

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 20-F

Registration statement pursuant to Section 12(b) or (g) of the Securities Exchange Act of 1934

or

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended December 31, 2021

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

or

Shell company report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of event requiring this shell company report: \_\_\_\_\_

Commission file number: 1-14832

**CELESTICA INC.**

(Exact name of registrant as specified in its charter)

**Ontario, Canada**

(Jurisdiction of incorporation or organization)

5140 Yonge Street, Suite 1900  
Toronto, Ontario, Canada M2N 6L7

(Address of principal executive offices)

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5140 Yonge Street, Suite 1900  
Toronto, Ontario, Canada M2N 6L7

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

**SECURITIES REGISTERED OR TO BE REGISTERED  
PURSUANT TO SECTION 12(b) OF THE ACT:**

Title of each class:  
Subordinate Voting Shares

Trading Symbol  
CLS

Name of each exchange on which registered:  
The Toronto Stock Exchange  
New York Stock Exchange

**SECURITIES REGISTERED OR TO BE REGISTERED  
PURSUANT TO SECTION 12(g) OF THE ACT:**

N/A

**SECURITIES FOR WHICH THERE IS A REPORTING OBLIGATION  
PURSUANT TO SECTION 15(d) OF THE ACT:**

N/A

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

106,111,146	Subordinate Voting Shares	0	Preference Shares
18,600,193	Multiple Voting Shares		

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§322.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Accelerated filer  Non-accelerated filer  Emerging growth company

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

†The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

TABLE OF CONTENTS

	<u>Page</u>
<u>Part I.</u>	<u>1</u>
<u>Item 1.</u>	<u>4</u>
<u>Item 2.</u>	<u>4</u>
<u>Item 3.</u>	<u>4</u>
	<u>4</u>
A.	<u>4</u>
B.	<u>4</u>
C.	<u>4</u>
D.	<u>5</u>
<u>Item 4.</u>	<u>29</u>
	<u>29</u>
A.	<u>29</u>
B.	<u>43</u>
C.	<u>44</u>
D.	<u>44</u>
<u>Item 4A.</u>	<u>45</u>
<u>Item 5.</u>	<u>93</u>
<u>Item 6.</u>	<u>93</u>
A.	<u>98</u>
B.	<u>138</u>
C.	<u>141</u>
D.	<u>142</u>
E.	<u>143</u>
<u>Item 7.</u>	<u>143</u>
A.	<u>143</u>
B.	<u>144</u>
C.	<u>145</u>
<u>Item 8.</u>	<u>145</u>
A.	<u>145</u>
B.	<u>145</u>
<u>Item 9.</u>	<u>145</u>
A.	<u>146</u>
B.	<u>146</u>
C.	<u>146</u>
D.	<u>146</u>
E.	<u>146</u>
F.	<u>146</u>
<u>Item 10.</u>	<u>146</u>
A.	<u>146</u>
B.	<u>146</u>
C.	<u>147</u>
D.	<u>147</u>
E.	<u>147</u>

	<u>Page</u>
F. <a href="#">Dividends and Paying Agents</a>	152
G. <a href="#">Statements by Experts</a>	152
H. <a href="#">Documents on Display</a>	152
I. <a href="#">Subsidiary Information</a>	153
<a href="#">Item 11. Quantitative and Qualitative Disclosures about Market Risk</a>	153
<a href="#">Item 12. Description of Securities Other than Equity Securities</a>	156
A. <a href="#">Debt Securities</a>	156
B. <a href="#">Warrants and Rights</a>	156
C. <a href="#">Other Securities</a>	156
D. <a href="#">American Depositary Shares</a>	156
<a href="#">Part II.</a>	156
<a href="#">Item 13. Defaults, Dividend Arrearages and Delinquencies</a>	156
<a href="#">Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</a>	156
<a href="#">Item 15. Controls and Procedures</a>	156
<a href="#">Item 16. [Reserved]</a>	157
<a href="#">Item 16A. Audit Committee Financial Expert</a>	157
<a href="#">Item 16B. Code of Ethics</a>	157
<a href="#">Item 16C. Principal Accountant Fees and Services</a>	157
<a href="#">Item 16D. Exemptions from the Listing Standards for Audit Committees</a>	158
<a href="#">Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</a>	158
<a href="#">Item 16F. Change in Registrant's Certifying Accountant</a>	159
<a href="#">Item 16G. Corporate Governance</a>	159
<a href="#">Item 16H. Mine Safety Disclosure</a>	159
<a href="#">Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</a>	159
<a href="#">Part III.</a>	159
<a href="#">Item 17. Financial Statements</a>	159
<a href="#">Item 18. Financial Statements</a>	159
<a href="#">Item 19. Exhibits</a>	160

**Part I.**

*In this Annual Report on Form 20-F for the year ended December 31, 2021 (referred to herein as "this Annual Report"), "Celestica," the "Corporation," the "Company," "we," "us" and "our" refer to Celestica Inc. and its subsidiaries.*

*In this Annual Report, the United States is referred to as the "U.S.," and all dollar amounts are expressed in U.S. dollars, except where we state otherwise. All references to "U.S.\$" or "\$" are to U.S. dollars and all references to "C\$" are to Canadian dollars. Unless we indicate otherwise, any reference in this Annual Report to a conversion between U.S.\$ and C\$ is a conversion at the average of the exchange rates in effect for the year ended December 31, 2021. During that period, based on the relevant noon buying rates in New York City for cable transfers in Canadian dollars, as certified for customs purposes by the Board of Governors of the U.S. Federal Reserve Bank, the average daily exchange rate was U.S.\$1.00 = C\$1.2533.*

*Unless we indicate otherwise, all information in this Annual Report is stated as of February 22, 2022.*

**Forward-Looking Statements**

Item 3(D), "Key Information — Risk Factors," Item 4, "Information on the Company," Item 5, "Operating and Financial Review and Prospects" and other sections of this Annual Report contain forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, or the U.S. Securities Act, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, or the U.S. Exchange Act, and forward-looking information within the meaning of applicable Canadian securities laws (collectively, forward-looking statements), including, without limitation, statements related to: anticipated and potential adverse impacts resulting from coronavirus disease 2019 and related mutations (COVID-19); our priorities, intended areas of focus, targets, objectives and goals (including, but not limited to, those set forth under the caption "Celestica's Strategy" in Item 4(B), and the captions "Operating Goals and Priorities" and "Our Strategy" in Item 5, "Operating and Financial Review and Prospects"); trends in the electronics manufacturing services (EMS) industry and our segments (and/or their constituent businesses), and their anticipated impact; the anticipated impact of current market conditions in each of our segments (and/or constituent businesses) and near-term expectations (positive and negative); anticipated restructuring and potential divestiture actions; our anticipated financial and/or operating results and outlook; our strategies; our credit risk; the anticipated impact of acquisitions (including the acquisition of PCI Private Limited (PCI)), and program wins, transfers, losses or disengagements; materials, component and supply chain constraints; shipping delays; anticipated expenses, capital expenditures and other working capital requirements and contractual obligations; our intended repatriation of certain undistributed earnings from foreign subsidiaries (and amounts we do not intend to repatriate in the foreseeable future); diversity and inclusion; the potential impact of tax and litigation outcomes; our ability to use certain tax losses; intended investments in our business; the potential impact of the pace of technological changes, customer outsourcing, program transfers, and the global economic environment; the intended method of funding subordinate voting share (SVS) repurchases and our restructuring provision; the lease for our temporary and new corporate headquarters; Toronto transition costs; the impact of our outstanding indebtedness; liquidity and the sufficiency of our capital resources; our intention (when in our discretion) to settle outstanding equity awards with SVS; our financial statement estimates and assumptions; recently-issued accounting pronouncements and amendments; the potential impact of price reductions and longer payment terms; our compliance with covenants under our credit facility; refinancing debt at maturity; interest rates and expense; the potential adverse impacts of events outside of our control, including, among others: U.S. policies or legislation, U.S. and global tax reform; product/component tariffs on items imported into the U.S. and related countermeasures, and/or the impact of, in addition to COVID-19, other widespread illness or disease (External Events); mandatory prepayments under our credit facility; pension plan funding requirements and the impact of annuity purchases; our income tax incentives; the anticipated impact of COVID-19-related governmental relief measures; accounts payable cash flow levels; expectations with respect to cash deposits; accounts receivable sales; internal relocation costs; our cash generating units with goodwill; our future warranty obligations; cybersecurity threats and incidents; our intentions with respect to environmental assessments for newly-leased or acquired properties; our expectations with respect to expiring leases; interest rate swap agreements; the pay-for-performance alignment of our executive compensation program; our intention to retain earnings for general corporate purposes; the timing of finalization of the PCI purchase price allocation and net working capital adjustment; increases in intangible asset amortization; and costs in connection with our pursuit of acquisitions and strategic transactions. Such forward-looking statements may, without limitation, be preceded by, followed by, or include words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," "continues," "target," "project," "potential," "possible," "contemplate," "seek," or similar expressions, or may employ such future or conditional verbs as "may," "might," "will," "could," "should" or "would," or may otherwise be indicated as forward-looking statements by grammatical construction, phrasing or context. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995, where applicable, and applicable Canadian securities laws.

Forward-looking statements are provided to assist readers in understanding management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. Forward-looking statements are not guarantees of future performance and are subject to risks that could cause actual results to differ materially from those expressed or implied in such forward-looking statements, including, among others, as is described in more detail in Item 3(D), Key Information — Risk Factors and elsewhere in this Annual Report, risks related to:

#### RISK FACTOR SUMMARY

- customer and segment concentration; challenges of replacing revenue from completed, lost or non-renewed programs or customer disengagements;
- price, margin pressures, and other competitive factors and adverse market conditions affecting, and the highly competitive nature of, the EMS industry in general and our segments in particular (including the risk that anticipated market improvements do not materialize);
- delays in the delivery and availability of components, services and materials, as well as their costs and quality;
- our customers' ability to compete and succeed using our products and services;
- changes in our mix of customers and/or the types of products or services we provide, including negative impacts of higher concentrations of lower margin programs;
- managing changes in customer demand;
- rapidly evolving and changing technologies, and changes in our customers' business or outsourcing strategies;
- the cyclical and volatile nature of our semiconductor business;
- the expansion or consolidation of our operations;
- the inability to maintain adequate utilization of our workforce;
- defects or deficiencies in our products, services or designs;
- volatility in the commercial aerospace industry;
- integrating and achieving the anticipated benefits from acquisitions (including our acquisition of PCI) and "operate-in-place" arrangements;
- compliance with customer-driven policies and standards, and third-party certification requirements;
- challenges associated with new customers or programs, or the provision of new services;
- the impact of our restructuring actions and/or productivity initiatives, including a failure to achieve anticipated benefits therefrom;
- negative impacts on our business resulting from newly-increased third-party indebtedness;
- the incurrence of future restructuring charges, impairment charges, other write-downs of assets or operating losses;
- managing our business during uncertain market, political and economic conditions, including among others, geopolitical and other risks associated with our international operations, including military actions, protectionism and reactive countermeasures, economic or other sanctions or trade barriers, including in relation to the evolving Ukraine/Russia conflict;
- disruptions to our operations, or those of our customers, component suppliers and/or logistics partners, including as a result of External Events;
- the scope, duration and impact of the COVID-19 pandemic;
- changes to our operating model;
- changing commodity, materials and component costs as well as labor costs and conditions;
- execution and quality issues (including our ability to successfully resolve these challenges);
- non-performance by counterparties;
- maintaining sufficient financial resources to fund currently anticipated financial actions and obligations and to pursue desirable business opportunities;
- negative impacts on our business resulting from any significant uses of cash (including for the acquisition of PCI), securities issuances, and/or additional increases in third-party indebtedness (including as a result of an inability to sell desired amounts under our uncommitted accounts receivable sales program);
- operational impacts that may affect PCI's ability to achieve anticipated financial results;
- foreign currency volatility;

- our global operations and supply chain;
- competitive bid selection processes;
- customer relationships with emerging companies;
- recruiting or retaining skilled talent;
- our dependence on industries affected by rapid technological change;
- our ability to adequately protect intellectual property and confidential information;
- increasing taxes, tax audits, and challenges of defending our tax positions;
- obtaining, renewing or meeting the conditions of tax incentives and credits;
- the management of our information technology systems, and the fact that while we have not been materially impacted by computer viruses, malware, ransomware, hacking attempts or outages, we have been (and may continue to be) the target of such events;
- the inability to prevent or detect all errors or fraud;
- the variability of revenue and operating results;
- unanticipated disruptions to our cash flows;
- compliance with applicable laws and regulations;
- our pension and other benefit plan obligations;
- changes in accounting judgments, estimates and assumptions;
- our ability to maintain compliance with applicable credit facility covenants;
- interest rate fluctuations and the discontinuation of LIBOR;
- our ability to refinance our indebtedness from time to time;
- deterioration in financial markets or the macro-economic environment;
- our credit rating;
- the interest of our controlling shareholder;
- current or future litigation, governmental actions, and/or changes in legislation or accounting standards;
- negative publicity;
- the impact of climate change;
- that we will not be permitted to, or do not, repurchase SVS under any normal course issuer bid (NCIB); and
- our ability to achieve our environmental, social and governance (ESG) initiative goals, including with respect to diversity and inclusion and climate change.

The foregoing and other material risks and uncertainties are discussed in our public filings, which can be found at [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov), including in this Annual Report, and subsequent reports on Form 6-K furnished to, the U.S. Securities and Exchange Commission, and as applicable, the Canadian Securities Administrators.

Our forward-looking statements contained in this Annual Report are based on various assumptions, many of which involve factors that are beyond our control. Our material assumptions include those related to the following:

- the scope and duration of materials constraints and the COVID-19 pandemic, and their impact on our sites, customers and suppliers;
- fluctuation of production schedules from our customers in terms of volume and mix of products or services;
- the timing and execution of, and investments associated with, ramping new business;
- the success of our customers' products;
- our ability to retain programs and customers;
- the stability of general economic and market conditions, and currency exchange rates;
- supplier performance and quality, pricing and terms;
- compliance by third parties with their contractual obligations;
- the costs and availability of components, materials, services, equipment, labor, energy and transportation;
- that our customers will retain liability for product/component tariffs and countermeasures;
- global tax legislation changes;
- our ability to keep pace with rapidly changing technological developments;

- the timing, execution and effect of restructuring actions;
- the successful resolution of quality issues that arise from time to time;
- the components of our leverage ratio (as defined in our credit facility);
- our ability to successfully diversify our customer base and develop new capabilities;
- the availability of cash resources for, and the permissibility under our credit facility of, repurchases of outstanding SVS under our current NCIB, and compliance with applicable laws and regulations pertaining to NCIBs;
- compliance with applicable credit facility covenants;
- anticipated demand strength in certain of our businesses;
- anticipated demand weakness in, and/or the impact of anticipated adverse market conditions on, certain of our businesses;
- anticipated financial results by PCI will be achieved; we are able to successfully integrate PCI, further develop our ATS segment business, and achieve the other expected synergies and benefits from the acquisition; all financial information provided by PCI is accurate and complete, and all forecasts of PCI's operating results are reasonable and were provided to Celestica in good faith; and
- we will continue to have sufficient financial resources to fund currently anticipated financial actions and obligations and to pursue desirable business opportunities.

While management believes these assumptions to be reasonable under current circumstances, they may prove to be inaccurate, which could cause actual results to differ materially (and adversely) from those that would have been achieved had such assumptions been accurate.

Forward-looking statements speak only as of the date on which they are made, and we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. You should read this Annual Report, and the documents, if any, that we incorporate herein by reference, with the understanding that our actual results may be materially different from what we expect.

All forward-looking statements attributable to us are expressly qualified by the cautionary statements included in this Annual Report.

**Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.

**Item 3. Key Information**

**A. [Removed and Reserved]**

**B. Capitalization and Indebtedness**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds**

Not applicable.

#### D. Risk Factors

Each of the following risk factors, or any combination of them, could have a material adverse effect on our business, financial condition, and/or operating results. Our shareholders and prospective investors should carefully consider each of the following risks and all of the other information set forth in this Annual Report.

***We are dependent on a limited number of customers and end markets. A decline in revenue from, or the loss of, any significant customer, could have a material adverse effect on our financial condition and operating results.***

We depend upon a small number of customers for a substantial portion of our revenue. Our top 10 customers in 2021 represented 66% (2020 — 66%; 2019 — 65%) of our total revenue. We also remain dependent upon revenue from our Connectivity and Cloud Solutions (CCS) segment, which represented 59% of our consolidated revenue in 2021 (2020 — 64%; 2019 — 61%). Notwithstanding the expansion of our Advanced Technology Solutions (ATS) segment, our newly-reshaped CCS segment portfolio, and growth in our Hardware Platform Solutions (HPS) business, we remain dependent on our traditional CCS business for a large portion of our revenue, which continues to experience slower growth rates, increased pricing pressures and a highly competitive marketplace, including from original design manufacturers (ODMs).

A decline in revenue from, or the loss of, any significant customer could have a material adverse effect on our financial condition and operating results. We cannot assure: (i) the replacement of completed, delayed, cancelled or reduced orders with new business; (ii) that our current customers will continue to utilize our services consistent with historical volumes or at all; and/or (iii) that our customers will renew their long-term manufacturing or services contracts with us on acceptable terms or at all. Disengagements resulting from our recent CCS segment portfolio review, including our disengagement from programs with Cisco Systems, Inc. (Cisco), resulted in an estimated annualized revenue decline of \$1.25 billion in 2021, compared to revenue in 2018, the year such review commenced. Our disengagement from Cisco was completed in the fourth quarter of 2020.

