)	C$ 84.85
Outstanding at December 31, 2021	12,116,370	C$ 70.30
Grants	**440,250**	**C$ 88.93**
Surrendered for cash[i]	**(4,402,900)**	**C$ 56.61**
Exercised for SVS	**(95,000)**	**C$ 40.35**
Expired	**(474,425)**	**C$ 82.23**
Outstanding at December 31, 2022	**7,584,295**	**C$ 78.94**

(i) During 2022, cash consideration paid for surrendered options totalled $53 million (C$71 million) ((2021 – $40 million (C$49 million)).

Director Deferred Share Unit Plan

During 2022, 45,850 DSUs were issued to directors having an aggregate value of $2 million (C$3 million), in lieu of directors' fees (2021 – 30,406 DSUs with an aggregate value of $2 million (C$3 million)). At December 31, 2022, there were 637,782 Director DSUs outstanding (December 31, 2021 – 659,955). At December 31, 2022, Onex had economically hedged all of the outstanding Director DSUs with counterparty financial institutions.

Management Deferred Share Unit Plan

In early 2022, 78,566 DSUs were issued to the Onex management team having an aggregate value, at the date of grant, of $5 million (C$7 million) in lieu of that amount of cash compensation for Onex' 2021 fiscal year (2021 – 111,088 DSUs with an aggregate value of $6 million (C$8 million) for Onex' 2020 fiscal year). During the year ended December 31, 2022, 118,843 Management DSUs were exercised at a weighted average exercise price of C$80.39 for aggregate cash consideration of $8 million (C$10 million). In connection with the exercised Management DSUs, Onex received $8 million (C$10 million) of proceeds from forward agreements it had entered into with a financial institution to economically hedge the Management DSUs. At December 31, 2022, there were 846,250 Management DSUs outstanding (December 31, 2021 – 881,943).

At December 31, 2022, Onex had economically hedged all of the outstanding Management DSUs with counterparty financial institutions. Forward agreements with a fair value of $72 million at December 31, 2022, associated with Director DSUs and Management DSUs, were recorded within other assets in the consolidated balance sheet (December 31, 2021 – $116 million).

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 27 outlines the DSU activity from December 31, 2020 to December 31, 2022.

Change in Outstanding Deferred Share Units

	Director DSU Plan		Management DSU Plan	
TABLE 27	Number of DSUs	Weighted Average Price	Number of DSUs	Weighted Average Price
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	
Granted	**31,175**	**C$ 71.52**	**–**	**–**
Redeemed	**(71,651)**	**C$ 65.12**	**(118,843)**	**C$ 80.39**
Additional units issued in lieu of compensation and cash dividends	**18,303**	**C$ 68.69**	**83,150**	**C$ 85.27**
Outstanding at December 31, 2022[i]	**637,782**		**846,250**	

(i) All outstanding DSUs at December 31, 2022 are hedged with counterparty financial institutions.

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 and Credit 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, 2022, Onex had $1.1 billion of cash and near-cash items (December 31, 2021 – $1.6 billion), as described on page 36 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, 2022, the fair value of treasury investments, including cash yet to be deployed and net working capital managed by a third-party investment manager, was $367 million (December 31, 2021 – $677 million). The decrease was primarily driven by the net sale of treasury investments to fund certain private equity investments made during the year and other cash flow needs from Onex. Treasury investments are managed in a mix of short- and long-term portfolios and consist of commercial paper with original maturities of three months to one year, and 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.

At December 31, 2022, Onex had access to uncalled committed limited partner capital for investments through Onex Partners V (approximately $745 million), Onex Partners VI (approximately $420 million), ONCAP IV (approximately $120 million) and ONCAP V (approximately $110 million). In addition, Onex has uncalled committed capital of approximately $300 million from other Onex Partners and ONCAP Funds that may be used for possible future funding of existing businesses and 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 28 summarizes the major consolidated cash flow components for the years ended December 31, 2022 and 2021.

Major Cash Flow Components

TABLE 28	*($ millions)* Year ended December 31	**2022**	2021
Cash provided by (used in) operating activities		**$ (384)**	$ 361
Cash used in financing activities		**$ (282)**	$ (465)
Cash provided by (used in) investing activities		**$ 234**	$ (55)
Consolidated cash and cash equivalents		**$ 111**	$ 547

Cash provided by (used in) operating activities

Table 29 provides a breakdown of cash provided by (used in) operating activities by cash generated from operations and changes in non-cash working capital items for the years ended December 31, 2022 and 2021.

Components of Cash Provided by (Used in) Operating Activities

TABLE 29	*($ millions)* Year ended December 31	**2022**	2021
Cash generated from operations		**$ (188)**	$ 496
Changes in working capital items:			
Management and advisory fees, recoverable fund expenses and other receivables		**(175)**	(107)
Other assets		**(3)**	(1)
Accounts payable, accrued liabilities and other liabilities		**7**	(49)
Accrued compensation		**(25)**	22
Decrease in cash and cash equivalents due to changes in working capital items		**(196)**	(135)
Cash provided by (used in) operating activities		**$ (384)**	$ 361

Cash generated from operations includes net earnings from operations before interest and recovery of income taxes, adjusted for items not affecting cash and cash equivalents, in addition to cash flows from Onex' investments in and loans made to the Investment Holding Companies and stock-based compensation paid. The significant changes in non-cash working capital items for the years ended December 31, 2022 and 2021 were:

- a $175 million increase in receivables, primarily driven by management fees earned but not yet received from certain Credit Funds and the limited partners of the Onex Partners Funds, along with an increase in recoverable fund expenses from the Onex Partners Funds, Onex Partners operating companies and certain Credit Funds. These increases were partially offset by the receipt of performance fees from certain Credit strategies. This compares to a $107 million increase during 2021, primarily driven by management fees earned but not yet received from the limited partners of the Onex Partners Funds;
- a $25 million decrease in accrued compensation primarily as a result of lower accrued incentive compensation related to the 2022 fiscal year and the payment of 2021 incentive compensation during the first quarter of 2022. This compares to a $22 million increase during 2021, 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; and
- during the year ended December 31, 2021, accounts payable, accrued liabilities and other liabilities decreased by $49 million, primarily driven by a payment made in connection with the former Onex Credit CEO's participation in the Onex Credit business.

Cash used in financing activities

Cash used in financing activities was $282 million for the year ended December 31, 2022 compared to $465 million during 2021. Cash used in financing activities for the year ended December 31, 2022 primarily consisted of $321 million of cash used to repurchase Onex stock (2021 – $249 million), as described on page 46 of this MD&A, and $26 million of cash dividends paid (2021 – $28 million), partially offset by $77 million of net loan issuances from the Investment Holding Companies (2021 – $173 million of net loan repayments).

Cash provided by (used in) investing activities

Cash provided by investing activities totalled $234 million for the year ended December 31, 2022 compared to $55 million used in investing activities during 2021. Cash provided by investing activities during the year ended December 31, 2022 primarily consisted of the net sale of treasury investments totalling $237 million (2021 – net purchase of $56 million).

Fourth quarter cash flows

Table 30 presents the major components of cash flow for the fourth quarters of 2022 and 2021.

Major Cash Flow Components

TABLE 30 ($ millions)	2022	2021
Cash provided by (used in) operating activities	$ (93)	$ 144
Cash provided by financing activities	$ 44	$ 25
Cash provided by (used in) investing activities	$ 9	$ (213)
Consolidated cash and cash equivalents	$ 111	$ 547

Cash used in operating activities during the fourth quarter of 2022 was primarily driven by negative $73 million of cash generated from operations (2021 – positive cash flows of $161 million), and a $51 million increase of management and advisory fees, recoverable fund expenses and other receivables (2021 – increase of $48 million), partially offset by a $24 million increase in accrued compensation (2021 – $36 million). Cash flows from non-cash working capital items during the fourth quarter of 2022 and 2021 were primarily driven by similar factors during the years December 31, 2022 and 2021, as described on page 51 of this MD&A.

Cash provided by financing activities during the fourth quarter of 2022 primarily consisted of $180 million of net loan issuances from the Investment Holding Companies (2021 – $107 million), partially offset by $126 million of cash used to repurchase Onex stock (2021 – $71 million).

Cash provided by investing activities during the fourth quarter of 2022 primarily consisted of a net sale of treasury investments totalling $13 million (2021 – net purchase of $212 million).

Consolidated cash resources

At December 31, 2022, consolidated cash and cash equivalents decreased to $111 million from $547 million at December 31, 2021. The major components of cash and cash equivalents at December 31, 2022 included $59 million of cash on hand (December 31, 2021 – $188 million) and $52 million of money market funds (December 31, 2021 – $353 million).

At December 31, 2022, Onex had $1.1 billion of cash and near-cash on hand (December 31, 2021 – $1.6 billion), as described on page 36 of this MD&A. Onex management reviews the amount of cash and near-cash on hand when assessing the liquidity of the Company.

Commitments

Onex Partners Funds

The Onex Partners Funds were established to provide committed capital for Onex-sponsored acquisitions not related to Onex' direct investments or ONCAP and typically make controlling equity investments in operating companies headquartered, organized, domiciled or whose principal executive offices are in North America or Europe.

Table 31 provides information concerning Onex' commitments to the Onex Partners Funds:

TABLE 31	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	$ 1,695	$ 280
Onex Partners VI	n/a[(iv)]	$ 1,500	$ –	$ 1,500

(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.

(iv) Fundraising for Onex Partners VI is ongoing and the first close for the fund was completed in November 2022.

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 follow-on investments in remaining businesses and future funding of partnership expenses. The remaining commitments for Onex Partners V and Onex Partners VI are primarily for funding of future Onex-sponsored investments.

ONCAP Funds

The ONCAP Funds were established to provide committed capital for acquisitions of small and medium-sized businesses and typically make controlling equity investments in operating companies organized in, headquartered in, having principal executive offices in, significantly operating in or deriving significant revenue from the United States or Canada.

Table 32 provides information concerning Onex' commitments to the ONCAP Funds:

TABLE 32	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$ 26
ONCAP IV	November 2016	$ 480	$ 350	$ 81
ONCAP V	n/a[(iii)]	$ 250	$ –	$ 250

(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) Fundraising for ONCAP V is ongoing and the first close for the fund was completed in December 2022.

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

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, 2022, Onex had invested $74 million (December 31, 2021 – $74 million) of its $100 million commitment in OCLP I and the investment period for the fund expired in June 2022. There were no investments made in OCLP I by Onex during the years ended December 31, 2022 and 2021 and the remaining uncalled commitments to OCLP I are available for future fund expenses and to settle existing liabilities of the fund.

Onex Structured Credit Opportunities Fund

The Onex Structured Credit Opportunities Fund ("OSCO") invests primarily in U.S. and European collateralized loan obligations. As at December 31, 2022, Onex had invested $45 million of its aggregate $50 million commitment to OSCO and a separately managed account which follows a similar strategy to OSCO. The investment period for OSCO is set to expire in September 2023.

Onex Capital Solutions Fund

The Onex Capital Solutions Fund ("OCS") invests primarily in loans, bonds, trade claims and credit default swaps, among other assets. As at December 31, 2022, Onex had invested $80 million of its aggregate $200 million commitment and the investment period for OCS is set to expire in March 2025.