There can also be no assurance that our efforts to secure new customers and programs will succeed in reducing our customer concentration. Failure to secure business from existing or new customers in any of our end markets would adversely impact our operating results.

Any of the foregoing may adversely affect our margins, cash flow, and our ability to grow our revenue, and may increase the variability of our operating results from period to period. See "***Our revenue and operating results may vary significantly from period to period***" below.

***We operate in an industry comprised of numerous competitors and aggressive pricing dynamics.***

We operate in a highly competitive industry. Our competitors include large global EMS companies, ODMs that specialize in providing internally designed products and manufacturing services, smaller EMS companies that often have a regional, product, service or industry-specific focus, as well as component and sub-system suppliers, distributors and/or systems integrators. In addition, our HPS offering may compete with our traditional customers' hardware offerings. Offering products or services that compete with the offerings of our customers may negatively impact our relationship with, or result in a loss of business from, such customers. We face indirect competition from current and prospective customers who decide to manufacture products internally, or insource previously outsourced business. In addition to the foregoing, we may face competition from distribution and logistics providers expanding their services across the supply chain.

The competitive environment in our industry is intense and aggressive pricing is a common business dynamic. Some of our competitors have greater scale and offer a broader range of services. Additionally, our current or potential competitors may: be more effective than we are in increasing or shifting their presence in new lower-cost, lower-tariff or tariff-free regions to try to offset continuous competitive pressure and increasing labor costs or to secure new business; develop or acquire services comparable or superior to ours; consolidate to form larger competitors; have greater name recognition, critical mass and/or geographic market presence; have greater manufacturing, research and development (R&D) and marketing resources; be better able to take advantage of acquisition opportunities; be willing to, or able to make sales or provide services at lower margins than we do; or adapt more quickly than we do to new technologies, evolving industry trends and changing customer requirements. In addition, our competitors may be more effective than we are in investing in information technology solutions to differentiate their offerings. Some of our competitors have increased their vertical capabilities by manufacturing modules or components used in the products they assemble. Although we have also expanded our capabilities, including through acquisitions and "operate-in-place" arrangements, our competitors' expansion efforts may be more successful than ours.



Competition may cause pricing pressures, reduced profits or a loss of market share (for example, from program losses, non-renewals or customer disengagements). We may not be able to compete successfully against our current and future competitors.

***We are dependent on third parties to supply certain materials, and our results can be negatively affected by the quality, availability and cost of such materials.***

The purchase of materials and electronic components represents a significant portion of our costs. We rely on third parties to provide such items. Materials shortages or other issues affecting timely access to these materials (which often occur in our industry) may impact our ability to successfully complete a program. A delay or interruption in supply from a component supplier, especially for single-sourced components, could have a significant impact on our operations and on our customers if we are unable to deliver finished products in a timely manner. If the amount we are required to pay for equipment and supplies exceeds what we have estimated, especially in a fixed price contract, we may suffer losses on these contracts. If a supplier or manufacturer fails to provide components, supplies or equipment as required under a contract, we may be required to source these items from other third parties on a delayed basis or on less favorable terms, which could impact our profitability. Additionally, quality or reliability issues at any of our component providers, or financial difficulties that affect their production and ability to supply us with components, could halt or delay production of a customer's product, or result in claims against us for failure to meet required customer specifications, which could materially adversely impact our operating results. Shortages may also result in our carrying higher levels of inventory and extended lead-times, or result in increased component prices, which may require price increases in the products and services that we provide. Any increase in our costs that we are unable to recover would negatively impact our margins and operating results. Changes in forecasted volumes or in our customers' requirements can also negatively affect our ability to obtain components and adversely impact our operating results. We continue to experience materials constraints in both of our segments, due to global supply shortages for many electronic components, which have been significantly exacerbated during 2020 and 2021 as a result of COVID-19. Materials shortages have been aggravated by the significant impact of COVID-19-related workforce constraints on the factories of certain of our suppliers. We also recognize that some sub-tier suppliers providing raw materials such as palladium, neon gas and high-grade aluminum are partially dependent on supply from Russia/Ukraine. We will closely monitor the supply availability and price fluctuations of these raw materials. In addition, as a result of the evolving situation in Ukraine, we may experience, among other impacts, export restrictions and increases to fuel costs. As we are dependent on our suppliers to prioritize their manufacturing to produce the products we need to fulfill our customer orders, these shortages have caused delays in the production of customer products in both of our segments, and in combination with volatile market demand, negatively impacted our margins and resulted in higher-than-expected levels of inventory in 2020 and 2021. To address these adverse market conditions, which are expected to continue throughout 2022, we are placing purchase orders with longer-than-usual lead times (in some cases in excess of one year), in order to secure materials needed for production. See Item 5, Operating and Financial Review and Prospects — MD&A, "Recent Developments – Segment Environment" and "Liquidity — Contractual Obligations."

***We are dependent on our customers' ability to compete and succeed in the marketplace using our products and services.***

Our operating results are highly dependent upon our customers' ability to compete and succeed in the marketplace using our products and services. Factors that may adversely affect our customers include: rapid changes in technology; evolving industry standards; seasonal demand; their failure to successfully market, and/or a lack of widespread commercial acceptance of, their products; supply chain issues; dramatic shifts in demand which may cause them to lose market share or exit businesses; recessionary periods in our customers' markets; short product lifecycles resulting from continuous improvements in products and services, commoditization of certain products, changes in preferences by end customers, and the emergence of new entrants or competitors with disruptive products, services, or new business models that de-emphasize traditional original equipment manufacturer (OEM) solutions and distribution channels. In addition, certain of our customers have experienced, and may in the future experience, severe revenue erosion, pricing, margin and cash flow pressures, and excess inventories that, in turn, have adversely affected (and in the future may adversely affect) our operating results. If technologies or standards supported by our customers' products and services or their business models become obsolete, fail to gain widespread acceptance or are canceled, our business would be adversely affected. For example, declines in end-market demand for customer-specific proprietary systems in favor of open systems with standardized technologies has had an adverse impact on certain of our customers, and consequently, our business. See ***"Our revenue and operating results may vary significantly from period to period"*** below.

***A change in the mix of customers and/or the types of products or services we provide could have a material adverse effect on our financial condition and operating results.***

The mix of our customers and the type of products or services we provide may have an impact on our financial condition and operating results from period-to-period. For example, a higher concentration of lower-margin programs will have an adverse impact on our operating results in the relevant period. See Item 5, "Operating and Financial Review and Prospects — Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) — Recent Developments" for a discussion of the impact on our operating results of customer and service mix during 2021. In addition, certain customer agreements require us to provide specific price reductions over the contract term, which negatively impact our financial condition and operating results if they are not offset.

***Inherent challenges in managing changes in customer demand may impact our planning, supply chain execution and manufacturing, and may adversely affect our operating performance and results.***

Our customers typically do not commit to production schedules for more than 30 to 90 days in advance (however, due to global supply shortages, some customers have provided us with longer commitments), and we often experience volatility in customer orders and inventory levels. Customers may terminate their agreements with us prior to scheduled expiration, fail to renew such agreements upon expiration, or significantly change, reduce or delay the volume of manufacturing or other services they order from us, any of which would adversely affect our operating results. Customers may also shift business to our competitors, in-source programs, or adjust the concentration of their supplier base. The global economic environment, adverse market conditions, political and geopolitical pressures, negative sentiment from our customers' customers or changes made by local governments (such as tax benefits or tariffs) may also impact our customers' business decisions. These and other factors could adversely affect the rate of outsourcing to EMS providers generally or to us in particular. A significant portion of our revenue can occur in the last month of the quarter, and purchase orders may be subject to change or cancellation, all of which affect our operating results when they occur. In 2021, we continued to experience significant demand reductions in certain markets, particularly in our commercial aerospace business, as a result of COVID-19. Because we cannot predict customer behavior, or if or when adverse market conditions will reverse, our forecasts of customer orders may be inaccurate, and may make it difficult to order appropriate levels of materials, schedule production, and maximize utilization of our manufacturing capacity and resources.

Our customers may change their forecasts, production quantities or product type requirements, or may accelerate, delay or cancel production quantities. When customers change production volumes or request different products to be manufactured from those in their original forecast, the unavailability of components and materials for such changes could also adversely impact our revenue and working capital performance. See "***We are dependent on third parties to supply certain materials, and our results can be negatively affected by the quality, availability and cost of such materials***" above.

Further, to guarantee continuity of supply for many of our customers, we are required to manufacture and warehouse specified quantities of finished goods. The uncertainty of demand in our customers' end markets, intense competition in our customers' industries and general order volume volatility may result in customers delaying or canceling the delivery of products we manufacture for them or placing purchase orders for lower volumes of products than previously anticipated. This may result in higher than expected levels of inventory, which could in turn have a material adverse impact on our operating results and working capital performance. Although the levels of inventory we carry in any period reflect inventory required to support new program ramps, inventory levels are also impacted by demand volatility and significant product mix changes, including late changes from customers, as well as materials constraints from suppliers (which persisted throughout 2021). As a result of global supply constraints, and related customer requests for us to order sufficient components, there has been a significant increase in our purchase order obligations from prior periods. We may not be able to return or re-sell excess inventory resulting from these factors, or we may be required to hold such inventory for a period of time, any of which may result in higher working capital needs (offset in part by customer cash deposits), and/or a requirement to record additional (and higher-than-typical) reserves for excess or obsolete inventory (as occurred in 2020). Order cancellations and delays could also lower our asset utilization, resulting in higher levels of unproductive assets, lower inventory turns, and lower margins.

***The semiconductor industry is cyclical and volatile in nature.***

The semiconductor industry is highly cyclical and has experienced significant economic downturns, often in connection with, or in anticipation of, maturing product cycles or a decline in general economic conditions. These downturns are characterized by diminished product demand, lower volumes and rapid erosion of average selling prices, resulting in revenue declines, production overcapacity, and excess inventory (as was the case throughout 2019). The timing, length and volatility of these cycles are difficult to predict. The quick onset of demand changes, as well as the high level of fixed costs associated with this business, exacerbate the adverse impact of these downturns on our operating results. Actions taken to reduce our costs may be insufficient to align our structure with prevailing business conditions, and we may be unable to invest in R&D and

engineering at the levels we believe are necessary to maintain our competitive position. On the other hand, in the event of a significant upturn, we may not be able to expand our workforce and operations in a sufficiently timely manner, procure adequate resources and raw materials, or locate suitable third-party suppliers to respond effectively to changes in demand for our existing products or to the demand for new products requested by our customers. See Item 5, "Operating and Financial Review and Prospects — MD&A — Recent Developments – Segment Environment." Any of the foregoing may adversely affect our margins, cash flow, and our ability to grow our revenue, and may increase the variability of our operating results from period to period.

***We may encounter difficulties expanding or consolidating our operations or introducing new competencies or new offerings, which could adversely affect our operating results.***

As we expand our business, open new sites, enter into new markets, products and technologies, invest in research, design and development, acquire new businesses or capabilities, transfer business within our network, consolidate certain operations, and/or introduce new business models or programs, we may encounter difficulties that result in higher than expected costs associated with such activities. Potential difficulties related to such activities include our ability: to manage growth effectively; to maintain existing business relationships during periods of transition; to anticipate disruptions in our operations that may impact our ability to deliver to customers on time, produce quality products and ensure overall customer satisfaction; and to respond rapidly to changes in customer demand or volumes. For example, our profitability was adversely impacted during 2020 and 2021 as a result of significant reduced demand in our aerospace and defense (A&D) business, due in part to COVID-19, requiring cost reduction actions to appropriately adjust our cost base.

We may also encounter difficulties in ramping and executing new programs. Ramping new programs can range from several months to over a year before production starts, and often requires significant up-front investments and increased working capital. These programs may generate lower margins or losses during and/or following the ramp period, or may not achieve the expected financial performance, due to production ramp inefficiencies, lower than expected volume, or delays in ramping to volume. In addition, our customers may significantly change these programs, or even cancel them altogether, due to decreases in their end-market demand or in the actual or anticipated success of their products in the marketplace. We may incur increased ramping costs as we further expand our ATS segment, and ramp new programs, including in the facility formerly used for programs with Cisco. There can be no assurance that our increased investments will benefit us or result in business growth. As we pursue opportunities in new markets or technologies, we may encounter challenges due to our limited knowledge or experience in these areas. In addition, the success of new business models or programs depends on a number of factors including: understanding the new business or markets; timely and successful product development; market acceptance; the effective management of purchase commitments and inventory levels in line with anticipated demand; the development or acquisition of appropriate intellectual property and capital investments, to the extent required; the availability of materials in adequate quantities and at appropriate costs to meet anticipated demand; and the risk that new offerings may have quality or other defects in the early stages of introduction. Any of these factors could prevent us from realizing the anticipated benefits of growth in new markets or technologies, which could materially adversely affect our business and operating results.

As part of our strategy to enhance our end-to-end service offerings, we intend to continue to expand our design and engineering capabilities. Providing these services may expose us to different or greater potential risks than those we face when providing our manufacturing services. Our design services require significant investments in R&D, technology licensing, testing and tooling equipment, patent applications and talent recruitment. Our margins may be adversely impacted if we incur higher than expected investment costs, or if our customers are not satisfied with our progress, or do not approve our completed designs. In addition, our design activities often require the purchase of inventory for initial production runs before we have a firm purchase commitment from a customer. Furthermore, we face increased competition with respect to this offering, as well as the recruitment of our HPS talent, from ODMs and other companies providing similar services. As we continue to grow our HPS business, costs required to support our design and engineering capabilities are expected to increase (for example, we expanded our HPS engineering network at our Richardson, Texas facility in 2021), and adversely impact our profitability. In addition, some of the products we design and develop must satisfy safety and regulatory standards and/or receive government certifications. If we fail to obtain these approvals or certifications on a timely basis, we would be unable to sell these products, which would harm our revenues, profitability and reputation.

There can be no assurance that our expansion into new markets or new business will be successful, or that we will achieve the anticipated benefits.

In addition, there is no assurance that we will find suitable new acquisition targets, that we will be able to consummate any such transactions on terms and conditions acceptable to us, or that we will be able to fund any such acquisitions with existing cash resources or through financing provided by external lenders. We may be unable to obtain additional capital if and

when required on terms acceptable to us or at all. If we are unable to consummate an acquisition we have deemed desirable, we may not be able to implement our intended business plan, which could adversely affect our business, results of operations and financial condition. In addition, we may incur costs to support our pursuit of acquisitions and/or other strategic opportunities, which may adversely impact our operating results, and may not result in the consummation of any such transactions. See "***We have incurred substantial third-party debt to fund acquisitions, which has increased our debt service requirements, may reduce our ability to fund future acquisitions and/or to respond to unexpected capital requirements, and may have other adverse impacts on our business***" below.

***Our profitability could suffer if we are not able to maintain adequate utilization of our workforce.***

The cost of providing our services, including the extent to which we utilize our workforce, affects our profitability. Our workforce utilization rate is affected by a number of factors, including: our ability to transition employees from completed projects to new programs and to hire and assimilate new employees; our ability to forecast demand for our services and thereby maintain an appropriate headcount in each of our geographies and operating sites; our ability to manage attrition; our need to devote time and resources to training and development; and our ability to match the skill sets of our employees to the needs of the marketplace. If we over-utilize our workforce, our employees may become disengaged, which could impact employee attrition. If we under-utilize our workforce, our margins and profitability could suffer. Manufacturing shut-downs and restrictions due to COVID-19 resulted in the incurrence of certain idled labor costs, which adversely impacted our financial results in 2020 and 2021.

***There may be problems with the products we design or manufacture that could result in liability/warranty claims against us, which may reduce demand for our services, damage our reputation, and/or cause us to incur significant costs.***

In most of our sales contracts, we provide warranties against defects or deficiencies in our products, services, or designs. We generally design and manufacture products to our customers' specifications, many of which are highly complex, and include products for regulated industries, such as HeathTech and A&D. The customized design solutions that form a part of our HPS offering also subject us to the risk of liability claims if defects are discovered or alleged. Despite our quality control and assurance efforts, problems may occur or be alleged, in or resulting from the design and/or manufacturing of these products. Whether or not we are responsible, problems in the products we design and/or manufacture, or in products which include components we manufacture, whether real or alleged, whether caused by faulty customer specifications, the design or manufacturing processes or a component defect, may result in increased costs to us, as well as delayed shipments to our customers, and/or reduced or canceled customer orders. These potential claims may include damages for the recall of a product and/or injury to person or property, including consequential and/or punitive damages.

Even if customers or third parties, such as component suppliers, are responsible for defects, they may not, or may not be able to, assume responsibility for any such costs or required payments to us. While we seek to insure against many of these risks, insurance coverage may be inadequate, not cost effective or unavailable, either in general or for particular types of products or issues.

As we expand our service offerings (including our HPS offerings) and pursue business in new end markets, our warranty obligations have increased and we may not be successful in pricing our products to appropriately cover our warranty costs. A successful claim for damages arising from defects or deficiencies for which we are not adequately insured, and for which indemnification from a third party is not timely (or otherwise) available, could have a material adverse effect on our reputation and/or our operating results and financial condition.

***We are subject to demand volatility in the commercial aerospace industry, and the sustained downturn in this industry as a result of COVID-19 has adversely impacted the revenues of our A&D business.***

Our A&D business may be affected by certain characteristics and trends of the commercial aerospace industry, such as fluctuations in its business cycle, varying fuel and labor costs, intense price competition and regulatory scrutiny, certain trends, including a possible decrease in aviation activity and a decrease in outsourcing by aircraft manufacturers or the failure of projected market growth to materialize or continue. In the event that these characteristics and trends adversely affect customers in the commercial aerospace industry, they may reduce the overall demand for our commercial aerospace services. The Boeing 737 Max program halt led to demand reductions in our commercial aerospace business in 2020, which have not yet recovered. In addition, the severe and prolonged adverse impact of COVID-19 on the commercial aerospace industry due to quarantines, travel restrictions, business curtailments, resurgences and mutations of the virus and safety concerns had a material and adverse impact on our commercial aerospace revenues during 2020 and 2021.

***We may encounter integration and other significant challenges with respect to our acquisitions and strategic transactions which could adversely affect our operating results.***

We have (and may continue to) expand our network, capabilities and presence in new regions and end markets through acquisitions and/or strategic transactions, including multi-year "operate-in-place" arrangements, where we manage certain production, assembly or other services for customers directly from their locations, acquire their inventory, equipment and/or other assets, hire their employees, and lease or acquire their manufacturing sites. Potential challenges related to these acquisitions and transactions include: integrating acquired operations, systems and businesses (which may include transferring production from acquired operations to our existing network, or downsizing or closing acquired locations, in each case to obtain anticipated operational synergies); meeting customers' expectations as to volume, product quality and timeliness; supporting legacy contractual obligations; retaining customer, supplier, employee or other business relationships of acquired operations; addressing unforeseen liabilities of acquired businesses; limited experience with new technologies and markets; failure to realize anticipated benefits, such as cost savings and revenue enhancements; failure to achieve anticipated business volumes or operating margins; valuation methodologies not accurately capturing the value of the acquired business; the effects of diverting management's attention from day-to-day operations to matters involving the integration of acquired businesses; incurring potentially substantial transaction costs associated with these transactions; increased burdens on our staff and on our administrative, internal control and operating systems, which may hinder our legal and regulatory compliance activities; overpayment for an acquisition; and potential impairments resulting from post-acquisition deterioration in, or reduced benefit from, an acquired business. While we often obtain indemnification rights from the sellers of acquired businesses, such rights may be difficult to enforce, the losses may exceed any dedicated escrow funds, and the indemnitors may not have the ability to financially support the indemnity. Any of these factors may prevent us from realizing the anticipated benefits of an acquisition, including additional revenue, operational synergies, and/or economies of scale. Any delay or failure to realize the anticipated benefits of acquisitions may adversely affect our business and operating results and may require us to write-down the carrying value of any related goodwill and intangible assets in periods subsequent to the acquisitions. For example, our profitability was adversely impacted during 2020 and 2021 as a result of significant reduced demand in our A&D business, due in part to COVID-19, requiring related cost reduction actions to adjust our cost base. Acquisitions may also involve businesses we are not familiar with, and expose us to additional business risks that are different than those we have traditionally experienced or anticipated at the time of acquisition.

***Any failure to comply with customer-driven policies and standards, and third party certification requirements could adversely affect our business and reputation.***

In addition to government regulations and industry standards, our customers may require us to comply with their own climate change, social responsibility, conflict minerals, quality or other business policies or standards, which may be more restrictive than current laws and regulations and our pre-existing policies. Such policies or standards may be customer-driven, established by the industries in which we operate, or imposed by third party organizations. For example, we are a member of the Responsible Business Alliance (RBA). The RBA is a non-profit coalition of electronics companies that, among other things, establishes standards for its members in responsible and ethical practices in the areas of labor, environmental compliance, employee health and safety, ethics and social responsibility. Our compliance with these policies, standards and third-party certification requirements could be costly, and our failure to comply could adversely affect our operations, customer relationships, reputation and profitability.

***Challenges associated with new customers or programs, or the provision of new services, could adversely affect our operations and financial results.***

In determining whether to pursue a potential new customer, program or service, we evaluate whether it fits with our value proposition as well as its potential end-market success. Where we proceed, our goal is to ensure that our terms of engagement appropriately reflect anticipated costs, risks and rewards. The failure to make prudent engagement decisions or to establish appropriate contractual terms could adversely affect our profitability and margins.

There are also risks associated with the timing and ultimate realization of anticipated revenue from a new program or service. Certain new programs or services require us to devote significant capital and personnel to new technologies and competencies. We may not meet customer expectations, which could damage our relationships with such customers and impact our ability to timely deliver conforming products or services. The success of new programs may also depend heavily on factors including product reliability, supply chain dynamics, market acceptance, regulatory approvals and/or economic conditions. Any failure to meet expectations on these factors could adversely affect our results of operations.

***We have incurred significant restructuring charges in recent periods, and expect to incur further restructuring charges during 2022; we may not achieve some or all of the expected benefits from our restructuring activities, these activities may adversely affect our business, and additional restructuring actions may be required once currently-contemplated actions are complete.***

We incurred restructuring charges of \$10.5 million in 2021, \$25.8 million in 2020, and \$37.9 million in 2019, and expect to incur incremental restructuring charges in 2022. See Item 5, "Operating and Financial Review and Prospects — MD&A — Operating Results — Other charges (recoveries)." Implementation of our restructuring activities may be costly and disruptive to our business, and we may not achieve the cost savings and benefits anticipated from such activities. We may not be able to retain or expand existing business due to execution issues relating to anticipated headcount reductions, plant closures or product/service transfers, and we may incur higher operating expenses during the periods of transition. Additionally, restructuring actions may result in a loss of continuity and accumulated knowledge in our workforce and related operational inefficiencies, as well as negative publicity. Headcount reductions can also have a negative impact on morale and our ability to attract and hire new qualified personnel in the future. Our restructuring activities require a significant amount of management and other employees' time and focus, which may divert attention from operating and growing our business. Any failure to achieve some or all of the expected benefits of our restructuring activities, including any delay in implementing planned related restructuring actions, may have a material adverse effect on our competitive position and operating results. In addition, we may implement additional future restructuring actions or divestitures as a result of changes in our business, the marketplace and/or our exit from less profitable, under-performing, non-core or non-strategic operations.

***We have incurred substantial third-party debt to fund acquisitions, which has increased our debt service requirements, may reduce our ability to fund future acquisitions and/or to respond to unexpected capital requirements, and may have other adverse impacts on our business.***

Our outstanding indebtedness, together with the mandatory prepayment provisions of our credit facility, require us to dedicate a portion of our cash flow to make interest and principal payments on such indebtedness, thereby limiting the availability of our cash flow for other purposes, and may reduce our ability to fund future acquisitions and/or to respond to unexpected capital requirements. Such indebtedness (which may increase if we are unable to sell desired amounts under our uncommitted accounts receivable sales program) may also: require us to pursue additional term financing for potential investments, which may not be available on acceptable terms or at all; limit our ability to obtain additional financing for working capital, business activities, and other general corporate requirements; limit our ability to refinance our indebtedness on terms acceptable to us or at all; limit our flexibility to plan for and adjust to changing business and market conditions; and increase our vulnerability to general adverse economic and industry conditions. In addition, such indebtedness could have a variety of other adverse effects, including: (i) default and foreclosure on our assets if we have insufficient funds to repay the debt obligations; (ii) acceleration of such indebtedness or cross-defaults if we breach financial or other covenants under applicable debt agreements and such breaches are not waived; (iii) increased vulnerability to adverse changes in competitive conditions or government regulation; and (iv) other disadvantages compared to our competitors who have less debt. Our credit facility also prohibits share repurchases for cancellation if our leverage ratio (as defined in such facility) exceeds a specified amount (this restriction is not currently, and during 2021 was not, in effect).

In addition, our credit ratings impact the cost and availability of future borrowings and, accordingly, our cost of capital. Our ratings reflect the opinions of the ratings agencies of our financial strength, operating performance and ability to meet our debt obligations. There can be no assurance that we will achieve a particular rating or maintain a particular rating in the future, which could place us at a disadvantage compared to our competitors and prevent us from taking actions that could benefit us in the long term. Any negative change in our credit rating or outlook may make it more expensive for us to raise additional capital in the future on terms that are acceptable to us, if at all. We may not be able to obtain financing arrangements on acceptable terms or in amounts sufficient to meet our needs in the future, which could harm our ability to grow our business, internally or through acquisitions.

*We have incurred impairment charges and operating losses in certain of our businesses, and may incur such charges and losses in future periods.*

We have from time to time recorded impairment charges when we have determined that the carrying amount of our assets, or related cash generating unit or units (CGUs), may not be recoverable (last recorded in 2015). We have also recorded charges (including during 2019 - 2021) to write-down specified assets in connection with our restructuring actions (described in note 15 to the Consolidated Financial Statements in Item 18). Determining the recoverable amount of our assets and CGUs is subjective and requires management to exercise significant judgment in estimating future growth, profitability, discount and terminal growth rates, and in projecting future cash flows, among other factors, including the impact of market conditions on management's assumptions. Future events and changing market conditions may impact our assumptions as to prices, costs, or other factors that may result in changes to our estimates of future cash flows, which may in turn result in impairment charges, which could be substantial and adversely affect our financial results. Factors that might reduce the recoverable amount of these assets below their respective carrying values include declines in our stock price and market capitalization, reduced future cash flow estimates, slower growth rates, or significant operating losses in any of our businesses. Sustained market price decreases, demand softness, and/or failure to realize future revenue at an appropriate profit margin in any CGU could negatively impact our operating results, including the incurrence of restructuring charges and/or impairment losses for such CGU or operating losses for the relevant business. Similar risks apply to assessing the recoverability of our deferred tax assets.

*We continue to operate in an uncertain global economic and political environment.*

Concerns over global economic conditions, financial markets, geopolitical issues, energy costs, inflation, and the availability and cost of credit, have contributed to increased global economic and political uncertainty. The political environment in the U.S., tensions between the U.S. and other countries, and the evolving Russia/Ukraine conflict, have contributed to such uncertainty. Trade actions between the U.S. and China have made our production from China less cost-competitive than other low-cost countries in recent periods. These geopolitical events, which are outside our control, have adversely impacted, and are expected to continue to adversely impact, our China operations. See "**Our operations have been and could continue to be adversely affected by events outside our control**" and "**U.S. policies or legislation could have a material adverse effect on our business, results of operations and financial condition**" below. Uncertain global economies have adversely impacted, and may continue to unpredictably impact, currency exchange rates. See "**We are exposed to translation and transaction risks associated with foreign currency exchange rate fluctuations; hedging instruments may not be effective in mitigating such risks**" below. Financial market instability may result in lower returns on our financial investments, and lower values on some of our assets. Alternately, inflation may lead to higher costs for materials and/or increase our costs of borrowing and raising capital, and we have experienced wage and materials price inflation during 2021. Uncertainty surrounding the global economic environment and geopolitical outlook may impact current and future demand for some of the products we manufacture or services we provide, the financial condition of our customers and/or suppliers, as well as the number and pace of customer consolidations. If any of the foregoing impacts the financial condition of our customers, they may delay payments to us or request extended payment terms, which could have an adverse effect on our financial condition and working capital. If any of the foregoing impacts the financial condition of our suppliers, this may have an adverse effect on our operations, financial condition and/or customer relationships. We cannot predict the precise nature, extent, or duration of these economic or political conditions or if they will have any impact on our financial results. A deterioration in the economic environment may exacerbate the effect of the various risk factors described in this Annual Report and could result in other unforeseen events that may adversely impact our business and financial condition.

*Our operations have been and could continue to be adversely affected by events outside our control.*

Our operations and those of our customers, component suppliers and/or our logistics partners may be disrupted by global or local events outside our control, including: natural disasters and related disruptions; political instability; geopolitical dynamics; terrorism; armed conflict; labor or social unrest; criminal activity; disease or illness that affects local, regional, national or international economies (see below); unusually adverse weather conditions; cybersecurity incidents (see "**Our operations and our customer relationships may be adversely affected by disruptions to our information technology (IT) systems, including disruptions from cybersecurity breaches of our IT infrastructure**" below); and other risks present in the jurisdictions in which we, our customers, our suppliers and/or our logistics partners operate. These types of events could disrupt operations at one or more of our sites or those of our customers, component suppliers and/or our logistics partners. These events could also lead to higher costs or supply shortages, and may disrupt the delivery of components to us or our ability to provide finished products or services to our customers, any of which could adversely affect our operating results materially. We carry insurance to cover damage to our sites and interruptions to our operations, including those that may occur as a result of natural disasters, such as flooding, earthquakes or other events. Our insurance policies, however, are subject to deductibles, coverage limitations and exclusions, and may not provide adequate (or any) coverage should such events occur.

Our business and operations could be materially and adversely affected by the effects of a widespread outbreak of a contagious disease or other adverse public health developments. These effects could (and with respect to COVID-19, did and continue to) include disruptions or restrictions on our employees' and other service providers' ability to travel, as well as temporary closures of our facilities or the facilities of our customers, suppliers, or other vendors in our supply chain, including single source suppliers, and shipping delays and premiums. In addition, a significant outbreak of contagious diseases in the human population could (and with respect to COVID-19, did and continues to) result in a widespread health crisis that adversely affects the economies and financial markets of many countries, resulting in an economic downturn that affects demand for our end customers' products and in turn adversely impacts our operating results. See **"The effect of COVID-19 on our operations and the operations of our customers, suppliers and logistics providers has had, and may continue to have, a material and adverse impact on our financial condition and results of operations"** below for a discussion of the actual and potential impact of COVID-19 on our business.

Increased international political volatility, including changes to previously accepted trading or other government policies or legislation in the U.S. and Europe, instability in parts of Europe and the Middle East, as well as the ongoing refugee crisis, anti-immigrant activities, social unrest and fears of terrorism, enhanced national security measures, armed conflicts (including the evolving situation in Ukraine), security issues at the U.S./Mexico border related to illegal immigration or criminal activities associated with illegal drug activities, labor or social unrest, strained international relations, including tensions between the U.S. and other countries, and any related decline in consumer confidence arising from these and other factors may materially hinder our ability to conduct business, or may reduce demand for our products or services. Any escalation in these events or similar future events may disrupt our operations or those of our customers and suppliers and could adversely affect the availability of materials needed to manufacture our products or the means to transport those materials to manufacturing sites and finished products to customers. Changes in policies by the U.S. or other governments could negatively affect our operating results due to changes in duties, tariffs or taxes, or limitations on currency or fund transfers, as well as government-imposed restrictions on producing certain products in, or shipping them to, specific countries. Also see **"U.S. policies or legislation could have a material adverse effect on our business, results of operations and financial condition," "Our ability to successfully manage unexpected changes or risks inherent in our global operations and supply chain may adversely impact our financial performance," "We continue to operate in an uncertain global economic and political environment,"** and Item 5, "Operating and Financial Review and Prospects — MD&A — External Factors that May Impact our Business."

We rely on a variety of common carriers for the transportation of materials and products and for their ability to route these materials and products through various international ports and other transportation hubs. A work stoppage, strike or shutdown of any important supplier's site or operations, or at any major port or airport, or the inability to access any such site for any reason, could result in manufacturing and shipping delays or expediting charges, which could have a material adverse effect on our operating results.

The foregoing events have had and may in the future have an adverse impact on the U.S. and global economy in general, and on consumer confidence and spending, which may adversely affect our revenue and financial results. Such events could increase the volatility of the market price of our securities and may limit the capital resources available to us and our customers and suppliers.

***The effect of COVID-19 on our operations and the operations of our customers, suppliers and logistics providers has had, and may continue to have, a material and adverse impact on our financial condition and results of operations.***

COVID-19 had a material and adverse impact on our operations during 2020 and 2021. In addition to the impact of demand reductions due to COVID-19 on our revenue (most significantly in our Industrial and commercial aerospace businesses), we experienced significant adverse revenue impacts across our businesses resulting from materials constraints (including as a result of COVID-19). See Item 5, "Operating and Financial Review and Prospects — MD&A — Recent Developments — Segment Environment" for further detail. As a result of supply chain and workforce constraints, we were negatively impacted by approximately \$32 million and \$37 million during 2021 and 2020, respectively, in estimated COVID-19-related costs, comprised of both direct and indirect costs, including manufacturing inefficiencies related to lost revenue due to our inability to secure materials, idled labor costs resulting from shelter-in-place orders and manufacturing capacity restrictions, and incremental costs for labor, expedite fees and freight premiums, cleaning supplies, personal protective equipment, and IT-related services to support our work-from-home arrangements (collectively, COVID-19 Costs). Although we expect to continue to incur COVID-19 Costs in 2022, stemming most significantly from manufacturing inefficiencies related to lost revenue due to our inability to secure materials, we cannot quantify anticipated amounts. Adverse COVID-19-related impacts were mitigated in part by an aggregate of \$11 million and \$34 million in COVID-19-related government subsidies, grants or credits and \$1 million and \$3 million of COVID-19-related customer recoveries we recognized in 2021 and 2020, respectively. However, we do not anticipate that such relief will be available to us in 2022.



We have experienced (and continue to experience) shipping surcharges on ocean freight, premiums on air freight, and increased transit times in receiving certain raw materials as a result of shipping delays due to, among other things, additional safety requirements imposed by port authorities, closures of or congestion at ports, reduced availability of commercial transportation, border restrictions and capacity constraints for air freight as a result of COVID-19, which have had an adverse impact on our ability to obtain materials and, at times, deliver our products in a timely manner, and consequently, our results of operations. Shipping delays and increased shipping costs are anticipated to continue to disrupt our operations, and have an adverse effect on our business, financial condition and results of operations, until ocean and air freight capacity is no longer constrained.