Falcon Fund VII

During 2022, Onex completed the first close for Falcon Fund VII, reaching aggregate commitments of approximately $460 million, including $30 million from Onex and $35 million from the Onex management team. The fund aims to make junior capital investments in the U.S. lower middle market and primarily invests in subordinated debt or second-lien debt with warrants, payment-in-kind preferred stock with warrants and non-control common equity in conjunction with subordinated debt or preferred stock. The investment period for Falcon Fund VII is expected to expire in 2028 and there were no investments made by Onex in Falcon Fund VII during 2022.

In January 2023, Onex committed an additional $50 million to Falcon Fund VII, increasing its total commitment to $80 million.

Subscription financing to Credit Funds

Onex has committed to providing up to $270 million of subscription financing to certain Credit Funds. As of December 31, 2022 and 2021, no amounts were drawn from these subscription facilities.

Incline Aviation Fund, letters of guarantee and other commitments

Incline Aviation Fund and Incline Aviation Fund II are aircraft investment funds managed by BBAM, which in turn is an operating business of Onex Partners III. At December 31, 2022, Onex' uncalled commitments to Incline Aviation Fund and Incline Aviation Fund II were $15 million and $54 million, respectively (December 31, 2021 – $18 million and $99 million, respectively).

Onex has provided guarantees for credit facilities that certain members of the management team have access to in connection with personal investments made in certain Onex Partners, ONCAP and Onex Falcon Funds. Borrowings under these credit facilities are collateralized by the personal assets of each participating management team member. These credit facilities had $4 million outstanding at December 31, 2022.

The Company has commitments with respect to leases, which are disclosed 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 33.

TABLE 33

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–VI 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
Credit Carried Interest Program[iii]	7%–8% Net IRR	3–5 years	• applicable to: – third-party capital invested in certain Credit 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
Stock Option Plan[vi]	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 2022 were $7 million (2021 – $132 million) and are settled by certain Investment Holding Companies, which are accounted for as corporate investments at fair value through net earnings (loss).

(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 individual 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 VI and certain direct and co-investments, 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 or invested directly by Onex. 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, 2022, management's share of carried interest from realizations in Onex Partners and ONCAP was $36 million (2021 – $106 million). Management has the potential to receive $556 million (December 31, 2021 – $522 million) of carried interest on businesses in the Onex Partners and ONCAP Funds based on their fair values as determined at December 31, 2022.

(iii) Credit Carried Interest Program

The General Partners of the Onex Credit Funds are entitled to a carried interest of up to 20% on the realized net gains of the limited partners in certain private credit funds, provided the limited partners have achieved a minimum preferred rate of return on their investment. Onex Falcon management is entitled to the entire carried interest for existing Onex Falcon Funds at the date Onex acquired Onex Falcon 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%.

In most other cases, Onex is entitled to 50% of the carried interest realized from Credit Funds, with the remaining 50% allocated to the Onex Credit team.

During the year ended December 31, 2022, management's share of carried interest from realizations in the Credit Funds was $31 million (2021 – $27 million). Management has the potential to receive $97 million (December 31, 2021 – $115 million) of carried interest from the Credit Funds based on their fair values as determined at December 31, 2022.

(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 the holder ceases to be an officer or employee of the Company or an affiliate. 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 administrative 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 27 on page 49 of this MD&A provides details of the change in the DSUs outstanding during 2022 and 2021.

(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 100% of the grants under the Director DSU Plan at December 31, 2022. 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 27 on page 49 of this MD&A provides details of the change in the DSUs outstanding during 2022 and 2021.

(vi) 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 26 on page 48 of this MD&A provides details of the change in the stock options outstanding during 2022 and 2021.

(vii) 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 2022, a total of $4 million (2021 – $18 million) in investments was made by the Onex management team and directors in Incline Aviation Fund II and Unanet (2021 – primarily Incline Aviation Fund II and co-investments for WEG and Imagine Learning).

Onex management team and directors' investments in Onex' Funds

The Onex management team and directors invest 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, Onex Partners VI, ONCAP IV and ONCAP V, 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 56 of this MD&A.

The Onex management team and directors have committed to invest 5% of the total capital invested by Onex Partners Funds for new investments completed during 2023, including the minimum "at risk" equity investment. The Onex management team and directors have committed to invest 10% of the total capital invested by the ONCAP Funds for new investments completed during 2023, 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 2022 by the Onex management team and directors in acquisitions and investments completed through the Onex Partners and ONCAP Funds was $60 million (2021 – $102 million), and at December 31, 2022, investments held by the Onex management team and directors in the Onex Partners and ONCAP Funds, at fair value, totalled $752 million (December 31, 2021 – $726 million).

In addition, the Onex management team and directors may invest in strategies and funds managed by Onex Credit. The total amount invested during 2022 by the Onex management team and directors in funds managed by Onex Credit was $41 million (2021 – $177 million), and at December 31, 2022, investments at fair value held by the Onex management team and directors in strategies and funds managed by Onex Credit were approximately $607 million (December 31, 2021 – approximately $605 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 carried interest from certain 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 fees and carried interest 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, in which 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 34 *($ millions)*	Three Months Ended December 31, 2022				Year Ended December 31, 2022			
	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[i]	$ 30	$ 10	$ –	$ 40	$ 118	$ 21	$ –	$ 139
Private Credit Strategies	25	3	–	28	100	14	–	114
Gluskin Sheff pooled fund vehicles[ii]	10	–	1	11	46	–	1	47
Total related-party revenues	$ 65	$ 13	$ 1	$ 79	$ 264	$ 35	$ 1	$ 300
Third-party revenues from Gluskin Sheff funds	2	–	–	2	6	–	–	6
Total revenues	$ 67	$ 13	$ 1	$ 81	$ 270	$ 35	$ 1	$ 306

(i) Includes advisory fees and expense reimbursements from the 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.

TABLE 35 ($ 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[i]	$ 30	$ 7	$ –	$ 37	$ 125	$ 32	$ –	$ 157
Private Credit Strategies	23	3	–	26	90	10	–	100
Gluskin Sheff pooled fund vehicles[ii]	14	–	13	27	56	–	13	69
Total related-party revenues	$ 67	$ 10	$ 13	$ 90	$ 271	$ 42	$ 13	$ 326
Third-party revenues from Gluskin Sheff funds	1	–	–	1	6	–	–	6
Total revenues	$ 68	$ 10	$ 13	$ 91	$ 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.

Related-party receivables comprised the following:

TABLE 36 ($ millions) As at December 31, 2022	Management and Advisory Fees Receivable	Recoverable Fund and Operating Expenses Receivable	Performance Fees	Other Receivables	Total
Private Equity Funds	$ 295	$ 151	$ –	$ –	$ 446
Private Credit Strategies	41	25	–	–	66
Onex Partners and ONCAP operating businesses	4	13	–	–	17
Gluskin Sheff pooled fund vehicles	5	1	1	–	7
Total related-party receivables	$ 345	$ 190	$ 1	$ –	$ 536
Third-party receivables	1	–	–	7	8
Total	$ 346	$ 190	$ 1	$ 7	$ 544

TABLE 37 ($ 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

Services received from operating companies

During the three months and years ended December 31, 2022 and 2021, 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, Onex' controlling shareholder and CEO, 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, 2022, as filed on SEDAR, and note 24 to the 2022 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 ("AUM") 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 close-ended Credit Funds; and
(iv) The gross invested assets or net asset value of the open-ended 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.

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 strategies are managed by Onex Credit and primarily include mezzanine financing, investments in senior secured loans and other loan investments in private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers.

Distributable earnings (loss) is a non-GAAP financial measure which consists of recurring fee-related earnings (loss), net realized gains (losses) from Onex' investments and the receipt of carried interest from Onex' private equity and private credit funds.

Fee-generating assets under management ("FG AUM") are the assets under management on which the Company receives recurring management fees.

Fee-related earnings (loss) is a non-GAAP financial measure which includes revenues, including unrealized performance fees, and expenses recognized by Onex' asset management segment and excludes realization-driven carried interest.

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 and treasury investments, as well as cash and cash equivalents, and near-cash available for investing. Investing capital is determined on the same basis as Onex' total investing segment assets.

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

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

Liquid Strategies are managed by Onex Credit and primarily hold investments in public equities, liquid credit and first-lien senior secured loans.

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 and Onex Partners VI, 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 Credit 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 Credit management team is allocated 50% of the carried interest realized on Onex Falcon Funds launched after December 31, 2020 and most other Credit Funds which are eligible for carried interest.

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 represents investment holdings in readily marketable investments that can be converted to cash in an orderly market. In addition, near-cash also includes management fees and recoverable fund expenses receivable from certain funds, and subscription financing receivable from certain Credit Funds attributable to third-party investors.

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.

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

ONCAP Group represents Onex, the limited partners of the relevant ONCAP Fund, the Onex management team and, where applicable, certain other limited partners as co-investors.

ONEX or **the Company** represents Onex Corporation.

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

Onex Partners Group represents Onex, the limited partners of the relevant Onex Partners Fund, the Onex management team and, where applicable, certain other limited partners as co-investors.

Opportunistic Credit Strategies are managed by Onex Credit and primarily hold investments in first-lien senior secured loans, second-lien loans, bonds, trade claims, credit default swaps and other debt investments having similar characteristics.

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.

Run-rate management fees refer to a forward-looking calculation representing management fees that would be earned over a 12-month period based on the annual management fee rates and the basis or method of calculation in place at period end.

Structured Credit Strategies are managed by Onex Credit and primarily hold investments in CLOs.

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 23, 2023

[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, 2022 and 2021, 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, 2022 and 2021;
- 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, 2022. 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.

Key audit matter	How our audit addressed the key audit matter

Valuation of the non-public equity investments underlying corporate investments

Refer to note 1 – Basis of Preparation and Significant Accounting Policies, note 5 – Corporate Investments and note 23 – Fair Value Measurements to the consolidated financial statements.

Corporate investments of $10,875 million as at December 31, 2022 represent the Company's investments in its Investment Holding Companies, which are measured at fair value with changes in fair value recognized through net earnings (loss). The fair value measurement of the 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 equity investments held by the Investment Holding Companies directly or indirectly. The valuation of the underlying non-public equity investments requires significant judgment. For these investments, management used valuation methodologies such as discounted cash flow 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 assumptions included unlevered free cash flows, specifically the timing of earnings projections and the expected long-term revenue growth, the weighted average costs of capital (WACC) and the exit multiples. For the comparable company valuation multiple technique, the 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 equity investments and the high degree of complexity in assessing audit evidence related to the assumptions made by management. In addition, the audit effort involved the use of professionals with specialized skill and knowledge in the field of valuation.

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

- Tested management's process of estimating the fair values of non-public equity investments underlying corporate investments by:
  - testing the appropriateness of the methodologies used by management;
  - evaluating the reasonableness of the assumptions related to unlevered free cash flows including the timing of earnings projections and expected long-term revenue growth, and adjusted EBITDA by considering the current and past performance of the particular investment;
  - agreeing certain data included in the unlevered free cash flows and adjusted EBITDA used in the valuations to confirmations obtained independently from the particular investments' management teams;
  - evaluating the ability of management to estimate budgeted unlevered free cash flows and adjusted EBITDA by assessing management's comparison of actual results to the budgeted unlevered free cash flows and adjusted EBITDA used in the prior year valuations;
  - utilizing professionals with specialized skill and knowledge in the field of valuation to assist in assessing the reasonability of the adjusted EBITDA multiples, the WACC and exit multiples; and
  - testing the mathematical accuracy of the valuations.
- Tested the disclosures made in the consolidated financial statements, particularly with regard to the sensitivity of the WACC, exit multiples and adjusted EBITDA multiples assumptions used.