The pandemic has impacted our customers and may create unpredictable reductions or increases in demand for our services. See Item 5, "Operating and Financial Review and Prospects — MD&A — Recent Developments — Segment Environment." In addition, the ability of our employees to work may be significantly impacted by individuals contracting or being exposed to COVID-19. While we are following the requirements of governmental authorities and taking preventative and protective measures to prioritize the safety of our employees (including periodic cessations (other than very limited essential inter-regional travel) of employee travel, a global work-from-home policy for applicable employees, and for all other employees, physical distancing, enhanced screening, mandatory mask and use of other personal protective equipment, shift-splitting, and organization of vaccine clinics in regions where vaccines were not readily available, including Malaysia and Thailand), these measures may not be successful, and we may be required to temporarily close facilities or take other measures. If factory closures or significant reductions in capacity utilization occur, we would incur additional inefficiencies and direct costs, as well as a loss of revenue. If our suppliers experience additional closures or reductions in their capacity utilization levels, we may have further difficulty sourcing materials necessary to fulfill production requirements. A material adverse effect on our employees, customers, suppliers and/or logistics providers could have a material adverse effect on us.

In addition to the potential items noted above, future impacts from the pandemic may also include: (i) a further decrease in short-term and/or a decrease in long-term demand and/or pricing for certain of our products; (ii) further reductions in production levels and R&D activities; (iii) further increased costs resulting from our efforts to mitigate the impact of COVID-19; (iv) deterioration of worldwide credit and financial markets that could limit our ability to obtain external financing to fund our operations and capital expenditures, could result in losses on our holdings of cash and investments due to failures of financial institutions and other parties, and could result in a higher rate of losses on our accounts receivable (A/R) due to credit defaults; (v) further disruptions to our supply chain, including as a result of shipping delays; (vi) write-downs and/or impairments of assets; (vii) diversion of management's attention from our key strategic priorities, causing us to reduce, delay, alter or abandon initiatives that may otherwise increase our long-term value or otherwise disrupt our business operations; and/or (viii) adverse impacts on our information technology systems and our internal control systems as a result of continued remote work arrangements.

In addition, to the extent government-required vaccine mandates in jurisdictions in which our businesses operate become effective, it could create operational burdens necessary to track vaccination status and/or enforce COVID-19 testing of non-vaccinated employees. We cannot predict with certainty the impact that any such regulations would have on our workforce. Our implementation of applicable requirements may result in workforce attrition or difficulty securing future labor needs, which could have a material adverse effect on our business, financial condition, and results of operations.

The ultimate size of the impact of the COVID-19 pandemic on our business and its duration will depend on future developments which cannot currently be predicted, including infection resurgences and mutations, government responses, the speed at which our suppliers and logistics providers can return to and maintain full production, the status of labor shortages and the impact of supplier prioritization of backlog. Even after the COVID-19 pandemic has subsided, we may experience significant adverse impacts to our businesses as a result of its global economic impact, including any related recession, as well as lingering impacts on our suppliers, third-party service providers and/or customers (including movement of production in-country to decrease global exposures).

***U.S. policies or legislation could have a material adverse effect on our business, results of operations and financial condition.***

The former U.S. administration created uncertainty with respect to, among other things, trade agreements and free trade generally, and imposed significant increases on tariffs on goods imported into the U.S. from specified countries, each of which has imposed retaliatory tariffs on specified items. These actions, and/or other governmental actions related to tariffs or international trade agreements, have increased (and could further increase) the cost to our U.S. customers who use our non-U.S. manufacturing sites and components, and vice versa, which may materially and adversely impact demand for our services, our

results of operations or our financial condition. Although we have transferred numerous customer programs to countries unaffected by these tariffs (including Thailand), we anticipate continued actions from non-China based customers to exit China to avoid the impact of these additional tariffs. Given the uncertainty regarding the scope and duration of these (or further) trade actions, whether trade tensions will escalate further, and whether our customers will continue to bear the cost of the tariffs and/or avoid such costs by in-sourcing or shifting business to other providers, their impact on our operations and results for future periods cannot be currently quantified, but may be material. See Item 5, "Operating and Financial Review and Prospects — MD&A — External Factors that May Impact our Business" for further detail.

In addition, it is unknown at this time to what extent new U.S. laws will be passed or new regulatory proposals will be adopted, if any (or whether current laws or regulations will be rolled back), or the effect that such events may have on the economy and/or our business. However, changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing foreign trade, taxes, manufacturing, clean energy, the healthcare industry, development and investment in the jurisdictions in which we and/or our customers or suppliers operate, could materially adversely affect our business, results of operations and financial condition. See "***We are subject to the risk of increasing income and other taxes, tax audits, and the challenges of successfully defending our tax positions, and obtaining, renewing or meeting the conditions of tax incentives and credits, any of which may adversely affect our financial performance.***"

***Changes to our operating model may adversely affect our business.***

We continuously work to improve our productivity, quality, delivery performance and flexibility through various operational initiatives, including our recent CCS segment portfolio review (including our disengagement from programs with Cisco), which resulted in an estimated annualized aggregate CCS segment revenue decline of \$1.25 billion in 2021 compared to revenue in 2018, the year such review commenced. We may be unable to replace all of such revenue in a timely manner or on acceptable terms.

Implementation of these initiatives also presents a number of risks, including: (i) failure to achieve anticipated margin improvements from such actions; (ii) actual or perceived disruption of service or reduction in service levels to customers; (iii) potential adverse effects on our internal control environment with respect to general and administrative functions during transitions resulting from such initiatives; (iv) actual or perceived disruption to suppliers, distribution networks and other important operational relationships and the inability to resolve potential conflicts in a timely manner; (v) diversion of management attention from ongoing business activities and strategic objectives; and (vi) failure to retain key employees. Because of these and other factors, we cannot predict whether we will fully realize the purpose and anticipated benefits or cost savings of these initiatives and, if we do not, our business and results of operations may be adversely affected. Furthermore, adverse changes to our business may require additional restructuring or reorganization activities in the future. See "***We have incurred significant restructuring charges in recent periods, and expect to incur further restructuring charges during 2022; we may not achieve some or all of the expected benefits from our restructuring activities, these activities may adversely affect our business, and additional restructuring actions may be required once currently-contemplated actions are complete***" above.

***Our results may be negatively affected by rising labor costs.***

There is some uncertainty with respect to the pace of rising labor costs (including minimum wage increases that may be government-mandated from time to time), and increasing competition for specific talent/resources in various regions in which we operate. The competition for talent has been heightened as a result of COVID-19, due to government-imposed border controls, which limit the supply of foreign labor, and require us to rely on more expensive talent solutions. COVID-19 has also impacted our labor costs due to employees' idled time and paid time off to receive vaccines and/or stay in quarantine. Any increase in labor costs that we are unable to recover in our pricing to our customers would negatively impact our margins and operating results.

***Volatility in commodity prices may negatively impact our operating results.***

We rely on various energy sources in our production and transportation activities. Increases in prices for energy and other commodities have resulted in, and may result in further increased raw material and component costs and transportation costs. Any increase in our costs that we are unable to recover in our pricing to our customers would negatively impact our margins and operating results.

**Quality and execution issues may reduce demand for our services, damage our reputation, and/or have a material adverse effect on our business and operating results.**

In any given quarter, we can experience quality and process variances related to materials, testing, or other manufacturing or supply chain activities. Although we are successful in resolving the majority of such issues, the existence of these variances could cause us to incur significant costs in relation to corrective actions, have a material adverse impact on the demand for our services in future periods from any affected customers, damage our reputation, and/or have a material adverse effect on our business and operating results.

**We are subject to financial and reputational risk due to non-performance by counterparties.**

A failure by counterparties, including customers, suppliers, financial institutions (including the issuers of our purchased annuities), or other third parties with whom we conduct business, to fulfill their contractual obligations, may result in financial loss to us and may have adverse effects on our business.

If a key supplier, or any company within such supplier's supply chain, experiences financial or other difficulties, such difficulties may affect their ability to supply us with materials, components or services, which could halt or delay the production of a customer's products, and/or have a material adverse impact on our operations, financial results, and customer relationships. In addition, our ability to collect outstanding A/R depends, in part, on the financial strength of our customers. See Item 5, "Operating and Financial Review and Prospects — MD&A — External Factors that May Impact our Business" for further detail. In each of 2021 and 2020, we had two customers individually representing 10% or more of total A/R. If a customer bankruptcy occurs, our profitability may be adversely impacted if affected A/R are in excess of our allowance for doubtful accounts. Additionally, our future revenues could be adversely impacted by a customer bankruptcy. Inability to collect A/R and/or the loss of one or more major customers could adversely impact our operating results, financial position and cash flows. We cannot reasonably determine the extent to which a customer or supplier may have financial difficulties, or whether we will be required to adjust customer pricing, payment terms and/or the amounts we pay to suppliers for materials and components.

To mitigate the actuarial and investment risks of our defined benefit pension plans, we purchase annuities (using existing plan assets) from time to time from third party insurance companies for certain, or all, of our obligations under specified pension plans. Failure by the insurance companies to fulfill their contractual obligations would result in a significant financial loss to us, as we retain ultimate responsibility for the payment of benefits to plan participants unless and until such pension plans are wound-up.

**We may use cash on hand, issue debt or equity securities, and/or incur additional third-party debt (or any combination thereof) to complete future acquisitions or otherwise fund our operations, which may adversely affect our liquidity, credit ratings, financial condition and/or results of operations.**

Any significant use of cash (for future acquisitions or otherwise) would adversely impact our cash position and liquidity. In addition, we may choose to issue debt securities or otherwise incur additional debt to fund future acquisitions or otherwise fund our operations. Any additional incurrence of debt (either through the issuance of debt securities or through a new or refinanced credit facility) would increase our debt leverage and debt service requirements (necessitating the use of additional cash flow for this purpose), may reduce our debt agency ratings, may further adversely impact our ability to fund future acquisitions and/or respond to unexpected capital requirements, may impose additional restrictions on our operations, and may have a variety of additional adverse effects, including, but not limited to, those described in "**We have incurred substantial third-party debt to fund acquisitions, which has increased our debt service requirements, may reduce our ability to fund future acquisitions and/or to respond to unexpected capital requirements, and may have other adverse impacts on our business**" above. To the extent we sell equity or convertible debt securities, the issuance of these securities (the pricing of which would be subject to market conditions at the time of issuance) could result in material dilution to our stockholders. Sales of our equity securities or convertible debt, or the perception that these sales could occur, could also cause the market price for our subordinate voting shares (SVS) to fall, and new securities could have rights, preferences and privileges senior to the holders of our SVS.

***We are exposed to translation and transaction risks associated with foreign currency exchange rate fluctuations; hedging instruments may not be effective in mitigating such risks.***

Global currency markets can be volatile. Although we conduct the majority of our business in U.S. dollars, our global operations subject us to translation and transaction risks associated with fluctuations in currency exchange rates that could have a material adverse impact on our operating results and/or financial condition. A significant portion of our operational costs (including payroll, pensions, site costs, costs of locally sourced supplies and inventory, and income taxes) are denominated in various currencies other than the U.S. dollar. Fluctuations in currency exchange rates may significantly increase the amount of translated U.S. dollars required for costs incurred in other currencies or significantly decrease the U.S. dollars received from non-U.S. dollar revenues.

Although our functional currency is the U.S. dollar, currency risk on our income tax expense arises as we are generally required to file our tax returns in the local currency for each particular country in which we have operations. A weakening of the local currency against the U.S. dollar could have a negative impact on our income taxes payable (related to increased local-currency taxable profits) and on our deferred tax costs (primarily related to the revaluation of non-monetary foreign assets from historical average exchange rates to the period-end exchange rates). See note 20 to the Consolidated Financial Statements in Item 18. While our hedging program is designed to mitigate currency risk vis-à-vis the U.S. dollar, we remain subject to taxable foreign exchange impacts in our translated local currency financial results relevant for tax reporting purposes.

As part of our risk management program, we enter into foreign currency forward and swap contracts to lock in the exchange rates for future foreign currency transactions, which is intended to reduce the foreign currency risk related to our operating costs and future cash flows denominated in local currencies. While these contracts are intended to reduce the effects of fluctuations in foreign currency exchange rates, our hedging strategy does not mitigate the longer-term impacts of changes to foreign exchange rates. In addition, these instruments are subject to transaction costs, credit requirements and counterparty risk. If our hedging program is not successful, or if we change our hedging activities in the future, we may experience significant unexpected expenses from fluctuations in exchange rates.

Our financial results have been adversely impacted by negative foreign currency translation effects, and such adverse effects, some of which may be substantial, are likely to recur in the future.

***Our ability to successfully manage unexpected changes or risks inherent in our global operations and supply chain may adversely impact our financial performance.***

We have sites in the following countries: Canada, the U.S., China, Ireland, Japan, Laos, Malaysia, Mexico, Romania, Singapore, South Korea, Spain, Indonesia, India, Philippines and Thailand. During 2021, approximately 80% of our revenue was produced at locations outside of North America. We also purchase the majority of our components and materials from international suppliers.

Global operations are subject to inherent risks which may adversely affect us, including:

- changes in local tax rates and tax incentives and the adverse tax consequences of repatriating earnings;
- labor unrest and differences in regulations and statutes governing employee relations, including increased scrutiny of labor practices within our industry;
- cultural differences and/or differences in local business customs;
- negative impacts, or ineffectiveness, of our restructuring activities;
- changes in regulatory requirements;
- inflationary trends and rising costs;
- changes in international political relations;
- difficulty in staffing (including skilled labor availability and cost) and managing foreign operations;
- challenges in building and maintaining infrastructure to support operations;
- compliance with a variety of foreign laws, including import and export tariffs and regulations;
- adverse changes in trade policies and/or agreements between countries in which we maintain operations;
- changes in logistics costs;
- changes in the availability, lead time, and cost of components and materials;

- weaker laws protecting intellectual property rights and/or greater difficulty enforcing such rights;
- global economic, political and/or social instability, including military actions, protectionism and reactive countermeasures, economic or other sanctions or trade barriers;
- potential restrictions on the transfer of funds and/or other restrictive actions by foreign governments;
- the effects of terrorist activity, armed conflict, natural disasters and epidemics (including COVID-19); and
- global currency fluctuations.

Any of these risks could disrupt the supply of our components or materials, slow or stop our production, and/or increase our costs. Compliance with trade and foreign tax laws may increase our costs and actual or alleged violations of such laws could result in enforcement actions or financial penalties that could result in substantial costs. In addition, the introduction or expansion of certain social programs in foreign jurisdictions may increase our costs, and certain supplier's costs, of doing business.

In particular, a significant portion of our manufacturing, design, support and storage operations are conducted in our facilities in China, and revenues associated with our China operations are important to our success (2021 — 16%; 2020 — 20%). Therefore, our business, financial condition and results of operations may be materially adversely affected by economic, political, legal, regulatory, competitive and other factors in China. The Chinese economy differs from the economies of most developed countries in many respects, including the level of government involvement and control over economic growth. In addition, our operations in China are governed by Chinese laws, rules and regulations, some of which are relatively new. The Chinese legal system continues to rapidly evolve, which may result in uncertainties with respect to the interpretation and enforcement of Chinese laws, rules and regulations that could have a material adverse effect on our business. China experiences high turnover of direct labor in the manufacturing sector, and engineers in our design centers, due to the intensely competitive and fluid market for labor, and the retention of adequate labor is a challenge. If our labor turnover rates are higher than we expect, or we otherwise fail to adequately manage our labor needs, then our business and results of operations could be adversely affected. We are also subject to risks associated with our subsidiaries organized in China. For example, regulatory and registration requirements and government approvals affect the financing that we can provide to our subsidiaries. If we fail to receive required registrations and approvals to fund our subsidiaries organized in China, or if our ability to remit currency out of China is limited, then our business and liquidity could be adversely affected.

In addition, international trade disputes with China have resulted in increased tariffs and other measures that have, and may continue to, adversely affect the Company's business. Our production from China has become less cost-competitive than other low-cost countries in recent periods, and we anticipate continued actions from non-China based customers to exit China to avoid the impact of additional tariffs. More generally, changes to, among other things, laws or policies in the U.S. regarding foreign trade, import/export duties, tariffs or taxes, manufacturing and/or investments, or other events outside of our control, could materially adversely affect our U.S. and foreign operations. See **"U.S. policies or legislation could have a material adverse effect on our business, results of operations and financial condition"** and **"Our operations have been and could continue to be adversely affected by events outside our control"** above, and Item 5, "Operating and Financial Review and Prospects — MD&A — External Factors that May Impact our Business."

***Our business is dependent on us winning competitive bid selection processes.***

These selection processes are typically lengthy and can require us to dedicate significant development expenditures and engineering resources in pursuit of a single customer opportunity. Failure to obtain a particular design win may prevent us from obtaining design wins in subsequent generations of a particular product. This can result in lost revenue and could weaken our position in future competitive bid selection processes.

***Customer relationships with emerging companies may present more risks than with established companies.***

Customer relationships with emerging companies present special risks because we do not have an extensive product or customer relationship history. There is less demonstration of market acceptance of their products making it harder for us to anticipate requirements than with established customers. Our credit risk on these customers, especially in A/R and inventories, and the risk that these customers will be unable to fulfill indemnification obligations to us are potentially increased.

***If we are unable to recruit or retain highly skilled talent, our business could be adversely affected.***

The recruitment of personnel in the EMS and ODM industry is highly competitive. We believe that our future success depends, in part, on our ability to attract and retain highly skilled executive, technical and management talent in the various geographies in which we operate. Competitive dynamics, as well as the time required to replace or redistribute responsibilities related to the loss of the services of certain executive, management and technical employees, individually or in the aggregate, could have a material adverse effect on our operations, and there can be no assurance that we will be able to retain their services. Regional competitive dynamics may also impact our ability to retain and acquire talent. Organizational changes may impact our relationships with customers, vendors, and employees, potentially resulting in loss of business, loss of vendor relationships, and the loss of key employees or declines in employee productivity. Uncertainties associated with any senior management transitions could lead to concerns from current and potential third parties with whom we do business, any of which could hurt our business prospects. Turnover in key leadership positions within the Company, or any failure to successfully integrate key new hires or promoted employees, may adversely impact our ability to manage the Company efficiently and effectively, could be disruptive and distracting to management and may lead to additional departures of existing personnel, any of which could have a material adverse effect on our business, operating results, financial results and internal controls over financial reporting.

***We may not keep pace with rapidly evolving technology.***

Many of the markets for our manufacturing and engineering services are characterized by rapidly changing technology and evolving process development, and we cannot assure that we will maintain or develop the capabilities required by our customers in the future. The emergence of new technologies, industry standards or customer requirements may render our equipment, designs, inventory or processes obsolete or noncompetitive. In addition, we may have to invest in new processes, capabilities or equipment to support new technologies used in our customers' current or future products, and to support their supply chain processes. Additionally, as we expand our service offerings or pursue business in new markets where our experience may be limited, we may be less effective in adapting to technological change. Our manufacturing, engineering, supply chain processes, and test development efforts and design capabilities may not be successful due to rapid technological shifts in any of these areas. The acquisition and implementation of new technologies and equipment and the offering of new or additional services to our customers may require significant expense or capital investment, which could reduce our operating margins and our operating results. Our failure to anticipate and adapt to our customers' changing technological needs and requirements or to hire and retain a sufficient number of engineers and maintain our engineering, technological and manufacturing expertise could have a material adverse effect on our operations.

Various industry-specific standards, qualifications and certifications are required to produce certain types of products for our customers. Failure to obtain or maintain those certifications may adversely affect our ability to maintain existing levels of business or win new business.

***We may not adequately protect our intellectual property or the intellectual property of others.***

We believe that certain of our proprietary intellectual property rights and information provide us with a competitive advantage. Accordingly, we take steps to protect this proprietary information, including obtaining patents to safeguard our HPS intellectual property, entering into non-disclosure agreements with customers, suppliers, employees and other parties, and by implementing security measures. However, these measures may not be sufficient to prevent or detect the misappropriation or unauthorized use or disclosure of our intellectual property or information. We also conduct business in some countries where the extent of effective legal protection for intellectual property rights is uncertain. Even if we have intellectual property rights, there is no guarantee that such rights will provide adequate protection of items we consider to be proprietary. We may also be required to compromise protections or yield rights to technology, data or intellectual property in order to conduct business in or access markets in certain jurisdictions, either through formal written agreements or due to legal or administrative requirements in the host nation. If we are not able to protect our intellectual property rights, our business, financial condition and results of operations may be adversely affected.

There is also a risk that claims of intellectual property infringement could be brought against us, our customers and/or our suppliers. If such claims are successful, we may be required to spend significant time and financial resources to develop non-infringing processes, technology or information or to obtain appropriate licenses from the owner. We may not be successful in such development, or any such licenses may not be available on commercially acceptable terms, if at all. In addition, any litigation could be lengthy and costly and could adversely affect us even if we are successful. As we expand our service offerings, we may be less effective in anticipating or mitigating the intellectual property risks related to new manufacturing, design and other services, which could be significant.

***We are subject to the risk of increasing income and other taxes, tax audits, and the challenges of successfully defending our tax positions, and obtaining, renewing or meeting the conditions of tax incentives and credits, any of which may adversely affect our financial performance.***

We conduct business operations in a number of countries where tax incentives have been extended to encourage foreign investment or where income tax rates are low. Our income tax expense could increase significantly if certain tax incentives from which we benefit are retracted. A retraction could occur if we fail to satisfy the conditions on which these tax incentives are based, or if they are not renewed or replaced upon expiration. Our income tax expense could also increase if tax rates applicable to us in such jurisdictions are otherwise increased, or due to changes in legislation or administrative practices. Changes in our outlook in any particular country could impact our ability to meet the required conditions. See Item 5, "Operating and Financial Review and Prospects — MD&A — Operating Results — Income taxes" and note 19 to the Consolidated Financial Statements in Item 18 for a discussion of recently expired tax incentives, the status of existing tax incentives, and a challenge to our Brazilian sales tax levy rates and our Romanian tax position.

We develop our tax filing positions based upon the anticipated nature and structure of our business and the tax laws, administrative practices and judicial decisions currently in effect in the jurisdictions in which we have assets or conduct business, all of which are subject to change or differing interpretations, possibly with retroactive effect. The U.S. Biden administration has proposed legislative tax changes. Although such proposals, if adopted as currently contemplated, would not have a significant tax impact on our operations, we cannot predict the likelihood, timing or substance of U.S. tax reform. If the recent global minimum tax agreement is implemented in the jurisdictions in which we do business, it could, among other things, increase cash taxes, increase audit risk, and increase our worldwide corporate effective tax rate. In addition, the Organization for Economic Cooperation and Development continues to issue guidelines and proposals related to Base Erosion and Profit Shifting which may result in legislative changes that could reshape international tax rules in numerous countries and negatively impact our effective tax rate. We cannot predict the outcome of any specific legislative proposals or initiatives, and we cannot provide assurance that any such legislation or initiative will not apply to us. Legislation or other changes in U.S. and/or international tax laws could increase our tax liability or adversely affect our overall profitability and results of operations.

Certain of our subsidiaries provide financing or products and services to, and may from time-to-time undertake certain significant transactions with, other subsidiaries in different jurisdictions. Moreover, several jurisdictions in which we operate have tax laws with detailed transfer pricing rules which require that all transactions with non-resident related parties be priced using arm's-length pricing principles, and that contemporaneous documentation must exist to support such pricing.

We are subject to tax audits in various jurisdictions, which could result in additional tax expense in future periods related to prior results. Any such increase in our income tax expense and related interest and/or penalties could have a significant adverse impact on our future earnings and future cash flows. The successful pursuit of assertions made by any tax authority could result in our owing significant amounts of tax, interest, and possibly penalties. We believe we adequately accrue for any probable potential adverse tax ruling. However, there can be no assurance as to the final resolution of any claims and any resulting proceedings. If any claims and any ensuing proceedings are determined adversely to us, the amounts we may be required to pay could be material, and in excess of amounts accrued.

As at December 31, 2021, a significant portion of our cash and cash equivalents was held by foreign subsidiaries outside of Canada, a large part of which may be subject to withholding taxes upon repatriation under current tax laws. We repatriated in 2021, and currently expect to repatriate in the foreseeable future, an aggregate of approximately \$290 million from various foreign subsidiaries (December 31, 2020 — expected to repatriate \$300 million).

***Our operations and our customer relationships may be adversely affected by disruptions to our information technology (IT) systems, including disruptions from cybersecurity breaches of our IT infrastructure.***

As a complex, global company, we are heavily dependent on our IT systems to support our customers' requirements and to successfully manage our business. Any inability to successfully manage the procurement, development, implementation, execution or maintenance of such systems, including matters related to system and data security, cybersecurity, privacy, reliability, compliance, performance and access, as well as any inability of these systems to fulfill their intended purpose, could have an adverse effect on our business.

We are increasingly reliant on IT networks and systems, including our own and those of third-party service providers, to process, transmit and store electronic information. In particular, we depend on our IT infrastructure for a variety of functions, including (among others), product manufacturing, worldwide financial reporting, inventory and other data management, procurement, invoicing, employee payroll and benefits administration, and email communications. All of these systems are susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attacks, sabotage and similar events.

These systems are also susceptible to cybersecurity threats and incidents, ranging from uncoordinated individual attempts to gain unauthorized access to our IT systems to sophisticated and targeted measures known as 'advanced persistent threats', and may include industrial espionage attacks, data theft, malware, phishing, ransomware attacks (which are becoming increasingly prevalent), or other cybersecurity threats or incidents. Similarly, third parties and infrastructure in our supply chain may become compromised or contain exploitable defects (of which we may be unaware) that could result in a breach or disruption of our systems and networks or the systems or networks of third parties that support us. We believe attempts to gain unauthorized access through the Internet or to introduce malicious software to our information systems are increasing in number and in technical sophistication.

If our security measures are compromised, or the security, confidentiality, integrity or availability of, our IT, software, services, communications or data is compromised, limited or fails, it could result in: damage to our system infrastructure; significant business interruption, delays or outages, either internally or at our third-party providers; data loss or leakage (including exposure to unauthorized persons or the public of sensitive data, including our intellectual property, trade secrets or personal information of our employees, customers or other business partners); significant extra expense to restore data or systems; reputational loss; significant fines, penalties and liability; breach or triggering of data protection laws, privacy policies and/or data protection obligations (discussed below); loss of customers or sales, and in the case of our defense business, debarment from future participation in U.S. government programs. In addition, we may be required to expend significant resources, change our business practices or modify our operations in an effort to protect against security breaches and to mitigate, detect, and remediate actual and potential vulnerabilities that could adversely affect our business and operations and/or result in the loss of critical or sensitive information. If we are perceived to be unable to prevent or promptly identify and remedy such outages and breaches, this could result in reputational loss and/or loss of customers or sales.

While we have invested, and continue to invest, in the protection of our data and IT infrastructure, we regularly face attempts by others to access our information systems in an unauthorized manner, to introduce malicious software to such systems or both, and while we have not been materially impacted by computer viruses, malware, ransomware, hacking attempts, outages, or unauthorized access to data, we have been (and may continue to be) the target of such events. In addition, there can be no assurance that our efforts will prevent further service interruptions or identify breaches in our systems that could adversely affect our business and operations and/or result in the loss of critical or sensitive information, which could result in financial, legal, business or reputational harm to us (as described above). Although this has not been an issue to date, our liability insurance may not be sufficient in type or amount to cover us against claims related to security breaches, cybersecurity attacks and other related breaches.

We expect that risks and exposures related to cybersecurity attacks will remain high for the foreseeable future due to the rapidly evolving nature and sophistication of these threats, and the enhanced risk resulting from the number of employees currently working remotely due to COVID-19, through the increased use of home networks that may lack encryption or secure password protection, virtual meeting/conference security concerns and increase of phishing/cyber-attacks around COVID-19 digital resources.

We are also subject to increasing expectations and data security requirements from our customers, including those related to the U.S. Federal Acquisition Regulation, U.S. Defense Federal Acquisition Regulation Supplement, and U.S. Cybersecurity Maturity Model Certification. In addition, we must comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal data in various jurisdictions. For example, the European Union's General Data Protection Regulation, and similar legislation in other jurisdictions in which we operate, impose additional obligations on companies regarding the handling of personal data and provide certain individual privacy rights to persons whose data is stored. Compliance with customer expectations and existing, proposed and recently enacted laws and regulations can be costly; any failure to comply with these expectations and regulatory standards could subject us to legal and reputational risks. Misuse of or failure to secure personal information could also result in violation of data privacy laws and regulations, proceedings against the Company by governmental entities or others, fines and penalties, damage to our reputation and credibility and could have a negative impact on our business and results of operations.

***We may not be able to prevent or detect all errors or fraud.***

Due to the inherent limitations of internal control systems, misstatements due to error or fraud may occur and may not be detected in a timely manner or at all. Accordingly, we cannot provide absolute assurance that all control issues, errors or instances of fraud, if any, impacting us have been or will be prevented or detected. In addition, over time, certain aspects of a control system may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate, which we may not be able to address quickly enough to prevent all instances of error or fraud. In connection with our on-going assessment of the effectiveness of our internal control over financial reporting, we may discover "material weaknesses" in our internal controls. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual



or interim financial statements will not be prevented or detected on a timely basis. The existence of any material weakness may require management to devote significant time and incur significant remediation expense. The existence of any material weakness in our internal control over financial reporting may result in errors in our financial statements that could require us to make corrective adjustments, restate our financial statements, cause us to fail to meet our reporting obligations, and cause shareholders to lose confidence in our reported financial information, all of which could materially and adversely affect the market price of our securities. If we are unable to successfully identify and remediate any material weaknesses that may arise in a timely manner, the accuracy and timing of our financial reporting may be adversely affected, and we may be unable to maintain compliance with securities law requirements regarding timely filing of periodic reports and applicable stock exchange listing requirements.

***Our revenue and operating results may vary significantly from period to period.***

Our quarterly and annual results may vary significantly depending on various factors, certain of which are described below, and many of which are beyond our control.

- the volume and timing of customer demand relative to our capacity;
- the typical short life cycle, and success in the marketplace, of our customers' products;
- the cyclical nature of customer demand in several of our businesses;
- customers' financial condition;
- changes to our mix of customers, programs and/or end market demand;
- how well we execute on our operational strategies, and the impact of changes to our business model;
- varying revenues and gross margins among geographies and programs for the products or services we provide;
- pricing pressures, the competitive environment and contract terms and conditions;
- upfront investments and challenges associated with the ramping of programs for new or existing customers;
- provisions or charges resulting from unexpected changes in market conditions impacting our industry or the end markets we serve;
- customer disengagements or terminations or non-renewal of customer programs, arrangements or agreements;
- the timing of expenditures in anticipation of future orders;
- our effectiveness in planning production and managing inventory, fixed assets and manufacturing processes;
- operational inefficiencies and disruptions in production at individual sites;
- unanticipated disruptions to our cash flows;
- changes in cost and availability of commodities, materials, components, services and labor;
- current or future litigation;
- seasonality in quarterly revenue patterns across some of our businesses;
- governmental actions or changes in legislation;
- currency fluctuations; and
- changes in global economic and political conditions and world events, including the impact of External Events.

See Item 5, "Operating and Financial Review and Prospects — MD&A — Overview" for a discussion of additional factors, including rapid shifts in technology, model obsolescence, commoditization of certain products, and the emergence of new business models, that contribute to the complexity of managing our operations and fluctuations in our financial results.

***Compliance with governmental laws and obligations could be costly and may negatively impact our financial performance.***

We are subject to various federal/national, state/provincial, local, foreign and supra-national environmental laws and regulations. Our environmental management systems and practices have been designed to provide for compliance with these laws and regulations. Maintaining compliance with and responding to increasingly stringent environmental regulations requires a significant investment of time and resources and may restrict our ability to modify or expand our manufacturing sites or to continue production. Any failure to comply with these laws and regulations may result in significant fines and penalties, our operations may be suspended or subjected to increased oversight, and our cost of related investigations could be material in any period.

More complex and stringent environmental legislation continues to be imposed globally, including laws that place increased responsibility and requirements on the "producers" of electronic equipment and, in turn, their providers and suppliers. Such laws may relate to product inputs (such as hazardous substances and energy consumption), product use (such as energy efficiency and waste management/recycling), and/or operational outputs/by-products from our manufacturing processes that can result in environmental contamination (such as waste water, air emissions and hazardous waste). Noncompliance with these requirements could result in substantial costs, including fines and penalties, and we may incur liability to our customers and consumers.

Even where compliance responsibility rests primarily with our customers, they may request our assistance in meeting their obligations. Our customers remain focused on issues such as waste management (including recycling), climate change (including the reduction of carbon emissions) and product stewardship, and expect their EMS providers to be environmental leaders. We strive to meet such customer expectations, although these demands may extend beyond our regulatory obligations and require significant investments of time and resources to attract and retain customers.

We generally conduct environmental assessments, or review assessment reports undertaken by others, for our manufacturing sites at the time of acquisition or leasing. However, such assessments may not reveal all environmental liabilities, and assessments have not been obtained for all sites. In addition, some of our operations involve the use of hazardous substances that could cause environmental impacts. While we have operational systems to provide environmental management, we cannot rule out all risk of non-compliance and could incur substantial costs to comply. Although if deemed necessary, we may investigate, remediate or monitor emissions and site conditions at some of our owned or leased sites (such as air, soil and/or groundwater conditions), we may not be aware of, or adequately address, all such emissions and conditions, and we may incur significant costs should such work be required. In many jurisdictions in which we operate, environmental laws impose liability for the costs of removal, remediation or risk assessment of hazardous or toxic substances on an owner, occupier or operator of real estate, even if such person or company was unaware of or not responsible for the discharge or migration of such substances. In some instances, where soil or groundwater contamination existed prior to our ownership or occupation, landlords or former owners may have retained some contractual responsibility or regulatory liability, but this may not provide sufficient protection to reduce or eliminate our liability. Third-party claims for damages or personal injury are also possible and could result in significant costs to us. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, or the results of future testing and analyses at our current or former operating sites indicate that we are responsible for the release of hazardous substances into the air, ground and/or water, we may be subject to additional liability. Additional environmental matters may arise in the future at sites where no problem is currently known or at sites that we may acquire in the future.

Our HealthTech business is subject to regulation by the U.S. Food and Drug Administration (FDA), Health Canada, the European Medicines Agency, the Brazilian Health Surveillance Agency, and similar regulatory bodies in other jurisdictions, relating to the medical devices and hardware we manufacture for our customers. Our sites that deliver products to the healthcare industry are certified or registered in quality management standards applicable to the healthcare industry. We are required to comply with various statutes and regulations related to the design, development, testing, manufacturing and labeling of our medical devices in addition to reporting of certain information with respect to the safety of such products. Any failure to comply with these regulations could result in fines, injunctions, product recalls, import detentions, additional regulatory controls, suspension of production, and/or the shutting down of one or more of our sites, among other adverse outcomes. Failure to comply with these regulations may also materially affect our reputation and/or relationships with customers and regulators.