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 23, 2023

CONSOLIDATED BALANCE SHEETS

(in millions of U.S. dollars)	As at December 31, 2022	As at December 31, 2021
Assets		
Cash and cash equivalents (note 2)	$ 111	$ 547
Treasury investments (note 3)	52	290
Management and advisory fees, recoverable fund expenses and other receivables (note 4)	544	369
Corporate investments (including intercompany loans receivable from Onex and the Asset Managers of $3,488 (December 31, 2021 – $3,755), comprising part of the fair value of Investment Holding Companies) (note 5)	10,875	10,994
Other assets (note 6)	91	136
Property and equipment (note 7)	140	148
Intangible assets (note 8)	93	139
Goodwill (note 8)	257	264
Total assets	$ 12,163	$ 12,887
Intercompany loans payable to Investment Holding Companies (notes 9 and 14)	(3,488)	(3,755)
Total assets net of intercompany loans payable to Investment Holding Companies	$ 8,675	$ 9,132
Other liabilities		
Accounts payable and accrued liabilities	$ 28	$ 25
Accrued compensation (note 10)	122	147
Stock-based compensation payable (note 11)	137	462
Lease liabilities (notes 12 and 14)	70	71
Contingent consideration and other liabilities (notes 13 and 15)	68	53
Total other liabilities	$ 425	$ 758
Net assets	$ 8,250	$ 8,374
Equity		
Share capital (note 16)	$ 287	$ 304
Retained earnings and accumulated other comprehensive earnings	7,963	8,070
Total equity	$ 8,250	$ 8,374

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	**2022**	2021
Income		
Net gain on corporate investments (including an increase in carried interest of $14 (2021 – $230)) (note 5)	**$ 130**	$ 1,698
Management and advisory fees (note 17)	**270**	277
Performance fees (note 17)	**1**	13
Reimbursement of expenses from investment funds and operating businesses (note 17)	**35**	42
Interest and net treasury investment income (note 18)	**1**	1
Other income	**5**	3
Total income	**$ 442**	$ 2,034
Expenses		
Compensation	**$ (239)**	$ (248)
Stock-based compensation recovery (expense) (note 19)	**222**	(205)
Amortization of property, equipment and intangible assets (notes 7 and 8)	**(66)**	(59)
Recoverable expenses from investment funds and operating businesses	**(35)**	(42)
Contingent consideration (note 13)	**(14)**	(10)
Other expenses (note 20)	**(76)**	(66)
Total expenses	**$ (208)**	$ (630)
Earnings before income taxes	**$ 234**	$ 1,404
Recovery of income taxes (note 15)	**1**	1
Net earnings	**$ 235**	$ 1,405
Net Earnings per Subordinate Voting Share of Onex Corporation (note 21)		
Basic	**$ 2.77**	$ 15.79
Diluted	**$ 2.77**	$ 15.76

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in millions of U.S. dollars) Year ended December 31	**2022**	2021
Net earnings	**$ 235**	$ 1,405
Other comprehensive earnings (loss), net of tax		
Items that may be reclassified to net earnings (loss):		
Currency translation adjustments	**(14)**	1
Other comprehensive earnings (loss), net of tax	**$ (14)**	$ 1
Total comprehensive earnings	**$ 221**	$ 1,406

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 16)	Retained Earnings	Accumulated Other Comprehensive Earnings[i]	Total Equity
Balance – December 31, 2020	$ 314	$ 6,915	$ 14	$ 7,243
Dividends declared[ii]	–	(28)	–	(28)
Options exercised	2	–	–	2
Repurchase and cancellation of shares (note 16)	(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
Dividends declared[ii]	**–**	**(26)**	**–**	**(26)**
Options exercised	**2**	**–**	**–**	**2**
Repurchase and cancellation of shares (note 16)	**(19)**	**(302)**	**–**	**(321)**
Net earnings	**–**	**235**	**–**	**235**
Currency translation adjustments included in other comprehensive loss	**–**	**–**	**(14)**	**(14)**
Balance – December 31, 2022	**$ 287**	**$ 7,962**	**$ 1**	**$ 8,250**

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

(ii) Dividends declared per Subordinate Voting Share were C$0.40 for the year ended December 31, 2022 (2021 – 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	**2022**	2021
Operating Activities		
Net earnings	**$ 235**	$ 1,405
Adjustments to net earnings:		
Recovery of income taxes	**(1)**	(1)
Interest and net treasury investment income	**(1)**	(1)
Interest expense	**2**	2
Earnings before interest and recovery of income taxes	**235**	1,405
Net stock-based compensation paid	**(57)**	(43)
Cash taxes paid	**(1)**	(1)
Investments made in and loans made to Investment Holding Companies	**(119)**	(70)
Distributions and loan repayments received from Investment Holding Companies and sale of private equity investment	**25**	627
Items not affecting cash and cash equivalents:		
Amortization of property, equipment and intangible assets (notes 7 and 8)	**66**	59
Net gain on corporate investments (note 5)	**(130)**	(1,698)
Stock-based compensation expense (recovery) (note 19)	**(222)**	205
Contingent consideration (note 13)	**14**	10
Other	**1**	2
	(188)	496
Changes in working capital items:		
Management and advisory fees, recoverable fund expenses and other receivables	**(175)**	(107)
Other assets	**(3)**	(1)
Accounts payable, accrued liabilities and other liabilities	**7**	(49)
Accrued compensation	**(25)**	22
Decrease in cash and cash equivalents due to changes in working capital items	**(196)**	(135)
Cash provided by (used in) operating activities	**$ (384)**	$ 361
Financing Activities		
Repayment of loans to Investment Holding Companies	**$ (481)**	$ (347)
Issuance of loans from Investment Holding Companies	**558**	174
Repurchase of share capital of Onex Corporation (note 16)	**(321)**	(249)
Cash dividends paid (note 16)	**(26)**	(28)
Principal elements of lease payments (note 12)	**(10)**	(13)
Cash interest paid (note 12)	**(2)**	(2)
Cash used in financing activities	**$ (282)**	$ (465)
Investing Activities		
Net sale (purchase) of treasury investments	**$ 237**	$ (56)
Sale of property and equipment	**4**	–
Purchase of property and equipment	**(8)**	–
Cash interest received	**1**	1
Cash provided by (used in) investing activities	**$ 234**	$ (55)
Decrease in Cash and Cash Equivalents	**$ (432)**	$ (159)
Decrease in cash due to changes in foreign exchange rates	**(4)**	–
Cash and cash equivalents, beginning of the period	**547**	706
Cash and Cash Equivalents	**$ 111**	$ 547

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 liquid strategies on behalf of shareholders, institutional investors and high net worth clients 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 primarily consist of non-investment grade debt in collateralized loan obligations, and structured, opportunistic and direct lending 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 outstanding Multiple Voting Shares of the corporation. Mr. Schwartz also indirectly held 13% of the outstanding Subordinate Voting Shares of Onex at December 31, 2022.

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 23, 2023.

1. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

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.

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 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, these companies primarily 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 liquid strategies. This activity is conducted through wholly-owned subsidiaries of Onex, which are the managers of the Onex Partners Funds, ONCAP Funds and Credit strategies. These subsidiaries are referred to as Onex' **Asset Managers** and are consolidated by Onex. The **Credit** platform includes a broad spectrum of private credit, liquid credit and public equity strategies that are managed by the Onex Credit team.

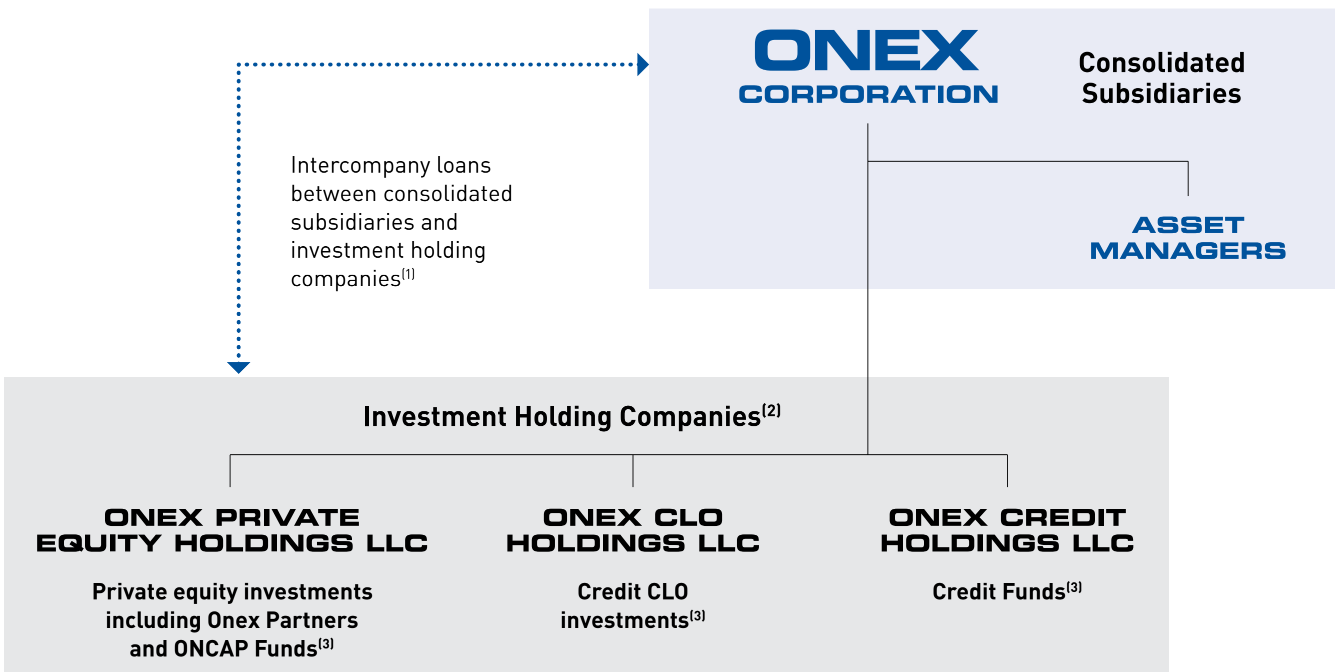
References to an **Onex Partners Group** represent Onex, the limited partners of the relevant Onex Partners Fund, the Onex management team and, where applicable, certain other limited partners as co-investors. References to an **ONCAP Group** represent Onex, the limited partners of the relevant ONCAP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

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 Credit strategies are typically held directly or indirectly through wholly-owned investment holding companies, which are subsidiaries of the Primary Investment Holding Companies.

The following table presents the material unconsolidated subsidiaries, as well as associates and joint ventures of the Investment Holding Companies at December 31, 2022.