We provide design, engineering and manufacturing related services to our customers in the A&D business. As part of these services, we are subject to substantial regulation from government agencies including the U.S. Department of Defense (DOD) and the U.S. Federal Aviation Administration. Our A&D sites are certified in quality management standards applicable to the A&D industry. Failure to comply with these regulations or the loss of any of our quality management certifications may result in fines, penalties and injunctions, and could prevent us from executing on current or winning future contracts, any of which may materially adversely affect our financial condition and operating results. In addition to quality management standards, there are several other U.S. regulations with which we are required to comply, including the Federal Acquisition Regulations (FAR), which provides uniform policies and procedures for acquisition; the Defense Federal Acquisition Regulation Supplement, a DOD agency supplement to the FAR that provides DOD-specific acquisition regulations that DOD government acquisition officials, and those contractors doing business with DOD, must comply with in the procurement process for goods and services; and the Truth in Negotiations Act, which requires full and fair disclosure by contractors in the conduct of negotiations with the government and its prime contractors. These rules are complex, our performance under them is subject to audit by the U.S. Defense Contract Audit Agency, the U.S. Office of Federal Contract Compliance Programs and other government regulators, and in most cases must be complied with by our suppliers. If an audit or investigation reveals a failure

to comply with regulations, we could become subject to civil or criminal penalties and administrative sanctions by either the government or the prime customer, including government pre-approval of our government contracting activities, termination of the contract, payment of fines and suspension or debarment from doing further business with the U.S. government. Any of these actions could increase our expenses, reduce our revenue and damage our reputation as a reliable U.S. government supplier. We are also subject to the export control laws and regulations of the countries in which we operate, including, but not limited to, the U.S. International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations (EAR).

Our international operations require us to comply with various anti-bribery laws, including the U.S. Foreign Corrupt Practices Act (FCPA) and the Corruption of Foreign Public Officials Act (Canada) (CFPOA). In some countries in which we operate, it may be customary for businesses to engage in business practices that are prohibited by the FCPA, CFPOA or other laws and regulations. Although we have implemented policies and procedures designed to ensure compliance with the FCPA, CFPOA and similar laws in other jurisdictions, there can be no assurance that all of our employees and agents, as well as those companies to which we outsource certain business operations, will not be in violation of these laws and our policies or procedures. In addition to the difficulty of monitoring compliance, any suspected or alleged activity would require a costly investigation by us and may result in the diversion of management's time, resources and attention. Failure to comply with these laws may subject us to, among other things, adverse publicity, penalties and legal expenses that may harm our reputation and have a material adverse effect on our business, financial condition and operating results.

As a public company, we are subject to stringent laws, regulations and other requirements, including the U.S. Sarbanes-Oxley Act and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), affecting, among other areas, our accounting, internal controls, corporate governance practices, securities disclosures and reporting. For example, due to our complex supply chain, compliance with Dodd-Frank diligence, disclosure and reporting requirements with respect to defined "conflict minerals" is time-consuming and costly. If we are unable to ascertain the origins of all such minerals used in the manufacturing of our products through the due diligence procedures we implement, we may be unable to satisfy our customers' certification requirements. This may harm our reputation, damage our customer relationships and result in a loss of revenue. If the U.S. Securities and Exchange Commission rules or other new social or environmental standards limit our pool of suppliers in order to produce "conflict free" or "socially responsible" products, or otherwise adversely affect the sourcing, supply and pricing of materials used in our products, we could also experience cost increases and a material adverse impact on our operating results.

In addition, whenever we pursue business in new end markets, or our customers pursue new technologies or businesses, we are required to navigate the potentially heavy regulatory and legislative burdens of such end markets or technologies, as well as applicable quality standards with respect thereto.

The regulatory climate can itself affect the demand for our services. For example, government reimbursement rates and other regulations, as well as the financial health of healthcare providers, changes in how healthcare in the U.S. is structured, and how medical devices are taxed, could affect the willingness and ability of end customers to purchase the products of our customers in this market as well as impact our margins.

Our customers are also required to comply with various government regulations, legal requirements and industry standards, including many of the industry-specific regulations discussed above. Our customers' failure to comply could affect their businesses, which in turn would affect our sales to them. In addition, if our customers are required by regulation or other requirements to make changes in their product lines, these changes could significantly disrupt particular programs for these customers and create inefficiencies in our business.

In addition, a failure by a supplier or manufacturer to comply with applicable laws, regulations or customer requirements could negatively impact our business, and for governmental customers, could result in fines, penalties, suspension or even debarment being imposed on us, which could have a material adverse impact on our business, financial condition and results of operations.

***Compliance or the failure to comply with employment laws and regulations may negatively impact our financial performance.***

We are subject to a variety of domestic and foreign employment laws, including those related to: workplace safety, discrimination, harassment, whistle-blowing, wages and overtime, personal taxation, classification of employees, work authorizations and severance. Compliance with such laws may increase our costs. In addition, such laws are subject to change, and enforcement activity relating to these laws, particularly outside of the U.S., may increase as a result of greater media attention due to alleged violations by other companies, changes in law, political and other factors. There can be no assurance that, in the future, we will not be found to have violated elements of such laws. Any such violations could lead to the

assessment of fines or damages against us by regulatory authorities or claims by employees, any of which could adversely affect our operating results and/or our reputation.

***We may be required to make larger contributions to our defined benefit pension and other benefit plans in the future.***

We maintain defined benefit and defined contribution pension plans, as well as other benefit plans globally. Our pension obligations are based on certain assumptions relating to plan asset performance, salary changes, employee turnover, retirement ages, life expectancy, expected healthcare costs, the performance of the financial markets, future interest rates, and plan and legislative changes. If actual results or future expectations differ from these assumptions or if statutory funding requirements change, the amounts we are obligated to contribute to the pension plans may increase and such increase could be significant. We are also required to contribute amounts to our other benefit plans to meet local statutory or such plans' funding requirements. The amounts we are obligated to contribute may increase due to legislative or other changes.

***There are inherent uncertainties involved in the judgments, estimates, and assumptions used in the preparation of our financial statements. Any changes in judgments, estimates and assumptions could have a material adverse effect on our financial position and results of operations.***

Our Consolidated Financial Statements in Item 18 are prepared in accordance with IFRS, which requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Judgments, estimates, and assumptions are inherently subject to change in future periods, which could have a material adverse effect on our financial position and results of operations.

***Our credit agreement contains restrictive and financial covenants that may impair our ability to conduct business, and the failure to comply with such covenants could cause our outstanding debt to become immediately payable.***

Our credit agreement contains restrictive covenants that limit our management's discretion with respect to certain business matters. Among other factors, these covenants limit our ability and our subsidiaries' ability to incur additional debt, create liens or other encumbrances, change the nature of our business, sell or otherwise dispose of assets, make certain investments and payments, repurchase SVS for cancellation if a defined leverage ratio exceeds a specified amount, merge or consolidate with other entities, or effect specified changes in control. This agreement also contains certain financial covenants related to indebtedness and interest coverage. If we are not able to comply with these covenants, our outstanding debt could become immediately due and payable, and the incurrence of additional debt under our revolving credit facility may not be allowed, either of which could have a material adverse effect on our liquidity and ability to conduct our business.

***We are subject to interest rate fluctuations.***

Borrowings under our credit agreement generally bear interest at a selected rate (depending on the currency of the borrowing and our election for such currency), plus a margin (based on the rate we select and a defined consolidated leverage ratio). Our term loans currently bear interest at LIBOR plus a specified margin (2.125% for one term loan and 2.0% for the other). These borrowings (which increased in 2021 compared to 2020 to fund a portion of our PCI acquisition) expose us to interest rate risks due to fluctuations in these rates and margins, and our interest rate swap agreements only apply to a portion of the total borrowings under our term loans. Significant interest rate fluctuations may adversely affect our business, operating results and financial condition.

***The discontinuation of LIBOR may negatively impact us.***

Global reform of major interest rate benchmarks is currently underway, including the anticipated replacement of some Interbank Offered Rates (including LIBOR) with alternative nearly risk-free rates. We have obligations under our credit facility and certain lease arrangements and derivative instruments that are indexed to LIBOR (LIBOR Agreements), and most (including our credit facility), have not yet transitioned to alternative benchmark rates. The interest rates under these agreements are subject to change when relevant LIBOR benchmark rates cease to exist. See note 20 to our Consolidated Financial Statements in Item 18 for a discussion of the status of interest rate transitions under applicable agreements. We cannot assure that any applicable alternative reference rates under the LIBOR Agreements that have not yet transitioned from LIBOR will result in substantially similar interest rate calculations under such agreements. If any such alternative reference rates are higher than LIBOR, interest rates under the affected LIBOR Agreements would increase, which would adversely impact our interest expense, results of operations and cash flows. In addition, with respect to our interest rate swap agreements, hedge ineffectiveness could result due to the cessation of LIBOR if such agreements transition using a different benchmark or spread adjustment as compared to the underlying hedged debt. We will continue to monitor developments with respect to the cessation of LIBOR, and will evaluate potential impacts on the LIBOR Agreements and our financial results. However, we are currently unable to predict what the future replacement rates or consequences on our operations or financial results will be.

***We anticipate that we will refinance outstanding indebtedness from time to time, and an inability to refinance on favorable terms, or at all, would have a material adverse effect on our operating results and financial condition.***

We anticipate that we will repay outstanding debt from time to time through refinancing. The amount of our existing indebtedness may impede our ability to obtain such refinancing on acceptable terms, or at all. If we cannot refinance, extend, or pay principal payments due at maturity with the proceeds of other capital transactions, our cash flows may not be sufficient to repay our debt upon maturity. In such event, we may be forced to dispose of one or more assets on disadvantageous terms. In addition, refinanced debt may carry higher interest rates and have more restrictive covenants than our current outstanding indebtedness. Although we anticipate that we will be able to repay or refinance our existing indebtedness when it matures, there can be no assurance we will be able to do so, or that the terms of any such refinancing will be favorable. An inability to refinance, extend or otherwise satisfy our debt as it matures would have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

***Deterioration in financial markets or in the macro-economic environment may adversely affect our ability to raise funds or increase the cost of raising funds.***

Our ability to borrow or raise capital, or refinance or increase our third-party indebtedness may be impacted if financial markets are unstable. Disruptions in the capital and credit markets could adversely affect our ability to draw on our revolver (or any successor or additional facility). Our access to funds under our credit facility (or any successor or additional facility) will be dependent on the ability of our senior lenders to meet their funding commitments. They may not be able to meet their funding commitments to us if they experience shortages of capital and liquidity or if they experience excessive volumes of borrowing requests from us and other borrowers within a short period of time. Longer term disruptions in the capital and credit markets as a result of uncertainty, changing or increased regulation, reduced alternatives, or failures of significant financial institutions could adversely affect our access to liquidity needed for our business. Any disruption could require us to take measures to conserve cash until the markets stabilize or until alternative credit arrangements or other funding sources can be arranged. Such measures could include deferring capital expenditures, and reducing or eliminating discretionary uses of cash.

***Our credit rating may be downgraded.***

Any negative change in our credit rating or outlook may make it more expensive for us to raise additional capital in the future on terms that are acceptable to us, if at all.

***The interest of our controlling shareholder, Onex Corporation, with an 81.5% voting interest, may conflict with the interests of other shareholders.***

Onex Corporation (Onex) beneficially owns all of our outstanding multiple voting shares (MVS) and less than 1% of our outstanding SVS. The number of SVS and MVS beneficially owned by Onex represents 81.5% of the voting interest in Celestica. Accordingly, Onex has the ability to exercise significant influence over our business and affairs and generally has the power to determine all matters submitted to a vote of our shareholders where our shares vote together as a single class. Onex may make decisions regarding Celestica and our business that are opposed to other shareholders' interests or with which other shareholders may disagree. Onex's voting power could have the effect of deterring or preventing a change in control of our Corporation that might otherwise be beneficial to our other shareholders. Through its shareholdings, Onex has the power to elect our directors and its approval is required for significant corporate transactions such as certain amendments to our Restated Articles of Incorporation (Articles), the sale of all or substantially all of our assets and plans of arrangement. The directors so elected have the authority, subject to applicable laws, to appoint or replace senior management, cause us to issue additional SVS or MVS or repurchase SVS or MVS, declare dividends or take other actions.

Gerald W. Schwartz, the Chairman of the Board and Chief Executive Officer of Onex, indirectly owns shares representing the majority of the voting rights of the shares of Onex. The interests of Onex and Mr. Schwartz may differ from the interests of the remaining holders of SVS. For additional information about our principal shareholders, see Item 7(A), "Major Shareholders." Also see Item 7(B), "Related Party Transactions" for a description of related party transactions involving Onex and/or Mr. Schwartz.

Onex has, from time-to-time, issued debentures exchangeable and redeemable under certain circumstances for our SVS, entered into forward equity agreements with respect to our SVS, sold our SVS (after exchanging MVS for SVS), or redeemed these debentures through the delivery of our SVS, and could take similar actions in the future. These sales may impact our share price or have consequences on our debt and ownership structure.

*We are subject to litigation and proceedings, which may result in substantial expenses, settlement costs or judgments, require the time and attention of key management resources, and result in adverse publicity, any of which may negatively impact our financial performance.*

We are from time to time party to various copyright, patent and trademark infringement, unfair competition, breach of contract, customs, employment and other legal actions incidental to our business, as plaintiff or defendant, as well as various other claims, suits, investigations and legal or governmental proceedings (including securities class action and shareholder derivative lawsuits which have been settled or dismissed). Additional legal claims or regulatory matters may arise in the future and could involve matters relating to commercial disputes, government regulation and compliance, intellectual property, antitrust, tax, employment or shareholder issues, product liability claims and other issues on a global basis. Regardless of the merits of the claims, litigation or governmental proceedings may be both time-consuming and disruptive to our business. The defense and ultimate outcome of any lawsuits or other legal proceedings may result in higher expenses, which could have a material adverse effect on our business, financial condition, or results of operations. We cannot predict the final outcome of such lawsuits or proceedings or the likelihood that other proceedings will be initiated against us. Accordingly, the cost of defending against such lawsuits or proceedings, or any future lawsuits or proceedings may be high and, in any event, these legal proceedings may result in the diversion of our management's time and attention away from our business. In the event that there is an adverse ruling in any legal proceeding, we may be required to make payments to third parties that could be in excess or any amounts accrued, and could have a material adverse effect on our reputation, financial condition and/or results of operations.

*Changes in accounting standards enacted by the relevant standard-setting bodies may adversely affect our reported operating results, profitability and financial performance.*

Accounting standards are revised periodically and/or expanded upon by applicable standard-setting bodies. While these accounting changes do not typically affect the economics of our business, such standards have in the past, and may in the future, have a significant effect on our accounting methods and reported results. Our Consolidated Financial Statements are prepared in accordance with IFRS, and as such, may not be comparable to the information reported by our competitors or other public companies that use different accounting standards.

*The market price of our SVS has been volatile.*

Volatility in our business can result in significant SVS price and volume fluctuations. Factors such as changes in our operating results, announcements by our customers, competitors or other events affecting companies in the electronics industry, currency fluctuations, general market fluctuations, macro-economic conditions, and External Events may cause the market price of our SVS to decline. In addition, if our operating results do not meet the expectations of securities analysts or investors, the price of our SVS could decline. Furthermore, the existence of our NCIB may cause our SVS price to be higher than it would be in the absence of such a program, and repurchases under the NCIB expose us to risks resulting from a reduction in the size of our "public float," which may reduce our trading volume as well as our SVS price.

*There can be no assurance that we will continue to repurchase SVS for cancellation.*

Although we currently have an NCIB in effect, whether we repurchase SVS under such NCIB for cancellation, and the amount and timing of any such repurchases, is subject to the restrictions under our credit facility, capital availability and periodic determinations by our Board of Directors (Board) that SVS repurchases are in the best interest of our shareholders and are in compliance with all applicable laws and agreements. Any future permitted SVS repurchases, including their timing and amount, may be affected by, among other factors: our consolidated leverage ratio (as defined in our credit facility); our views on potential future capital requirements for strategic transactions, including acquisitions; debt service requirements; our credit rating; changes to applicable tax laws or corporate laws; and changes to our business model. In addition, the amount we spend and the number of SVS we are able to repurchase for cancellation under any NCIB or substantial issuer bid may further be affected by a number of other factors, including the SVS we repurchase to satisfy stock-based compensation awards, the price of our SVS and blackout periods in which we are restricted from repurchasing SVS. Our SVS repurchases may change from time to time, and even if permitted under our credit facility, we cannot provide assurance that we will continue to repurchase SVS for cancellation in any particular amounts or at all. A reduction in or elimination of our SVS repurchases could have a negative effect on our stock price.

***Potential unenforceability of judgments.***

We are incorporated under the laws of the Province of Ontario, Canada. Our controlling persons, half of our directors, and one of our executive officers are residents of (or are organized in) Canada. Also, a substantial portion of our assets and the assets of these persons are located outside of the U.S. As a result, it may be difficult to effect service of process within the U.S. upon those directors, officers, or controlling persons who are not residents of the U.S. or to enforce judgments in the U.S. obtained in courts of the U.S. It may also be difficult for shareholders to enforce a U.S. judgment in Canada predicated upon the civil liability provisions of U.S. federal or state securities laws or to succeed in a lawsuit in Canada based only on U.S. federal or state securities laws.