	Headquarters[a]	Onex' Economic Interest	Voting Interest[b]
Other private equity investments			
Celestica Inc.	Canada	16%	82%
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	9%	37%[c]
ASM Global	United States	16%	50%[c]
Parkdean Resorts	United Kingdom	27%	100%
PowerSchool Group LLC	United States	12%	38%[c]
Ryan, LLC	United States	10%	(c)
SCP Health	United States	22%	67%
WireCo WorldGroup	United States	21%	67%
Onex Partners V			
Acacium Group	United Kingdom	19%	79%
Analytic Partners, Inc.	United States	15%	54%
Convex Group Limited	United Kingdom	13%	96%
Fidelity Building Services Group	United States	23%	82%
Imagine Learning	United States	10%	40%[c]
Newport Healthcare	United States	23%	92%
OneDigital	United States	12%	53%
Resource Environmental Solutions, LLC	United States	20%	76%
Tes Global	United Kingdom	26%	95%
Wealth Enhancement Group	United States	11%	37%[c]
WestJet Airlines Ltd.	Canada	20%	76%

(a) Certain entities were legally 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 exchange 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 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 under 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 26(f).

The majority of the Company's corporate investments, excluding intercompany loans, consisted of investments made in the Primary Investment Holding Companies.

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.

Property and equipment are reviewed for impairment when 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 are indicators that a review for impairment should be conducted. An impairment loss is recognized when the carrying value of an asset or cash generating unit ("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 property and equipment 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.

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. After initial recognition, goodwill is recorded at cost less accumulated impairment losses, if any. Intangible assets that are not amortized are also tested for impairment annually, or more frequently if conditions exist which indicate that the intangible assets may be impaired. Intangible assets that are amortized are reviewed for impairment when 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 impairment test for goodwill and intangible assets that are not amortized.

For the purposes of impairment testing at December 31, 2022 and December 31, 2021, goodwill was allocated to the 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. Impairment losses for intangible 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.

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

Residual values, useful lives and methods of amortization are reviewed at each fiscal year end and adjusted prospectively as required.

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 15 provides further details on income taxes.

Revenue recognition

Revenues from management fees, advisory fees, performance fees, carried interest from Credit Funds 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, performance allocations and carried interest from the Credit Funds. 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 asset management 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 fees for managing investor capital through its private equity funds, private credit strategies and public strategies. Onex earns advisory fees for services provided directly to certain underlying operating businesses of the Onex Partners and ONCAP Funds. 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.

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 a client account or transfer of assets to a different investment model.

Performance fees associated with the management of public 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 – Credit Funds

The General Partners of the 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 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, toward the end of the fund's term.

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.

Stock-based compensation

The Company follows the fair value method of accounting for all stock-based compensation plans, which include the following:

1) The Company's Stock Option Plan (the "Plan") 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") 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 counterparty financial institutions. 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") 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 the holder ceases to be an officer or employee of the Company or an affiliate. 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 counterparty financial institutions 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 on financial instruments recognized through net earnings (loss) are primarily recognized in net gain (loss) on corporate investments and interest and net treasury investment income 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 Holding 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 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). Contingent consideration recorded in Onex' consolidated balance sheets at December 31, 2022 and December 31, 2021 is related to the acquisition of Falcon Investment Advisors by Onex in December 2020.

Earnings 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. 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 is 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, private equity investments held directly by Onex and investments in 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 the underlying non-public investments requires significant judgement due to the absence of quoted market values, the inherent lack of liquidity, the long-term nature of such investments and heightened market uncertainty as a result of global inflationary pressures, increasing interest rates, heightened geopolitical risks and the impact of the COVID-19 pandemic. Valuation methodologies include discounted cash flows and observations of the valuation multiples implied by precedent transactions or 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 precedent transactions and 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 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 used 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 23.

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.

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 models 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 outcome of these tax matters will be consistent with what is reflected in 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

Determining the impact of COVID-19 on the valuation of the Company's corporate investments requires 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 overall economy are highly uncertain and difficult to predict. If the financial markets and/or 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, 2022	December 31, 2021
Cash at bank and on hand	$ 59	$ 188
Money market funds	52	353
Commercial paper	–	6
Total cash and cash equivalents	$ 111	$ 547

3. TREASURY INVESTMENTS

Treasury investments comprised the following:

	December 31, 2022	December 31, 2021
Commercial paper and corporate obligations	$ 50	$ 243
Asset-backed securities	2	19
Federal debt instruments	–	20
Other	–	8
Total treasury investments	$ 52	$ 290

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

The Company's receivables comprised the following:

	December 31, 2022	December 31, 2021
Management and advisory fees	$ 346	$ 208
Recoverable fund and operating businesses' expenses	190	138
Performance fees	1	13
Other	7	10
Total	$ 544	$ 369

Management and advisory fees receivable, and recoverable fund and operating businesses' expenses receivable, primarily consisted of management fees and recoverable expenses receivable of $446 from the Onex private equity funds (December 31, 2021 – $308) and $30 from the Onex Falcon 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. Receivables at December 31, 2022 and 2021 primarily consisted of management fees and recoverable expenses receivable from the Onex Partners IV and Onex Partners V Funds.

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, 2021	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2022
Onex Partners Funds	$ 4,256	$ 328	$ (370)	$ 14	$ 4,228
ONCAP Funds	534	45	–	139	718
Other private equity	692	147	(5)	19	853
Carried interest	269	n/a	(18)	14	265
Total private equity investments[a]	5,751	520	(393)	186	6,064
Private Credit Strategies[b]	805	270	(334)	(40)	701
Real estate[c]	52	–	(18)	–	34
Other net assets[d]	631	(1,224)	1,197	(16)	588
Total corporate investments, excluding intercompany loans	7,239	(434)	452	130	7,387
Intercompany loans receivable from Onex and the Asset Managers[e]	3,755	639	(906)	–	3,488
Intercompany loans payable to Onex and the Asset Managers[f]	(429)	(20)	51	–	(398)
Intercompany loans receivable from Investment Holding Companies[f]	429	20	(51)	–	398
Total corporate investments	$ 10,994	$ 205	$ (454)	$ 130	$ 10,875

	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

a) Private equity investments

The Company's private equity investments comprised the following:

	December 31, 2021	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2022
Onex Partners Funds					
Onex Partners I	$ 1	$ –	$ –	$ –	$ 1
Onex Partners II	11	–	–	(6)	5
Onex Partners III	293	–	(24)	35	304
Onex Partners IV	2,014	1	(197)	(233)	1,585
Onex Partners V	2,130	327	(161)	225	2,521
Management incentive programs	(193)	n/a	12	(7)	(188)
Total investment in Onex Partners Funds[(i)]	4,256	328	(370)	14	4,228
ONCAP Funds					
ONCAP II	103	–	–	15	118
ONCAP III	84	–	–	(20)	64
ONCAP IV	400	45	–	171	616
Management incentive programs	(53)	n/a	–	(27)	(80)
Total investment in ONCAP Funds[(ii)]	534	45	–	139	718
Other private equity investments[(iii)]	692	147	(5)	19	853
Carried interest[(iv)]	269	n/a	(18)	14	265
Total private equity investments	$ 5,751	$ 520	$ (393)	$ 186	$ 6,064

	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

i) Onex Partners Funds

The Onex Partners Funds typically make controlling equity investments in operating companies headquartered, organized, domiciled or whose principal executive offices are in North America or Europe. Onex Partners V and Onex Partners VI 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, 2022, the Onex Partners Funds had investments in 22 operating businesses (December 31, 2021 – 22) in various industry sectors and countries, of which three were publicly traded companies (December 31, 2021 – three). The fair value of Onex' investments in the Onex Partners publicly traded companies at December 31, 2022 was $871 (December 31, 2021 – $978).

Onex' investments in the Onex Partners Funds include co-investments, where applicable.

Onex Partners IV – 2022

In August 2022, the Onex Partners IV Group sold a portion of its interest in Advanced Integration Technology LP ("AIT"). Onex' share of the proceeds from this sale was $36.

In August 2022, the Onex Partners IV Group sold a portion of its interest in Ryan, LLC ("Ryan"). Onex' share of the proceeds from this sale was $103.

Onex Partners IV and Onex Partners V – 2022

In August 2022, the Onex Partners IV and Onex Partners V Groups completed the sale of Partou. Onex' share of the net proceeds from this sale was $154, including carried interest of $13 and net of payments under the management incentive programs.

Onex Partners V – 2022

In February 2022, Onex invested $98 as part of the Onex Partners V Group's investment in Tes Global ("Tes"), an international provider of comprehensive software solutions for the education sector.

In March 2022, Onex invested $117 as part of the Onex Partners V Group's investment in Resource Environmental Solutions, LLC ("RES"), an ecological restoration company that supports the public and private sectors with solutions for environmental mitigation, stormwater, water quality, and climate and flooding resilience.

In April 2022, Onex invested $108 as part of the Onex Partners V Group's investment in Analytic Partners, Inc. ("Analytic Partners"), a cloud-based, managed software platform that helps customers assess marketing spend effectiveness and optimize future allocations across offline and online media channels.

In November 2022, Onex received $38 of proceeds in connection with a distribution made by Acacium Group to the Onex Partners V Group.

Onex Partners III – 2021

During 2021, the Onex Partners III Group sold its remaining 32.9 million shares of 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 and 2022, Onex held approximately 16.2 million ordinary shares of Clarivate Analytics through Onex Partners IV.

In July 2021, PowerSchool Group LLC ("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, 2022, Onex held approximately 24.5 million (December 31, 2021 – 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, a K-12 digital curriculum company in the United States. Onex' investment included $100 as a co-investor.

In June 2021, Acacium 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 of evidence-based healing centres for teens and young adults struggling with primary mental health issues in the United States.

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"), a provider of technical building solutions for the commercial and industrial facilities market.

ii) ONCAP Funds

The ONCAP Funds typically make controlling equity investments in operating companies organized in, headquartered in, having principal executive offices in, significantly operating in or deriving significant revenue from the United States or Canada. ONCAP IV and ONCAP V will not invest more than 20% of aggregate commitments in any single operating company and its affiliates.

At December 31, 2022, the ONCAP Funds had investments in 16 operating businesses (December 31, 2021 – 14). Onex' investments in the ONCAP Funds include co-investments, where applicable.

ONCAP IV – 2022

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

In June 2022, the ONCAP IV Group invested in Ideal Dental Management Partners ("Ideal Dental"), a specialty dental service organization focused on providing business and administrative services to specialty dental service providers. In August 2022, Onex invested $28 in the ONCAP IV Fund in connection with the investment in Ideal Dental.

ONCAP II – 2021

In April 2021, the ONCAP II Group sold its remaining 10.4 million shares of 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

In June 2021, the ONCAP IV Group invested in Komar Industries, Inc. ("Komar"), 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.

iii) Other private equity investments

Other private equity investments primarily consisted of Onex' investments in Celestica Inc. ("Celestica"), Incline Aviation Funds I and II and Ryan Specialty Group ("RSG"). At December 31, 2022, other private equity investments also included Onex' investment in Unanet. Both Celestica and RSG are publicly traded companies and the fair value of Onex' investments in these companies at December 31, 2022 was $701 (December 31, 2021 – $684).

In December 2022, Onex invested $99 in Unanet, a leading provider of enterprise resource planning solutions and customer relationship management solutions purpose-built for government contractors and architecture, engineering and construction firms.