***Negative publicity could adversely affect our reputation as well as our business, financial results and share price.***

Unfavorable media related to our industry, company, brand, marketing, personnel, operations, business performance, or prospects may affect our share price and the performance of our business, regardless of its accuracy or inaccuracy. The speed at which negative publicity can be disseminated has increased dramatically with the capabilities of electronic communication, including social media outlets, websites, blogs, and newsletters. Our success in maintaining, extending, and expanding our brand image depends on our ability to adapt to this rapidly changing media environment. Adverse publicity or negative commentary from any media outlet could damage our reputation and reduce the demand for our products, which would adversely affect our business.

***Climate change could adversely affect our business, results of operations and financial condition.***

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe and an increase in the frequency and severity of natural disasters. Changes in weather patterns and an increased frequency, intensity and duration of extreme weather conditions could, among other things, impair our production capabilities, disrupt the operation of our supply chain, and impact our customers and their demand for our services. As a result, the effects of climate change could have a long-term adverse impact on our business, results of operations and financial condition.

***Our business and operations could be adversely impacted by environmental, social and governance (ESG) initiatives.***

Concern over climate change has led to international legislative and regulatory initiatives directed at limiting carbon dioxide and other greenhouse gas emissions. Proposed and existing efforts to address climate change by reducing greenhouse gas emissions could directly or indirectly affect our costs of energy, materials, manufacturing, distribution, packaging and other operating costs, which could adversely impact our business and financial results.

Further, investors are placing a greater emphasis on non-financial factors, including ESG factors, when evaluating investment opportunities. Although we actively manage a broad range of ESG matters, including the potential impact of our business on society and the environment, and matters relating to diversity and inclusion, there can be no certainty that we will manage such issues effectively, or that we will successfully meet society's expectations in this regard. The perception of our operations held by our shareholders, potential investors, suppliers, customers, other stakeholders, or the communities in which we do business may depend, in part, on the ESG standards we have chosen to aspire to meet, whether or not we meet these standards on a timely basis or at all, and whether or not we meet external ESG factors they deem relevant. In addition, notwithstanding our achievements in these regards, the subjective nature and wide variety of methods and processes used by various stakeholders, including investors, to assess a company with respect to ESG criteria can result in the perception of negative ESG factors or a misrepresentation of our ESG policies and practices. In addition, by electing to set and publicly share our ESG standards, our business may face increased scrutiny related to ESG activities. As a result, our reputation could be harmed if we fail to act effectively in the areas in which we report. In addition, our failure to achieve progress on our ESG policies and practices on a timely basis, or at all, or to meet ESG criteria set by third parties, could adversely affect our SVS price, business, financial performance, or growth.

#### Item 4. Information on the Company

##### A. History and Development of the Company

We were incorporated in Ontario, Canada on September 27, 1996. Our legal and commercial name is Celestica Inc. We are a corporation domiciled in the Province of Ontario, Canada and operate under the *Business Corporations Act* (Ontario) (OBCA). Our principal executive offices are located at 5140 Yonge Street, Suite 1900, Toronto, Ontario, Canada M2N 6L7. Our telephone number is (416) 448-5800, and our internet address is [www.celestica.com](http://www.celestica.com). Information on our website is not incorporated by reference into this Annual Report.

Prior to our incorporation, we were an IBM manufacturing unit that provided manufacturing services to IBM for more than 75 years. In 1993, we began providing electronics manufacturing services to non-IBM customers. In October 1996, we were purchased from IBM by an investor group led by Onex, and in 1998, we completed our initial public offering.

A description of our acquisition activities (including our acquisition of PCI in November of 2021), our principal capital expenditures (including property, plant and equipment), and our financing activities over the last three financial years is set forth in notes 3, 4, 6, 11, 12, 21, and 24 to the Consolidated Financial Statements in Item 18, and Item 5, "Operating and Financial Review and Prospects — MD&A."

A description of our divestiture activities (including our restructuring activities) over the last three financial years is set forth in notes 6 and 15 to the Consolidated Financial Statements in Item 18, and Item 5, "Operating and Financial Review and Prospects — MD&A," including a discussion of the 2019 sale of our real property located in Toronto, Ontario, and related transition matters. Item 5, "Operating and Financial Review and Prospects — MD&A" also describes principal divestitures (primarily our restructuring activities) currently in progress.

A description of our significant commitments for capital expenditures as at December 31, 2021 and those currently in progress and planned for 2022 is set forth in Item 5, "Operating and Financial Review and Prospects — MD&A — Liquidity — Contractual Obligations: *Additional Commitments*."

See "Overview — *Celestica's business*" and "Recent Developments" in Item 5, "Operating and Financial Review and Prospects — MD&A" for a discussion of the estimated annualized impact of disengagements associated with the review of our CCS segment portfolio; as well as recent trends impacting our businesses, including the impact of global supply constraints, due in part to COVID-19.

There were no public takeover offers by third parties in respect of the Corporation's SVS or MVS or by the Corporation in respect of other companies' shares which occurred during the last or current financial year.

The U.S. Securities and Exchange Commission (SEC) maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is <http://www.sec.gov>.

##### B. Business Overview

###### General

We deliver innovative supply chain solutions globally to customers in two operating and reporting segments: Advanced Technology Solutions (ATS) and Connectivity & Cloud Solutions (CCS).

Our ATS segment consists of our ATS end market, and is comprised of our A&D, Industrial, Energy, HealthTech, and Capital Equipment businesses. Our Capital Equipment business is comprised of our semiconductor, display, and power & signal distribution equipment businesses. Our CCS segment consists of our Communications and Enterprise end markets. Our Enterprise end market is comprised of our servers and storage businesses. All period percentages and financial information in this Annual Report reflect the current presentation. See note 25 to the Consolidated Financial Statements in Item 18.

Our customers include original equipment manufacturers (OEMs), cloud-based and other service providers, including hyperscalers, and other companies in a wide range of industries. Our global headquarters is located in Toronto, Ontario, Canada. We operate a network of sites and centers of excellence (discussed below) strategically located in North America, Europe and Asia, with specialized end-to-end supply chain capabilities tailored to meet specific market and customer product lifecycle requirements.



We offer a comprehensive range of product manufacturing and related supply chain services to customers in both of our segments, including design and development, new product introduction, engineering services, component sourcing, electronics manufacturing and assembly, testing, complex mechanical assembly, systems integration, precision machining, order fulfillment, logistics, asset management, product licensing, and after-market repair and return services. Our HPS offering, within our CCS segment, includes the development of hardware platforms, design solutions and software services that can be used as-is, or customized for specific applications in collaboration with our customers, and management of program design and aspects of the supply chain, manufacturing, and after-market support.

We believe our services and solutions create value for our customers by enabling their strategies, while accelerating their time-to-market, and by providing higher quality, lower cost, and reduced cycle times (as compared to insourcing) in our customers' supply chains. We believe this results in lower total cost of ownership, greater flexibility, higher return on invested capital and improved competitive advantage for our customers in their respective markets.

We depend on a small number of customers for a substantial portion of our revenue. In the aggregate, our top 10 customers represented 66% of our total 2021 revenue (2020 — 66%). In 2021 and 2020, no customer individually represented 10% or more of total revenue. Cisco (a former CCS segment customer) accounted for 9% of total 2020 revenue, and 12% of total 2019 revenue (and was the only customer in 2019 that individually represented 10% or more of total revenue). Significant reductions in, or the loss of, revenue from these or any of our major customers may have a material adverse effect on us. See Item 3(D), Key Information — Risk Factors — **"We are dependent on a limited number of customers and end markets. A decline in revenue from, or the loss of, any significant customer, could have a material adverse effect on our financial condition and operating results."** Disengagements resulting from our recent CCS segment portfolio review resulted in an estimated annualized revenue decline of \$1.25 billion compared to revenue in 2018, the year such review commenced.

Products and services in our ATS segment are extensive and are often more regulated than in our CCS segment, and can include the following: government-certified and highly-specialized manufacturing, electronic and enclosure-related services for A&D customers; high-precision semiconductor and display equipment and integrated subsystems; a wide range of industrial automation, controls, test and measurement devices; engineering-focused engagements, including full product development in the areas of telematics, human machine interface (HMI), Internet-of-Things (IoT) and embedded systems; advanced solutions for surgical instruments, diagnostic imaging and patient monitoring; and efficiency products to help manage and monitor the energy and power industries. Our ATS segment businesses typically have higher margin profiles and margin volatility, higher working capital requirements, and longer product life cycles than the businesses in our CCS segment. Products and services in our CCS segment consist predominantly of enterprise-level data communications and information processing infrastructure products and systems, and can include routers, switches, data center interconnects, edge solutions, and servers and storage-related products used by a wide range of businesses and cloud-based and other service providers to manage digital connectivity, commerce and social media applications. Our CCS segment businesses typically have lower margin profiles, lower working capital requirements, and higher volumes than the businesses in our ATS segment. Within our CCS segment, however, our HPS business (which includes firmware/software enablement across all primary IT infrastructure data center technologies and after-market services) typically has a higher margin profile than our traditional CCS businesses, but also requires specific investments (including R&D) and higher working capital. Our CCS segment generally experiences a high degree of volatility in terms of revenue and product/service mix, and as a result, our CCS segment margin can fluctuate from period to period. In recent periods, we have experienced an increasing shift in the mix of our programs towards cloud-based and other service providers, which are cyclically different from our traditional OEM customers, creating more volatility and unpredictability in our revenue patterns, and additional challenges with respect to the management of our supply chain and working capital requirements.

We remain committed to making the investments we deem necessary to support our long-term growth strategy, strengthen our competitive position, enhance customer satisfaction, and increase long-term shareholder value. Within both of our segments, we are focused on: increased penetration in our end markets; diversifying our customer mix and product portfolios, including increasing design and development, engineering, and after-market services (higher value-added services); and diversifying our capabilities and supply chains. In response to slower growth rates and increased pricing pressures in our traditional markets, which continue to account for a substantial portion of our revenue, we intend to continue to concentrate on expanding our business beyond such traditional markets, including through CCS segment growth initiatives focused on our newly-reshaped CCS segment portfolio, and by continuing to pursue new customers and acquisition opportunities in our ATS segment. See "Celestica's Strategy" below for a discussion of our strategy, and Item 5, "Operating and Financial Review and Prospects — MD&A — Operating Goals and Priorities" for a discussion of our current priorities.

## Electronics Manufacturing Services Industry

### Overview

Leading EMS companies manage global networks that are capable of delivering customized supply chain solutions. They offer end-to-end services for the entire product lifecycle, including design and engineering services, manufacturing, assembly, testing, systems integration, fulfillment and after-market services. Our customers, which include OEMs, cloud-based and other service providers (including hyperscalers), and other companies in a wide range of industries, outsource these services to address challenges related to cost, asset utilization, quality, time-to-market, demand volatility, customer support, and rapidly changing technologies. In particular, service providers have utilized our services to expand and optimize their data centers to enable their strategies.

We believe outsourcing by these companies will continue across a number of industries as a means to:

*Reduce Operating Costs and Invested Capital.* Global EMS companies can provide access to a network of manufacturing sites with supply chain management expertise, advanced engineering capabilities, flexible capacity and economies of scale. As a result, outsourcing to such companies can reduce customers' overall product lifecycle and operating costs, working capital, and property, plant and equipment investment requirements.

*Focus Resources on Core Competencies.* EMS customers are able to prioritize their resources on product development, sales, marketing and customer service by outsourcing design, engineering, manufacturing, supply chain, product lifecycle management, and other product support requirements.

*Improve Time-to-Market.* We believe that companies can significantly improve their product development cycles and enhance time-to-market by benefiting from the expertise and infrastructure of EMS providers, including their capabilities relating to design and engineering services, prototyping and the rapid ramp-up of new products to high-volume production, all with the critical support of global supply chain management and manufacturing networks.

*Utilize EMS Companies' Procurement, Inventory Management and Logistics Expertise.* We believe that the successful manufacturing of electronic products requires significant resources to manage the complexities in planning, procurement and inventory management, frequent design changes, short product lifecycles and product demand fluctuations. Companies can help manage these complexities by outsourcing to those EMS providers that (i) possess sophisticated IT systems and global supply chain management capabilities and (ii) can leverage significant component procurement advantages to lower product costs.

*Access Leading Engineering Capabilities and Technologies.* EMS providers can assist companies in the development of new product concepts, the re-design of existing products, and improvements with respect to the performance, cost and time required to bring products to market. In addition, companies can gain access to high-quality manufacturing expertise and capabilities in the areas of advanced process, interconnect and test technologies.

*Improve Access to Global Markets.* EMS companies with global infrastructure and support capabilities help to provide customers with efficient world-wide manufacturing solutions, distribution capabilities and after-market services.

*Access Value-Added Service Offerings.* EMS providers strive to expand their offerings to include services such as design, fulfillment and after-market services, including repair and recycling, to encourage companies to outsource more of their cost of goods sold.

### Celestica's Strategy

We constantly seek to advance our quality, engineering, manufacturing, HPS, and supply chain capabilities. We will continue to focus on our pursuit of the following, intended to strengthen our competitive position and enhance customer satisfaction and shareholder value:

*Increase Penetration in our End Markets/Offerings.* We strive to further diversify our portfolio. Our goal is to increase our presence across our high-value end markets, with particular emphasis on HPS business within our CCS segment, and expanding our ATS segment, both organically and through acquisitions. Revenue from our HealthTech and Capital Equipment businesses for 2021 increased by an aggregate of approximately 30% from 2020. Within our CCS segment, we continue to expand our HPS offering, which accounted for 20% of our total 2021 revenue, up from 15% in 2020. We intend to continue to expand our portfolio in higher margin service offerings (including HPS).

Our end market revenue as a percentage of total revenue is as follows:

	2019	2020	2021
ATS	39%	36%	41%
Communications	40%	42%	40%
Enterprise	21%	22%	19%

*Selectively Pursue Acquisitions and Strategic Transactions.* We will continue to selectively seek acquisition opportunities and strategic transactions in order to (i) profitably grow our revenue, (ii) further develop strategic relationships with customers in our end markets; (iii) enhance the scope of our capabilities and service offerings, (iv) enhance our intellectual property portfolio, and (v) expand our capabilities and offerings to include further after-market services and product licensing opportunities.

*Continuously Improve Operational Performance.* We will continue to focus on: (i) managing our mix and volume of business and service offerings to improve our overall margins, (ii) leveraging our supply chain practices globally to lower materials costs, minimize lead times and improve our planning cycle to better meet volatility in customer demand and improve asset utilization and inventory levels, (iii) successfully ramping new programs, and (iv) improving operating efficiencies to reduce costs and improve margins. In order to help us streamline our processes, we continue to invest in our "digital factory," which automates and connects our equipment, people and systems throughout our global network, including our customers and suppliers. Although our overall revenues decreased in 2021 compared to 2020, our mix of programs, and volume leverage across several of our businesses had a favorable impact on our gross margin in 2021. In addition, our cost reductions initiatives, intended to further streamline our business, increase operational efficiencies and improve our productivity, had a favorable impact on our profitability in 2021.

*Develop and Grow Trusted Relationships with Leading Customers.* We continue to pursue profitable, strategic relationships with industry leaders that we believe can benefit from our services and solutions. We strive to respond to our customers' needs with speed, flexibility and predictability. We have established and maintain strong relationships with a diverse mix of leading OEMs, cloud-based and other service providers and other companies across our end markets. We believe that our customer base is a strong potential source of growth for us as we seek to strengthen these relationships through the delivery of additional services.

*Expand Range of Service Offerings and Continue to Invest in Developing New Technology, Quality Products and Supply Chain Solutions and Services.* We continually seek to expand the services we offer to our customers, and we are committed to meeting our customers' needs in the areas of technology, engineering, quality, product lifecycle management and supply chain management. We believe our expertise in these areas enables us to meet the rigorous demands of our customers, allows us to produce a variety of electronic products ranging from high-volume electronics to highly complex technology infrastructure products used in a broad array of end markets, and allows us to deliver consistently reliable products to our customers. We also believe the systems and collaborative processes associated with our expertise in supply chain management help us to adjust our operations to meet customer lead time requirements, and quickly and effectively deliver products directly to end customers. We collaborate with our suppliers to influence component design for the benefit of our customers. As a result of the successes that we have had in these areas, we have been recognized with numerous customer and industry achievement awards.

See Item 5, "Operating and Financial Review and Prospects — MD&A — Operating Goals and Priorities" for a discussion of our current priorities and areas of focus.

#### **Celestica's Business**

##### ***Innovative Supply Chain Solutions and Services***

We are a global provider of innovative supply chain solutions. We offer a range of services including design and development, engineering services, supply chain management, new product introduction, component sourcing, electronics manufacturing, assembly, testing, complex mechanical assembly, systems integration, precision machining, order fulfillment, logistics, asset management, product licensing, and after-market repair and return services. Our design and development services include our HPS offering, which consists of developing hardware platforms, design solutions and software services in collaboration primarily with CCS segment customers, as well as managing aspects of the supply chain and manufacturing, including firmware/software enablement across all primary IT infrastructure data center technologies, and after-market support. We believe that our HPS offering helps to differentiate us from other EMS providers, by encompassing advanced technology

design solutions that customers can tailor to their specific platform applications. We execute our business in our global network of sites, including our designated centers of excellence, strategically located in North America, Europe and Asia. We leverage these sites and centers of excellence, information technology, and our supply chain expertise using collaborative processes and a team of highly skilled, customer-focused employees. We believe that our ability to deliver a range of supply chain and hardware solutions to our customers provides them with a competitive lead time, and advantages in quality, flexibility and total cost of ownership.