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 and 2022, Onex held approximately 12.3 million Class A shares of 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 2022, Onex received $18 of carried interest, primarily from the sale of Partou, as described earlier in this note.

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.

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 and unrated 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. Other structured strategies invest primarily in U.S. and European CLOs.

The Opportunistic Credit 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 Liquid Strategies hold investments in first-lien senior secured loans and may employ leverage.

The Direct Lending strategies primarily hold investments in senior secured loans and other loan investments in private equity sponsor-owned portfolio companies and, selectively, other corporate borrowers. Investments may also include warrants, payment-in-kind preferred stock with warrants and non-control common equity in conjunction with subordinated debt or preferred stock. The investments are predominantly with borrowers in the United States and, selectively, in Canada and Europe.

The Company's investment in private credit strategies comprised the following:

	December 31, 2021	**Capital Deployed**	**Realizations and Distributions**	**Change in Fair Value**	**December 31, 2022**
Structured Credit Strategies					
U.S. CLOs	$ 313	**$ 49**	**$ (94)**	**$ (20)**	**$ 248**
EURO CLOs	101	**23**	**(43)**	**(20)**	**61**
CLO warehouses	27	**86**	**(97)**	**5**	**21**
Other structured strategies	41	**21**	**(14)**	**(2)**	**46**
Opportunistic Credit Strategies	103	**76**	**(44)**	**–**	**135**
Liquid Strategies	101	**2**	**–**	**(3)**	**100**
Direct Lending	119	**13**	**(42)**	**–**	**90**
Total investment in Private Credit Strategies	$ 805	**$ 270**	**$ (334)**	**$ (40)**	**$ 701**

	December 31, 2020	Capital Deployed	Realizations and Distributions	Change in Fair Value	December 31, 2021
Structured Credit Strategies					
U.S. CLOs	$ 383	$ 76	$ (239)	$ 93	$ 313
EURO CLOs	112	7	(39)	21	101
CLO warehouses	–	82	(56)	1	27
Other structured strategies	5	54	(23)	5	41
Opportunistic Credit Strategies	68	153	(130)	12	103
Liquid Strategies	192	98	(199)	10	101
Direct Lending	89	171	(156)	15	119
Total investment in Private Credit Strategies	$ 849	$ 641	$ (842)	$ 157	$ 805

During 2022, Onex' net investments in CLOs decreased by $65 primarily as a result of regular quarterly distributions totalling $85 and the sale of a portion of Onex' equity interest in certain U.S. CLOs for $30, partially offset by investments in new CLOs, including its twenty-fourth and twenty-fifth CLOs denominated in U.S. dollars ("CLO-24" and "CLO-25", respectively).

During 2022, Onex committed an additional $100 to the Onex Capital Solutions Fund, as described in note 26(l), resulting in additional capital deployed in Opportunistic Credit Strategies.

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 CLOs 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 EURO CLO-5.

During 2021, Onex made investments in other structured strategies totalling $54.

During 2021, Onex Credit raised capital for its Opportunistic Credit Strategies, which included a $100 commitment from Onex to the Onex Capital Solutions Fund, as described in note 26(l). The fund invests primarily in loans, bonds, trade claims and credit default swaps, among other assets.

During 2021, Onex made investments in the Opportunistic Credit 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.

During 2021, Onex made investments in the Direct Lending strategies totalling $171, which included 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.

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.

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 2022, Onex received distributions of $18 from Flushing Town Center, which were primarily funded by the sale of residential condominium units (2021 – $14).

d) Other net assets

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

	December 31, 2022	December 31, 2021
Cash and cash equivalents	**$ 278**	$ 246
Treasury investments	**271**	310
Restricted cash	**2**	21
Other net assets[i]	**37**	54
Total other net assets	**$ 588**	$ 631

(i) Included in other net assets at December 31, 2022 was $69 of subscription financing receivable (December 31, 2021 – $130), including interest receivable, attributable to third-party investors in certain Credit Funds, partially offset by $27 of uncalled expenses payable to the consolidated Asset Managers (December 31, 2021 – $20).

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

	December 31, 2022	December 31, 2021
Federal debt instruments	**$ 143**	$ 172
Commercial paper and corporate obligations	**108**	109
Asset-backed securities	**13**	18
Other	**7**	11
Total treasury investments	**$ 271**	$ 310

e) Intercompany loans receivable from Onex and the Asset Managers

The Investment Holding Companies have intercompany loans receivable from Onex and the Asset Managers. At December 31, 2022, the intercompany loans receivable from Onex and the Asset Managers of $3,488 (December 31, 2021 – $3,755) 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 totalled $3,488 at December 31, 2022 (December 31, 2021 – $3,755) and are described in note 9. There is no impact on net assets or net earnings 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, 2022, Onex and the Asset Managers had intercompany loans receivable from the Investment Holding Companies totalling $398 (December 31, 2021 – $429). The corresponding intercompany loans payable to Onex and the Asset Managers, which totalled $398 at December 31, 2022 (December 31, 2021 – $429), 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 from these intercompany loans.

6. OTHER ASSETS

Other assets comprised the following:

	December 31, 2022	December 31, 2021
Forward agreements	$ 74	$ 116
Restricted cash	9	11
Prepaid expenses and other	8	9
Total	$ 91	$ 136

Forward agreements with a total value of $74 (December 31, 2021 – $116) 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 primarily associated with the Management and Director DSU plans, as described in note 16.

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, 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
Year ended December 31, 2022					
Opening net book amount	$ 64	$ 46	$ 33	$ 5	$ 148
Additions	11	–	7	1	19
Disposals	–	(2)	–	–	(2)
Amortization charge	(12)	(3)	(7)	(2)	(24)
Foreign exchange	(1)	–	–	–	(1)
Closing net book amount	$ 62	$ 41	$ 33	$ 4	$ 140
At December 31, 2022					
Cost	$ 104	$ 64	$ 75	$ 19	$ 262
Accumulated amortization	(42)	(23)	(42)	(15)	(122)
Net book amount	$ 62	$ 41	$ 33	$ 4	$ 140

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

8. GOODWILL AND INTANGIBLE ASSETS

The Company's goodwill and intangible assets consisted of the following:

	Goodwill	Trade Name	Client Relationships and Asset Management Contracts	Software	Total Intangible Assets
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	$ 354	$ 17	$ 203	$ 2	$ 222
Accumulated amortization and impairment losses	(90)	–	(81)	(2)	(83)
Net book amount	$ 264	$ 17	$ 122	$ –	$ 139
Year ended December 31, 2022					
Opening net book amount	**$ 264**	**$ 17**	**$ 122**	**$ –**	**$ 139**
Amortization charge(i)	**–**	**(15)**	**(27)**	**–**	**(42)**
Foreign exchange	**(7)**	**–**	**(4)**	**–**	**(4)**
Closing net book amount	**$ 257**	**$ 2**	**$ 91**	**$ –**	**$ 93**
As at December 31, 2022					
Cost	**$ 341**	**$ 17**	**$ 189**	**$ 2**	**$ 208**
Accumulated amortization and impairment losses	**(84)**	**(15)**	**(98)**	**(2)**	**(115)**
Net book amount	**$ 257**	**$ 2**	**$ 91**	**$ –**	**$ 93**

(i) Included in amortization is $3 (2021 – $4) related to the derecognition of client relationship intangible assets resulting from client terminations.

Goodwill is attributable to: 1) the acquisition of Onex Falcon in 2020, primarily attributable to Onex Falcon's competitive position in the U.S. private credit market and the skills and competence of its workforce; 2) the acquisition of Gluskin Sheff in 2019, primarily attributable to its leading position in the Canadian high net worth private client market and the skills and competence of its workforce; and 3) goodwill recognized as a result of the acquisition of the Onex Credit asset management platform in 2015, primarily attributable to the acquired workforce and industry relationships at Onex Credit. Management tested goodwill for impairment during the fourth quarter of 2022 and concluded that no impairments existed.

The cost and accumulated amortization of client relationships have been reduced for client relationships that ended during 2022 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, 2022, intercompany loans payable to the Investment Holding Companies totalled $3,488 (December 31, 2021 – $3,755) and the corresponding receivable of $3,488 (December 31, 2021 – $3,755) 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 from these intercompany loans.

10. ACCRUED COMPENSATION

Accrued compensation at December 31, 2022 consisted primarily of cash incentive compensation related to fiscal 2022 (December 31, 2021 – fiscal 2021), which will largely be paid to employees and management of the Company during the first quarter of 2023 (December 31, 2021 – first quarter of 2022).

11. STOCK-BASED COMPENSATION PAYABLE

Stock-based compensation payable comprised the following:

	December 31, 2022	December 31, 2021
Stock Option Plan	$ 63	$ 338
Management DSU Plan	41	69
Director DSU Plan	31	51
Other	2	4
Total stock-based compensation payable	$ 137	$ 462

Included in other assets (note 6) at December 31, 2022 was $74 (December 31, 2021 – $116) related to forward agreements to economically hedge the Company's exposure to changes in the trading price of Onex shares primarily associated with the Management and Director DSU Plans.

The decrease in stock-based compensation payable at December 31, 2022 was primarily driven by a 34% decrease in the market value of Onex' SVS to C$65.29 at December 31, 2022 from C$99.28 at December 31, 2021, and stock options and DSUs surrendered for cash consideration during 2022, as described in note 16.

12. LEASES

The Company leases office space in Canada, the United States and the United Kingdom and lease payments are made in Canadian dollars, U.S. dollars and pounds sterling. 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 2033 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 value 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, 2022 totalled $70 (December 31, 2021 – $71) and the annual minimum payment requirements for these liabilities were as follows:

For the year:	
2023	$ 11
2024	13
2025	12
2026	13
2027	11
Thereafter	20
Total minimum lease payments	$ 80
Less: imputed interest	(10)
Balance of obligations under lease	$ 70

During 2022, the Company recognized $2 (2021 – $2) in interest expense related to its lease liabilities, which was included in other expenses. The Company had total cash disbursements of $12 (2021 – $15) related to lease liabilities.

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

13. CONTINGENT CONSIDERATION

Contingent consideration of $57 was recorded as a liability in Onex' consolidated balance sheet at December 31, 2022 compared to $43 at December 31, 2021, which represents the fair value of contingent consideration owed by Onex in connection with the acquisition of Falcon Investment Advisors in December 2020. The fair value of the contingent consideration was estimated by calculating the present value of future expected cash flows. Up to $80 in contingent consideration may be payable by Onex in connection with the acquisition of Falcon Investment Advisors, based on Onex Falcon's financial performance from 2023 to 2025 and the size and performance of certain funds to be launched by Onex Falcon.

14. LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	December 31, 2022	December 31, 2021
Principal balance of intercompany loans payable to Investment Holding Companies	$ 3,488	$ 3,755
Principal balance of lease liabilities	80	79
Accrued and imputed interest	(10)	(8)
Net financing obligations	$ 3,558	$ 3,826

	Intercompany Loans Payable to Investment Holding Companies	Lease Liabilities	Total
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 settlements	(115)	–	(115)
Cash interest paid	–	(2)	(2)
Foreign exchange	–	1	1
Balance – December 31, 2021	$ 3,755	$ 71	$ 3,826
Issuance of loans[i]	639	–	639
Interest accrued	–	2	2
New office leases	–	10	10
Lease amendments	–	1	1
Repayment of financing obligations	(481)	(10)	(491)
Non-cash settlements	(425)	–	(425)
Cash interest paid	–	(2)	(2)
Foreign exchange	–	(2)	(2)
Balance – December 31, 2022	**$ 3,488**	**$ 70**	**$ 3,558**

(i) Includes $81 of loans issued by an Onex subsidiary in exchange for equity in another Onex subsidiary.

15. INCOME TAXES

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

Year ended December 31	2022	2021
Income tax expense at statutory rate	$ 62	$ 372
Changes related to:		
Non-taxable net losses (gains) on corporate investments	78	(374)
Non-taxable dividends	(94)	(37)
Non-deductible (taxable) stock-based compensation expense (recovery)	(59)	54
Utilization of tax loss carryforwards not previously benefited	–	(23)
Other, including permanent differences	12	7
Recovery of income taxes	$ (1)	$ (1)
Classified as:		
Current	$ 2	$ –
Deferred	(3)	(1)
Recovery of income taxes	$ (1)	$ (1)

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, 2020	$ 26	$ 1	$ 27
Credited (charged) to net earnings	(6)	1	(5)
Balance – December 31, 2021	$ 20	$ 2	$ 22
Charged to net earnings	**(6)**	**–**	**(6)**
Balance – December 31, 2022	**$ 14**	**$ 2**	**$ 16**

Deferred Income Tax Liabilities	Property, Equipment, Right-of-Use Assets and Intangibles
Balance – December 31, 2020	$ 30
Credited to net earnings	(6)
Balance – December 31, 2021	$ 24
Credited to net earnings	**(9)**
Balance – December 31, 2022	**$ 15**

As at December 31, 2022, Onex and the Asset Managers had $1,062 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, 2022, 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 outcome 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 2021 and 2022, 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, 2022 and December 31, 2021, 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, 2022, the aggregate amount of taxable temporary differences not recognized in association with investments in subsidiaries was $1,610 (December 31, 2021 – $1,913).

16. 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, 2022, the issued and outstanding share capital consisted of 100,000 Multiple Voting Shares (December 31, 2021 – 100,000) and 80,808,343 SVS (December 31, 2021 – 86,805,538). 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, 2022 or December 31, 2021.

c) Onex renewed its Normal Course Issuer Bid in April 2022 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 7.2 million shares.

During 2022, the Company repurchased and cancelled 6,039,668 of its SVS for a total cost of $321 (C$422) or an average cost per share of $53.07 (C$69.85). The excess of the purchase cost of these shares over the average paid-in amount was $302 (C$397), which was charged to retained earnings. As at December 31, 2022, the Company had the capacity under the current Normal Course Issuer Bid to repurchase 1,127,713 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).

During 2022, 42,473 SVS (2021 – 16,133) were issued upon the exercise of stock options at an average cost of C$70.35 (2021 – C$97.43).

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, 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	
Granted	**31,175**	**C$ 71.52**	**–**	**–**
Redeemed	**(71,651)**	**C$ 65.12**	**(118,843)**	**C$ 80.39**
Additional units issued in lieu of compensation and cash dividends	**18,303**	**C$ 68.69**	**83,150**	**C$ 85.27**
Outstanding at December 31, 2022(i)	**637,782**		**846,250**	

(i) All outstanding DSUs at December 31, 2022 are hedged with counterparty financial institutions.

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, 2022, 15,446,577 SVS (December 31, 2021 – 15,489,050) were reserved for issuance under the Plan, against which options representing 7,584,295 shares (December 31, 2021 – 12,116,370) were outstanding, of which 5,534,907 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, 2020	13,122,750	C$ 68.47
Grants	687,000	C$ 75.09
Surrendered for cash	(1,394,830)	C$ 53.30
Exercised for SVS	(25,000)	C$ 33.11
Expired	(273,550)	C$ 84.85
Outstanding at December 31, 2021	12,116,370	C$ 70.30
Grants	**440,250**	**C$ 88.93**
Surrendered for cash	**(4,402,900)**	**C$ 56.61**
Exercised for SVS	**(95,000)**	**C$ 40.35**
Expired	**(474,425)**	**C$ 82.23**
Outstanding at December 31, 2022	**7,584,295**	**C$ 78.94**

During 2022 and 2021, the total cash consideration paid on options surrendered was $53 (C$71) and $40 (C$49), 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$72.55 per share (2021 – C$88.31).

Options outstanding at December 31, 2022 consisted of the following:

Exercise Prices	Number of Options Outstanding	Hurdle Prices	Weighted Average Remaining Life (Years)
C$ 56.92 – C$ 69.99	1,665,620	C$ 71.15 – C$ 85.71	1.5
C$ 70.00 – C$ 89.99	4,156,450	C$ 90.28 – C$ 107.11	6.5
C$ 90.00 – C$ 101.62	1,762,225	C$ 114.48 – C$ 127.03	5.2
Total	7,584,295		

At December 31, 2022, none of the options outstanding were exercisable.

17. REVENUES

The Company generates revenues from the provision of asset management and advisory services, which were recognized over time from the following sources:

Year ended December 31, 2022	**Management and Advisory Fees**	**Performance Fees**	**Reimbursement of Expenses**	**Total**
Credit	**$ 152**	**$ 1**	**$ 14**	**$ 167**
Private Equity[i]	**118**	**–**	**21**	**139**
Total	**$ 270**	**$ 1**	**$ 35**	**$ 306**

(i) Includes advisory fees and reimbursement of expenses from the Onex Partners and ONCAP operating businesses.

Year ended December 31, 2021	Management and Advisory Fees	Performance Fees	Reimbursement of Expenses	Total
Credit	$ 152	$ 13	$ 10	$ 175
Private Equity[i]	125	–	32	157
Total	$ 277	$ 13	$ 42	$ 332

(i) Includes advisory fees and reimbursement of expenses 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.

18. INTEREST AND NET TREASURY INVESTMENT INCOME

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

19. STOCK-BASED COMPENSATION RECOVERY (EXPENSE)

Year ended December 31	2022	2021
Stock Option Plan	$ 220	$ (199)
Director DSU Plan	2	(2)
Other	–	(4)
Total stock-based compensation recovery (expense)	$ 222	$ (205)

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, 2022 of C$65.29 (December 31, 2021 – C$99.28), the exercise price of the options, the remaining life of each option issuance, the volatility of each option issuance ranging from 23.85% to 34.63% (December 31, 2021 – 20.87% to 37.44%), the average dividend yield of 0.61% (December 31, 2021 – 0.40%) and an average risk-free rate of 3.51% (December 31, 2021 – 1.11%). 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 market value of Onex' SVS at the balance sheet dates, as described in note 1.

20. OTHER EXPENSES

Other expenses comprised the following:

Year ended December 31	2022	2021
Professional services	$ 18	$ 18
Information technology	14	12
Travel	7	4
Integration expense	6	5
Facilities	5	5
Research subscriptions	5	5
Directors' compensation	3	2
Interest expense from lease liabilities	2	2
Insurance	2	2
Donations	1	2
Administrative and other	13	9
Total	$ 76	$ 66

21. 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	2022	2021
Weighted average number of shares outstanding *(in millions)*:		
Basic	85	89
Diluted	85	89

22. 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, 2022				
Financial assets				
Cash and cash equivalents	$ 111	$ –	$ –	$ 111
Treasury investments	52	–	–	52
Management and advisory fees, recoverable fund expenses and other receivables	–	–	541	541
Corporate investments	10,477	398	–	10,875
Other assets	85	–	–	85
Total	$ 10,725	$ 398	$ 541	$ 11,664

(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, 2021				
Financial assets				
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.

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, 2022				
Financial liabilities				
Intercompany loans payable to Investment Holding Companies	$ –	$ 3,488	$ –	$ 3,488
Accounts payable and accrued liabilities	–	–	26	26
Lease liabilities	–	–	70	70
Contingent consideration and other liabilities	57	–	5	62
Total	$ 57	$ 3,488	$ 101	$ 3,646

	Fair Value through Net Earnings (Loss)			
	Recognized	Designated	Amortized Cost	Total
December 31, 2021				
Financial liabilities				
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

At December 31, 2022, intercompany loans payable to Investment Holding Companies that are recorded at fair value through net earnings (loss) had contractual amounts due on maturity of $3,488 (2021 – $3,755).

The gains (losses) recognized by the Company related to financial assets and liabilities during the years ended December 31, 2022 and 2021 were as follows:

Year ended December 31	2022	2021
Financial assets recognized at fair value through net earnings		
Net gain on corporate investments	$ 130	$ 1,698
Net gain and interest income from treasury investments	1	1
Net gain (loss) from forward agreements[i]	(44)	31
Financial liabilities recognized at fair value through net earnings		
Contingent consideration expense	(14)	(10)
Financial liabilities at amortized cost		
Interest expense	(2)	(2)
Total net gain recognized	$ 71	$ 1,718

(i) Onex has entered into forward agreements, primarily related to its Director and Management DSU plans, as described in note 1. The net gain (loss) from forward agreements is recognized within stock-based compensation recovery (expense).

23. FAIR VALUE MEASUREMENTS

Fair values of financial instruments

The estimated fair values of financial instruments as at December 31, 2022 and December 31, 2021 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 2022 and 2021. 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 which are a Level 1 measurement, is as follows:

As at December 31, 2022	Level 1	Level 2	Level 3	Total
Financial assets at fair value through net earnings (loss)				
Investments in equities[i]	$ –	$ –	$ 10,477	$ 10,477
Investments in debt	–	52	–	52
Intercompany loans receivable from Investment Holding Companies	–	398	–	398
Restricted cash and other	9	76	–	85
Total financial assets at fair value through net earnings (loss)	$ 9	$ 526	$ 10,477	$ 11,012

(i) Onex' investments in the Investment Holding Companies are further described in note 5.

As at December 31, 2021	Level 1	Level 2	Level 3	Total
Financial assets at fair value through net earnings (loss)				
Investments in equities[i]	$ –	$ –	$ 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

(i) Onex' investments in the Investment Holding Companies are further described in note 5.

Financial liabilities measured at fair value at December 31, 2022 consisted of intercompany loans payable to Investment Holding Companies totalling $3,488 (December 31, 2021 – $3,755), which are a Level 2 measurement in the fair value hierarchy, and contingent consideration payable of $57 (December 31, 2021 – $43), 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, 2020	$ 9,544	$ 33
Change in fair value recognized in net earnings (loss)	1,698	10
Net distributions received from the Investment Holding Companies	(385)	–
Net settlement of intercompany loans	(292)	–
Balance – December 31, 2021	$ 10,565	$ 43
Change in fair value recognized in net earnings (loss)	130	14
Net investments made in the Investment Holding Companies	18	–
Net settlement of intercompany loans	(236)	–
Balance – December 31, 2022	$ 10,477	$ 57
Unrealized change in fair value of assets and liabilities during 2022	$ 130	$ 14

Financial assets measured at fair value with significant unobservable inputs (Level 3) were recognized in the consolidated statements of earnings in the net gain 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 contingent consideration line item.

The valuation of financial assets and liabilities measured at fair value with significant unobservable inputs (Level 3) is determined quarterly using company-specific considerations and available market data of comparable public companies. 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, the inherent lack of liquidity, the long-term nature of such investments and heightened market uncertainty as a result of global inflationary pressures, increasing interest rates and heightened geopolitical risks. A change to reasonably possible alternative estimates and assumptions in the valuation of non-public investments in the Onex Partners Funds and ONCAP Funds, and investments held in Credit strategies, may have a significant impact on the fair values calculated for these financial assets.

The Company used 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 and 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, 2022 and December 31, 2021. 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, 2022 would decrease or increase by $105 (December 31, 2021 – $106), respectively.

Private equity investments

The valuation of investments in the Onex Partners and ONCAP Funds is reviewed and approved by the General Partner of the respective fund each quarter.

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, 2022 and December 31, 2021. For certain public investments, a discount is 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, 2022, these discounts resulted in a reduction of $73 in the fair value of corporate investments (December 31, 2021 – $77).

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, 2022	Inputs at December 31, 2021
Onex Partners Funds	Comparable company valuation multiple	Adjusted EBITDA multiples	7.7x – 19.3x	7.0x – 16.0x
Onex Partners Funds	Discounted cash flow	Weighted average costs of capital	15.0% – 22.9%	13.7% – 18.0%
		Exit multiples	4.0x – 19.5x	4.0x – 17.0x
ONCAP Funds	Comparable company valuation multiple	Adjusted EBITDA multiples	7.4x – 9.8x	7.4x – 9.5x
ONCAP Funds	Discounted cash flow	Weighted average costs of capital	12.5% – 20.4%	10.7% – 22.4%
		Exit multiples	5.0x – 12.0x	7.0x – 11.0x

In addition, at December 31, 2022, the Onex Partners Funds had one investment that was valued using the adjusted net assets approach, one investment that was valued using a convertible bond model and one investment that was valued based on a multiple of book value. 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.

The impact on the fair value of corporate investments as at December 31, 2022 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	$ 155	$ (155)
ONCAP Funds	Comparable company valuation multiple	Adjusted EBITDA multiples	$ 27	$ (24)

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	$ 72	$ (73)
ONCAP Funds	Discounted cash flow	Exit multiples	$ 38	$ (38)

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	$ 30	$ (30)
ONCAP Funds	Discounted cash flow	Weighted average costs of capital	$ 14	$ (14)

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.

During 2022, the underlying securities held by Onex in publicly traded companies generated a net loss of approximately $90, and the underlying securities held in private companies generated a net gain of approximately $300. The fair values of investments in both publicly traded and private companies were impacted by macroeconomic and market factors, including broad increases in global interest rates and inflation, fluctuations in foreign exchange rates and changes in trading multiples for public companies. Onex' net gain on private equity investments during 2022 included a foreign exchange mark-to-market loss of $92 in respect of private equity investments denominated in a currency other than the U.S. dollar. At December 31, 2022, Onex' private equity investments denominated in Canadian dollars and pounds sterling totalled $603 (C$817) and $414 (£344), respectively.

Private credit investments

The valuation of investments in the Credit Funds is reviewed and approved by the General Partner of the respective fund each quarter.

The valuation of certain investments held by the Liquid Strategies is measured 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.

Valuation methodologies used for certain investments held by the Opportunistic Credit Strategies may include comparable market yield analysis, enterprise value coverage analysis, liquidation analysis and weighting to available quoted levels or market transactions.

Investments in the Credit CLOs and other structured strategies 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 is 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. 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 Credit CLOs.

Investment Platform	Significant Unobservable Inputs	Inputs at December 31, 2022	Inputs at December 31, 2021
U.S. CLOs	Default rate	2%	2%
	Discount rate	15% – 20%	14% – 19%
	Recovery rate	55%	55%
EURO CLOs	Default rate	2%	2%
	Discount rate	15% – 20%	12% – 17%
	Recovery rate	55%	55%

In addition, at December 31, 2022, Credit had one U.S. CLO investment that was valued at cost as this approximated fair value (December 31, 2021 – two U.S. CLO investments).

The impact on the fair value of corporate investments as at December 31, 2022 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	$ 47	$ (52)
EURO CLOs	Default rate	$ 14	$ (15)

Investment Platform	Significant Unobservable Inputs	Decrease of 3.0 Percentage Points	Increase of 3.0 Percentage Points
U.S. CLOs	Discount rate	$ 12	$ (10)
EURO CLOs	Discount rate	$ 3	$ (3)

Investment Platform	Significant Unobservable Inputs	Increase of 15.0 Percentage Points	Decrease of 15.0 Percentage Points
U.S. CLOs	Recovery rate	$ 19	$ (20)
EURO CLOs	Recovery rate	$ 6	$ (6)

24. 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, 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, 2022, Onex, including its Investment Holding Companies, had $345 of cash on hand and $887 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, $449 in management fees and recoverable expenses receivable from certain funds, and $69 of subscription financing receivable attributable to third-party investors in certain Credit 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 given 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 has provided guarantees for credit facilities that certain members of the management team have access to in connection with personal investments made in certain Onex Partners, ONCAP and Onex Falcon Funds, as more fully described in note 26(a). Onex has also made commitments to invest in certain private equity and private credit strategies that it manages, as described in note 26.

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 the Canadian and U.S. dollar, pound sterling and 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, 2022, 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 $14. 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. Refer to note 23 for further information concerning Onex' private equity investments denominated in Canadian dollars and pounds sterling.

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, 2022, a 1% increase (1% 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, 2022, Onex' treasury investments, including those held by the Investment Holding Companies, had $289 of fixed income securities measured at fair value, which are subject to interest rate risk. These securities had a weighted average duration of 1.2 years. Other factors, including general economic 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 investments held within its corporate investments. At December 31, 2022, 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 $306. Conversely, had the price increased by 5%, with all other variables held constant, the increase in net earnings would have been $306. 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.

25. 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, and Credit 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.

A portion of the Company's capital is managed by a third-party investment manager. At December 31, 2022, the fair value of investments, including cash yet to be deployed, managed by the third-party investment manager was $365. 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 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, 2022, Onex had access to uncalled committed limited partner capital for acquisitions through Onex Partners V (approximately $745), Onex Partners VI (approximately $420), ONCAP IV (approximately $120) and ONCAP V (approximately $110).

The strategy for risk management of capital has not changed significantly since December 31, 2021.

26. COMMITMENTS AND RELATED-PARTY TRANSACTIONS

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

Incline Aviation Fund and Incline Aviation Fund II are aircraft investment funds managed by BBAM, which in turn is an operating business of Onex Partners III. At December 31, 2022, Onex' uncalled commitments to Incline Aviation Fund and Incline Aviation Fund II were $15 and $54, respectively (December 31, 2021 – $18 and $99, respectively).

Onex has provided guarantees for credit facilities that certain members of the management team have access to in connection with personal investments made in certain Onex Partners, ONCAP and Onex Falcon Funds. Borrowings under these credit facilities are collateralized by the personal assets of each participating management team member. These credit facilities had $4 outstanding at December 31, 2022.

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 recorded any legal provision as of December 31, 2022 or December 31, 2021 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, Onex Partners V and Onex Partners VI (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	$ 1,695	$ 280
Onex Partners VI	n/a[iv]	$ 1,500	$ –	$ 1,500

(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.

(iv) Fundraising for Onex Partners VI is ongoing and the first close for the fund was completed in November 2022.

In November 2022, Onex completed the first close for Onex Partners VI, reaching aggregate commitments of approximately $2,000, including Onex' commitment of $1,500 and Onex management's minimum 2% commitment, which may be adjusted annually to a maximum of 10%. Onex Partners VI will invest in middle-market and/or larger operating companies headquartered in, organized in, having principal executive offices in or primarily operating in North America or Europe. The fund will not invest more than 20% of aggregate commitments in any single operating company and its affiliates.

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 follow-on investments in remaining businesses and future funding of partnership expenses. The remaining commitments for Onex Partners V and Onex Partners VI 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 from Onex management is 2%, which may be adjusted annually to a maximum of 10%. At December 31, 2022, Onex management and directors have committed 5% to Onex Partners V for new investments completed in 2023. During 2022, Onex management and its directors invested $49 in the Onex Partners Funds, including bridge financing, where applicable (2021 – $98). The investments held by the Onex management team and directors, at fair value, in the Onex Partners Funds totalled $597 at December 31, 2022 (December 31, 2021 – $605).

d) Commitments to ONCAP Funds

ONCAP II, ONCAP III, ONCAP IV and ONCAP V (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$ 26
ONCAP IV	November 2016	$ 480	$ 350	$ 81
ONCAP V	n/a[iii]	$ 250	$ –	$ 250

(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) Fundraising for ONCAP V is ongoing and the first close for the fund was completed in December 2022.

In December 2022, Onex completed the first close for ONCAP V, reaching aggregate commitments of approximately $360, including Onex' commitment of $250 and Onex management's minimum 2% commitment. ONCAP V will invest in operating companies organized in, headquartered in, having principal executive offices in, significantly operating in or deriving significant revenue from the United States or Canada. ONCAP V will not invest more than 20% of aggregate commitments in any single operating company and its affiliates.

The remaining commitments for ONCAP II are for future funding of partnership expenses. The remaining commitments for ONCAP III are for possible follow-on investments in remaining businesses and future funding of partnership expenses. The remaining commitments for ONCAP IV and ONCAP V are primarily for the 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 and ONCAP V from 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 and ONCAP V. At December 31, 2022, management of Onex and ONCAP and directors had committed 10% to ONCAP IV and ONCAP V for new investments completed in 2023. During 2022, Onex management and its directors invested $11 in the ONCAP Funds (2021 – $4). The investments held by the Onex management team and directors, at fair value, in the ONCAP Funds, totalled $155 at December 31, 2022 (December 31, 2021 – $121).

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 individual 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 VI and certain direct and co-investments, 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 or invested directly by Onex. 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 Onex Partners VI for management will, by and large, vest equally over six years from the first capital call of the fund. Carried interest received from ONCAP II, ONCAP III and ONCAP IV has fully vested for ONCAP management.

During the year ended December 31, 2022, management's share of carried interest from realizations in Onex Partners and ONCAP was $36 (2021 – $106). Management has the potential to receive $556 (December 31, 2021 – $522) of carried interest on businesses in the Onex Partners and ONCAP Funds based on their fair values as determined at December 31, 2022.

The General Partners of the Onex Credit Funds are entitled to a carried interest of up to 20% on the realized net gains of the limited partners in certain private credit funds, provided the limited partners have achieved a minimum preferred rate of return on their investment. Onex Falcon management is entitled to the entire carried interest for existing Onex Falcon Funds at the date Onex acquired Onex Falcon 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%. In most other cases, Onex is entitled to 50% of the carried interest realized from Credit Funds, with the remaining 50% allocated to the Onex Credit team.

During the year ended December 31, 2022, management's share of carried interest from realizations in the Credit Funds was $31 (2021 – $27). Management has the potential to receive $97 (December 31, 2021 – $115) of carried interest from the Credit Funds based on their fair values as determined at December 31, 2022.

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 2022 were $7 (2021 – $132) and are settled by certain Investment Holding Companies, which are accounted for as corporate investments at fair value through net earnings (loss), 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 16(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) 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, 2022, Onex had invested $74 (2021 – $74) of its $100 commitment in OCLP I and the investment period for the fund expired in June 2022. Onex controls the General Partner and Manager of OCLP I. As at December 31, 2022, the Onex management team had invested $59 (December 31, 2021 – $59) of its $79 commitment in OCLP I. There were no investments made in OCLP I by Onex or the Onex management team during the years ended December 31, 2022 and 2021 and the remaining uncalled commitments to OCLP I will be used for future fund expenses and to settle existing liabilities of the fund.

k) Onex Structured Credit Opportunities Fund

The Onex Structured Credit Opportunities Fund ("OSCO") invests primarily in U.S. and European collateralized loan obligations. As at December 31, 2022, Onex had invested $45 of its aggregate $50 commitment to OSCO and a separately managed account which follows a similar strategy to OSCO and the investment period for OSCO is set to expire in September 2023. Onex controls the General Partner and Manager of OSCO. As at December 31, 2022, the Onex management team has invested $39 (December 31, 2021 – $23) of its $49 commitment in OSCO, of which $16 was invested during 2022 (2021 – $23).

l) Onex Capital Solutions Fund

The Onex Capital Solutions Fund ("OCS") invests primarily in loans, bonds, trade claims and credit default swaps, among other assets. As at December 31, 2022, Onex had invested $80 of its aggregate $200 commitment and the investment period for OCS is set to expire in March 2025. Onex controls the General Partner and Manager of OCS. As at December 31, 2022, the Onex management team has invested $13 (December 31, 2021 – $5) of its $34 commitment in OCS, of which $8 was invested during 2022 (2021 – $5).

m) Falcon Fund VII

During 2022, Onex completed the first close for Falcon Fund VII, reaching aggregate commitments of approximately $460, including $30 from Onex and $35 from the Onex management team. The fund aims to make junior capital investments in the U.S. lower middle market and primarily invests in subordinated debt or second-lien debt with warrants, payment-in-kind preferred stock with warrants and non-control common equity in conjunction with subordinated debt or preferred stock. Onex controls the General Partner and Manager of Falcon Fund VII and the investment period for Falcon Fund VII is expected to expire in 2028. There were no investments made by Onex in Falcon Fund VII during 2022.

In January 2023, Onex completed the second close for Falcon Fund VII, which included an additional $50 commitment from Onex, as described in note 27.

n) Subscription financing to Credit Funds

Onex has committed to providing up to $270 of subscription financing to certain Credit Funds. As of December 31, 2022 and 2021, no amounts were drawn from these subscription facilities.

o) Management and directors' investment in Onex Credit

The Onex management team and directors may invest in strategies and funds managed by Onex Credit. During 2022, the Onex management team and directors invested $41 (2021 – $177) in funds managed by Onex Credit. At December 31, 2022, investments at fair value held by the Onex management team and directors in strategies and funds managed by Onex Credit were approximately $607 (2021 – $605).

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 2022, a total of $4 (2021 – $18) in investments was made by the Onex management team and directors primarily in Incline Aviation Fund II and Unanet (2021 – primarily Incline Aviation Fund II and co-investments for WEG and Imagine Learning).

q) Remuneration to key management

Remuneration to key management includes amounts recognized in the consolidated statements of earnings as compensation and stock-based compensation expenses. Stock-based compensation associated with Onex stock options is included in the table below based on the cash ultimately paid to key management or the value of SVS issued to key management for options exercised for SVS, 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 management incentive programs, including their carried interest participation and the MIP are excluded, and are described in notes 26(e) and 26(f), respectively. Aggregate payments to the Company's key management were as follows:

Year ended December 31	2022	2021
Short-term employee benefits and costs	$ 21	$ 18
Share-based payments[i]	43	12
Total	$ 64	$ 30

(i) Share-based payments include $41 (2021 – $10) paid on the exercise of Onex stock options (note 16).

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 carried interest from certain 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 fees and carried interest 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, in which 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, 2022	Management and Advisory Fees	Reimbursement of Expenses	Performance Fees	Total
Source of related-party revenues				
Private Equity Funds[i]	$ 118	$ 21	$ –	$ 139
Private Credit Strategies	100	14	–	114
Gluskin Sheff pooled fund vehicles[ii]	46	–	1	47
Total related-party revenues	$ 264	$ 35	$ 1	$ 300
Third-party revenues from Gluskin Sheff funds	6	–	–	6
Total revenues	$ 270	$ 35	$ 1	$ 306

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

(ii) Revenues associated with the reimbursement of expenses from the Gluskin Sheff pooled fund vehicles are included within other income.

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 the Onex Partners and ONCAP operating businesses.

(ii) Revenues associated with the reimbursement of expenses from the Gluskin Sheff pooled fund vehicles are included within other income.

Related-party receivables included the following:

As at December 31, 2022	Management and Advisory Fees Receivable	Recoverable Fund and Operating Expenses Receivable	Performance Fees	Other Receivables	Total
Private Equity Funds	$ 295	$ 151	$ –	$ –	$ 446
Private Credit Strategies	41	25	–	–	66
Onex Partners and ONCAP operating businesses, and other related parties	4	13	–	–	17
Gluskin Sheff pooled fund vehicles	5	1	1	–	7
Total related-party receivables	$ 345	$ 190	$ 1	$ –	$ 536
Third-party receivables	1	–	–	7	8
Total	$ 346	$ 190	$ 1	$ 7	$ 544

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

s) Services received from operating companies

During the years ended December 31, 2022 and 2021, 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.

27. SUBSEQUENT EVENT

In January 2023, Onex committed an additional $50 to Falcon Fund VII, increasing its total commitment to $80.

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 and Credit strategies, as well as Onex' corporate functions.

Onex' segmented results include unrealized carried interest from third-party limited partners in the 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, and net of allocations to management. In Onex' consolidated financial statements, carried interest from the Credit Funds is recognized as revenue gross of allocations to management and to the extent it is highly probable to not reverse, which typically occurs when the investments held by a given fund are substantially realized, toward the end of the fund's term, as described in note 1.

Onex' segmented results also include performance fees associated with the management of certain Credit strategies, which are based on the funds' performance during the periods presented by applying an agreed-upon formula to the growth in the net asset value of clients' assets under management. In Onex' consolidated statements of earnings, 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, 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.

During 2021, Onex' reportable segment results included allocations from the investing segment to the asset management segment related to carried interest and management fees that would have been earned by the asset management segment had Onex' private equity capital been subject to carried interest and management fees under the same terms as third-party limited partners. These allocations are no longer used by Onex to assess performance and allocate resources and are therefore excluded from Onex' reportable segment results. The reportable segment results for the year ended December 31, 2021 have been restated to remove these allocations.

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Investing	Asset Management	Total	Investing	Asset Management	Total
Net gain on corporate investments (including an increase in carried interest)	$ 116	$ 16[i]	$ 132	$ 1,468	$ 248[i]	$ 1,716
Management and advisory fees	–	270	270	–	277	277
Performance fees	–	1	1	–	13	13
Interest and net treasury investment income	1	–	1	1	–	1
Other income	–	3	3	–	3	3
Total segment income	117	290	407	1,469	541	2,010
Compensation	–	(239)	(239)	–	(248)	(248)
Amortization of right-of-use assets	–	(12)	(12)	–	(12)	(12)
Other expense	–	(67)	(67)	–	(61)	(61)
Segment net earnings (loss)	$ 117	$ (28)	$ 89	$ 1,469	$ 220	$ 1,689
Stock-based compensation recovery (expense)			222			(205)
Amortization of property, equipment and intangible assets, excluding right-of-use assets			(54)			(47)
Unrealized carried interest included in segment net earnings (loss) – Credit			(2)			(18)
Integration expense			(6)			(5)
Contingent consideration			(14)			(10)
Other net expenses			(1)			–
Earnings before income taxes			$ 234			$ 1,404
Recovery of income taxes			1			1
Net earnings			$ 235			$ 1,405

(i) The asset management segment includes an increase in unrealized carried interest of $2 (2021 – $18) from third-party limited partners in the Credit Funds.

Segmented assets included the following:

	As at December 31, 2022			As at December 31, 2021		
	Investing	Asset Management	Total	Investing	Asset Management	Total
Cash and cash equivalents	$ –	$ 111[i]	$ 111	$ 357	$ 190[i]	$ 547
Treasury investments	–	52[i]	52	290	–	290
Management and advisory fees, recoverable fund expenses and other receivables	460[ii]	84	544	308[ii]	61	369
Corporate investments	7,387	–	7,387	7,239	–	7,239
Unrealized carried interest – Credit	16	–	16	18	–	18
Other assets	–	91	91	–	136	136
Property and equipment	–	140	140	–	148	148
Intangible assets	–	93	93	–	139	139
Goodwill	–	257	257	–	264	264
Total segment assets	$ 7,863	$ 828	$ 8,691	$ 8,212	$ 938	$ 9,150
Net intercompany loans receivable, comprising part of the fair value of Investment Holding Companies			3,488			3,755
Unrealized carried interest included in segment assets – Credit			(16)			(18)
Total assets			$ 12,163			$ 12,887

(i) Cash, cash equivalents and treasury investments allocated to the asset management segment relate to accrued employee incentive compensation and contingent consideration related to the acquisition of Falcon Investment Advisors.

(ii) Includes management fees and recoverable fund expenses receivable from certain funds which Onex has elected to defer cash receipt from, less amounts allocated to the asset management segment related to accrued incentive compensation and contingent consideration related to the acquisition of Falcon Investment Advisors.

Geographic Segments

	As at December 31, 2022				As at December 31, 2021			
	Canada	United States	United Kingdom	Total	Canada	United States	United Kingdom	Total
Year-to-date revenues[i]	$ 72	$ 234	$ –	$ 306	$ 99	$ 233	$ –	$ 332
Property and equipment	$ 85	$ 42	$ 13	$ 140	$ 86	$ 47	$ 15	$ 148
Intangible assets	$ 53	$ 40	$ –	$ 93	$ 92	$ 47	$ –	$ 139
Goodwill	$ 107	$ 150	$ –	$ 257	$ 114	$ 150	$ –	$ 264

(i) Revenues attributed to geographic areas are based on the location of the asset management entities.

SHAREHOLDER INFORMATION

Year-End Closing Share Price

As at December 31 *(in Canadian dollars)*	**2022**	2021	2020	2019	2018
Toronto Stock Exchange	**$ 65.29**	$ 99.28	$ 73.06	$ 82.17	$ 74.35

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, 2022, 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 TSX Trust Company 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.

Registrar and Transfer Agent
TSX Trust Company
P.O. Box 700
Postal Station B
Montreal, Quebec H3B 3K3
(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.

Shareholder Relations Contact
Requests for copies of this report, other annual reports, quarterly reports and other corporate communications should be directed to:
Shareholder Relations
Onex Corporation
161 Bay Street
P.O. Box 700
Toronto, Ontario M5J 2S1
(416) 362-7711

Website
www.onex.com

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 Shareholder Relations at Onex.

Annual Meeting of Shareholders
Onex Corporation's Annual Meeting of Shareholders will be held virtually on May 11, 2023 at 10:00 am (Eastern Daylight Time).

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