The objective of our centers of excellence program is to help ensure that our operations reflect a solid understanding of the markets we serve, have current capabilities and standardized practices, and are positioned to provide efficiency, consistency, and value to our customers around the globe. To obtain "center of excellence" status, our sites must meet our defined criteria pertaining to quality, supply chain capabilities, Lean and Six Sigma, market specific certifications (to the extent applicable), and other matters regarding their operations. In September 2021, we assumed manufacturing, warehousing, and customer return goods activity under an outsourcing arrangement with Fujitsu Network Communications, Inc. (FNC), and signed a 10-year lease agreement for a portion of FNC's Richardson, Texas facility. We also established a center of excellence at the FNC facility, expanding our HPS engineering network and increasing our North America manufacturing capacity. In addition, we have established a Master Validation Plan to help ensure that our IT systems that support regulated industries, including HealthTech and A&D, are compliant with customer expectations with respect to data security.

#### ***Quality, Lean and Six Sigma Culture***

We believe one of our strengths is our ability to consistently deliver high-quality services and products. We have an extensive quality management system that focuses on continual process improvement and achieving high levels of customer satisfaction. We employ a variety of advanced statistical engineering techniques and other tools to assist in improving product and service quality. Most of our principal sites are ISO 9001 and ISO 14001 certified (international quality management standards), and have other required industry-specific certifications.

Our Celestica Operating System (COS) consists of the application of global standard processes to all critical aspects of our operations, including quality, supply and operations planning, new product introduction, daily visual performance management, and continuous operational improvement through a "Plan Do Check Adjust" cycle. The COS is intended to improve cost productivity, create accountable teams, and assure consistent performance.

In addition to these standards, we deploy Lean initiatives to help drive manufacturing efficiencies, cycle times velocities and improved product quality, and use Six Sigma extensively in an effort to reduce process variation and to drive root cause problem-solving. Lean and Six Sigma methods are also used in non-production areas to streamline our processes and eliminate waste. We apply the knowledge we gain in our after-market services to help improve the quality and reliability of next-generation products. We believe that success in these areas helps our customers to lower their costs, positioning them more competitively in their respective markets.

#### ***Design and Engineering Services***

Our global design teams are focused on delivering flexible solutions and expertise, intended to help customers reduce overall product costs, improve time-to-market, introduce competitively differentiated products, and drive hardware innovations. For customer-owned designs, we augment their design teams, and utilize our proprietary design analysis tools to minimize design revisions and to achieve improved manufacturing yields. Our HPS offering includes the development of hardware platforms and design solutions in collaboration with customers, managing aspects of the supply chain, manufacturing their products and providing asset management services (including IT asset disposition). Our HPS offering is an engineering-led, intellectual-property-based offering that allows us to drive hardware innovation and solutions for our customers and further broaden our value proposition by leveraging our ecosystem partners and broad range of capabilities across the product lifecycle. We continue to invest in leading-edge product roadmaps and design capabilities aligned with both market standards and emerging technologies in support of our HPS offering. We are currently delivering both partially customized HPS products, and complete hardware platform solutions to customers in the storage, servers, and communications markets. These products and solutions are intended to help our customers reach their markets faster and enable their strategies, while reducing total costs, increasing supply chain resilience and building valuable intellectual property for their product portfolios and/or data centers. Through our collective experience with common technologies across multiple industries and product groups, we believe we provide quality and cost-focused solutions for a wide range of our customers' design needs and strategies. Revenue attributable to our HPS business has more than doubled since 2019, due in part to increased demand resulting from COVID-19 in 2020 and 2021.

We collaborate with some of our core customers' product designers in the early stages of product development, using advanced tools to enable new product ideas to progress from electrical and application-specific integrated circuit design, to simulation, physical layout and design review, all intended to ensure readiness for manufacturing. We use our design expertise to create innovative technologies and hardware product solutions, and leverage key ecosystem partners to drive both innovation and supply chain leverage. Our HPS offering encompasses advanced technology hardware design solutions that customers can tailor to their specific applications. We believe that collaboration between our customers' teams, key ecosystem partners, and our design and manufacturing groups helps to ensure that new designs are released rapidly, smoothly and cohesively into production.

Our engineering services team works with our customers throughout the product life-cycle. We believe our engineering expertise and experience in product and process design, design review, product test solutions, assembly technology, automation, and quality and reliability, position us to deliver the services required to address the challenges facing our customers. We maintain ties with key industry associations and engineering firms to help us stay apprised of advances in technical knowledge.

#### ***Prototyping and New Product Introduction***

Prototyping is a critical early-stage process in the development of new products. Our engineers collaborate with our customers' engineers to provide quick responses in the early stages of the product development lifecycle.

#### ***Supply Chain Management and Services***

We use advanced planning, analytics, enterprise resource planning, and supply chain management systems to optimize materials management from suppliers to our customers' customers. We believe that the effective management of the supply chain is critical to our customers' success, as it directly impacts the time and cost required to deliver products to market and the capital requirements associated with carrying inventory.

We strive to reduce our customers' total cost of ownership by providing lower costs and reduced cycle times in their supply chain, and by delivering higher quality products. We also strive to align our preferred suppliers in close proximity to our centers of excellence to increase the speed and flexibility of our supply chain, to deliver higher quality products and to reduce time-to-market.

Through our global supply chain management processes and integrated IT tools, we endeavor to provide our customers with enhanced visibility to balance their global demand and supply requirements, including inventory and order management.

#### ***Manufacturing Services***

##### ***Printed Circuit Board Assembly***

Printed circuit board (PCB) assembly includes the attachment of electronic components, such as capacitors, microprocessors, resistors and memory modules, to PCBs. Our global network of engineers helps us to provide our customers with full PCB assembly technology capabilities. These capabilities include design for manufacturing, PCB layout, packaging, assembly (circuit card assembly or CCA), lead-free soldering, test development, and data analytics for complex flexible and rigid-flex circuits and hybrid PCBs.

##### ***Complex Mechanical Assembly***

We provide systems integration and precision machined components to our Capital Equipment customers. Complex mechanical systems integration consists of multiple interconnected subsystems that interact with various materials, e.g., fluids, solids, particles and rigid bodies. Such systems are often used in advanced manufacturing applications such as semiconductor manufacturing, display manufacturing (including LCD, OLED, QLED and other displays), medical applications using robotics, and other applications such as cash handling machines where precise standards are required. We also provide complex mechanical assembly primarily to our aerospace customers, including wire harness assembly, systems integration, sheet metal fabrication, welding and machining.

##### ***Precision Machining***

We utilize specialized computer-controlled machines to manufacture high quality components to tight tolerance requirements. Such components are often used in applications similar to those noted above for complex mechanical assembly.

### ***Energy Services***

We provide integrated solutions and services to our renewable energy customers in the areas of power generation, conversion and monitoring. Our energy portfolio includes power inverters, energy storage products, smart meters and other electronic componentry, and encompasses complete product lifecycle solutions, including design, manufacturing and reliability services.

### ***Systems Assembly and Testing***

We use sophisticated technologies in the assembly and testing of our products. We continue to make investments in the development of automated solutions, as well as new assembly and test process techniques intended to enhance product quality, reduce cost and improve delivery time to customers. We work independently and also collaborate with customers and suppliers to develop assembly and test technologies. Systems assembly and testing require sophisticated logistics capabilities to rapidly procure components, assemble products, perform complex testing and distribute products to customers around the world. Our full systems assembly services involve combining and testing a wide range of sub-assemblies and components before shipping them to their final destination. Some customers require custom build-to-order system solutions with very short lead times, and we are focused on using our advanced supply chain management capabilities to respond to our customers' needs.

### ***Quality and Product Assurance***

We provide complete product reliability testing, inspection and qualification capabilities to support our customers' full product lifecycle requirements. Our quality and product assurance teams perform product testing to ensure that designs meet or exceed required specifications. We are capable of testing to various industry standards, and we work closely with our customers to execute unique test protocols. We believe that this service allows our customers to assess certification risks early in the product development lifecycle, reducing cost and time-to-market.

### ***Failure Analysis and After-Market Services***

Our extensive failure analysis capabilities concentrate on identifying the root cause of product failures and determining corrective actions. Products are subjected to various environmental extremes, including temperature, humidity, vibration, voltage and contamination. Field conditions are simulated in failure analysis laboratories which employ electron microscopes, spectrometers and other advanced equipment. Our engineers work proactively in partnership with suppliers and customers in an effort to discover product failures before products are shipped, and to develop and implement solutions if required.

We also seek to provide value to our customers through our after-market services offerings which include repair, fulfillment, reverse logistics, asset management and disposition, reclamation and returns processing and prevention. Our fulfillment offering includes the design and management of integrated supply chain and materials management for light manufacturing and final assembly and reclamation. Our reverse logistics offering includes the design and management of transportation networks, warehousing and distribution of products, asset recovery services, and transportation and supply chain event monitoring. Our returns processing and prevention offering provides our customers with product screening and testing and product design and process analysis. Our reclamation offering includes product disassembly, reassembly and re-use, as well as certified scrap disposition processing. We offer these services individually or integrated through a 'Control Tower' model which coordinates our people, systems and processes with those of our customers to improve service levels by providing an increased level of visibility and analytics throughout the entire after-market value chain.

### ***Product Licensing***

With respect to our partners that are seeking to rationalize their product lines, licensing to us provides them with an alternative to sale or discontinuation. Celestica manages the entire business process for the licensed product or product line, including order acceptance, customer service, engineering, supply chain, obsolescence management, manufacturing, logistics, service parts offering, and after-market services. This allows our partners to continue to serve their customers while maintaining ownership of their intellectual property, and to redeploy their resources for other uses.

## Geographies

For each of 2019, 2020 and 2021, approximately 70% of our revenue was produced in Asia and approximately 20% of our revenue was produced in North America. Revenue produced in Canada represented 7% of revenue in 2021 (2020 — 6%; 2019 — 8%). Our property, plant and equipment in Canada represented 7% of our property, plant and equipment at December 31, 2021 (December 31, 2020 — 8%; December 31, 2019 — 10%). A listing of our principal locations is included in Item 4(D), "Information on the Company — Property, Plants and Equipment." Certain geographic information for countries with 10% or more of our external revenue, property, plant and equipment and ROU assets, and intangible assets and goodwill is set forth in note 25 to the Consolidated Financial Statements in Item 18.

## Marketing and Customer Experience

We structure our business development teams by end market, with a focus on offering market insight and expertise, and complete manufacturing, HPS (in the case of our CCS segment) and supply chain solutions to our customers. We have customer-focused teams, each headed by a group general manager who oversees the global relationship with our key customers. These teams work with our subject matter experts to meet the requirements of each customer's product or supply chain. Our global network is comprised of such customer-focused teams, as well as operational and project managers, supply chain management teams, and senior executives.

We provide comprehensive support before, during and after the delivery of our products and services. We seek to deepen and grow our customer relationships by providing consistent, high-quality implementation and customer support services, which we believe drives customer retention and additional opportunities within our existing customer base.

## Customer Concentration and Relationship Management

We target industry-leading customers in each of our segments. Our current CCS segment customers include Dell Technologies, Hewlett-Packard Enterprise, Hewlett-Packard Inc., IBM Corporation, Juniper Networks, Inc., NEC Corporation, Oracle Corporation, and Polycom, Inc. Our current ATS segment customers include Applied Materials, Inc., Honeywell Inc., Lam Research and Raytheon Company. We are focused on strengthening our relationships with strategic customers through the delivery of new and expanding end-to-end solutions.

No customer individually represented 10% or more of total revenue in 2020 or 2021. Cisco (a former CCS segment customer) was the only customer that individually represented 10% or more of total revenue for 2019 (12%).

Our top 10 customers represented 66%, 66% and 65% of total revenue for 2021, 2020 and 2019, respectively.

We generally enter into master supply agreements with our customers that provide the framework for our overall relationship, although such agreements do not typically guarantee a particular level of business or fixed pricing. Instead, we bid on a program-by-program basis and typically receive customer purchase orders for specific quantities and timing of products. We believe that our customer-focused factories are flexible and can be reconfigured as needed to meet customer-specific product requirements and fluctuations in volumes (although we do incur increased production costs from time to time in connection with unexpected demand changes). A majority of these supply agreements also require the customer to purchase unused inventory that we have purchased to fulfill that customer's forecasted manufacturing demand. Some of these agreements require us to provide specific price reductions to our customers over the term of the contracts, which has had (and is expected to continue to have) a significant adverse impact on our revenues, gross margin and operating results. Also see Item 3(D), Key Information — Risk Factors — **"Inherent challenges in managing changes in customer demand may impact our planning, supply chain execution and manufacturing, and may adversely affect our operating performance and results."**

## Research and Technology Development

We use advanced technology to design, assemble and test the products we manufacture. We continue to invest in our global design services and capabilities to conceive differentiated HPS product solutions for our customers.

We have extensive capabilities across a broad range of specialized assembly, configuration and test processes. We work with a variety of substrates based on the products we build for our customers, from thin, flexible PCBs to highly complex, dense multi-layer PCBs, as well as a broad array of advanced component and attachment technologies employed in our customers' products and our own product designs. We believe that increasing demand for full-system assembly solutions continues to drive technical advancement in complex mechanical assembly and configuration. We also develop and manufacture sub-components, such as optical modules and complex machined parts, intended to drive targeted technical advancements to support these opportunities.

Our automated electronics assembly lines are continuously refreshed with the latest generation technology, with a focus on flexible lines with quick changeover, large board capability, and small component capability. Our assembly capabilities are complemented by advanced test capabilities. The technologies we use include high-speed functional testing, optical, burn-in, vibration, radio frequency, and in-circuit and in-situ dynamic thermal cycling stress testing. Our inspection technology includes X-ray computed tomography, advanced automated optical inspection, three-dimensional paste volumetric inspection and scanning electron microscopy. We work directly with leaders in the equipment industry to optimize their products and solutions or to jointly design solutions to meet the needs of our customers. We apply automation solutions for higher volume products, where possible, to help improve product quality, lower product costs, and increase manufacturing efficiencies.

Our ongoing R&D activities include the development of processes, test technologies, and hardware platform solutions, spanning core data center technologies, that can be used as-is or customized to optimize a customer's specific applications. Our HPS offering is focused on developing design solutions and subsequently managing the other aspects of the supply chain, including product manufacturing and after-market services. We focus our solutions on developing current and next generation storage, server and communications products (in particular, elements of data centers, which include the development of complete hardware platform solutions to reduce product costs and accelerate time to market, and which we believe will continue to grow). We work directly with our customers to understand their product roadmaps and requirements, and to develop technology solutions intended to meet their particular needs. We are proactive in developing manufacturing techniques that take advantage of the latest component, product and packaging designs. We have worked with, and have taken leadership roles in, industry and academic groups that strive to advance the state of technology in the industry. As we continue to pursue deeper relationships with our customers, and participate in additional services and revenue opportunities with them, we anticipate an increase in our spending in these areas.

#### Supply Chain Management

We share data electronically with our key suppliers, and help ensure speed of supply through strong relationships with our component suppliers and logistics partners. We view the size and scale of our procurement activities, including our IT systems, as an important competitive advantage, as they enhance our ability to obtain better pricing, influence component packaging and designs, and obtain a supply of components in constrained markets. We procure substantially all of our materials and components on behalf of our customers pursuant to individual purchase orders that are generally short-term in nature.

Components and raw materials are sourced globally, with a majority of electronic components originating from Asian countries. See Item 3(D), Key Information — Risk Factors — **"Our ability to successfully manage unexpected changes or risks inherent in our global operations and supply chain may adversely impact our financial performance"** for a discussion of various risks related to our foreign operations. All of the products we manufacture or assemble require one or more components. In many cases, there may be only one supplier of a particular component. Some of these components could be rationed in response to supply shortages. We work with our suppliers and customers to attempt to ensure continuity in the supply of these components. In cases where unanticipated customer demand or supply shortages occur, we attempt to arrange for alternative sources of supply, where available, or defer planned production in response to the availability of the critical components. Notwithstanding these efforts, however, we experienced materials constraints from certain suppliers in both of our segments in recent years, due in part to global supply shortages for many electronic components. These constraints were also significantly exacerbated with respect to several of our businesses during 2020 and 2021 as a result of COVID-19. These shortages have been aggravated by the significant impact of COVID-19-related workforce constraints on the factories of certain of our suppliers. As we are dependent on our suppliers to prioritize their manufacturing to produce the products we need to fulfill our customer orders, these shortages caused delays in the production of customer products in both of our segments, and in combination with volatile market demand, negatively impacted our margins and led to higher-than-expected levels of inventory in 2020 and 2021, and resulted in operational and materials inefficiencies and a continued backlog of orders. See Item 5, "Operating and Financial Review and Prospects — MD&A — Recent Developments — Segment Environment" for a discussion of the impact of materials constraints (including due to COVID-19) on our business during 2020 and 2021. See Item 3(D), Key Information — Risk Factors, **"We are dependent on third parties to supply certain materials, and our results can be negatively affected by the quality, availability and cost of such materials."** We recognize that some sub-tier suppliers providing raw materials such as palladium, neon gas and high-grade aluminum are partially dependent on supply from Russia/Ukraine. We will closely monitor the supply availability and price fluctuations of these raw materials. While the prices of principal raw materials are generally not volatile, price increases have resulted from materials shortages in recent periods. Price increases resulting from such shortages and/or other factors which we cannot recover from our customers have, and may continue to, adversely impact our results of operations.

We utilize our enterprise systems, as well as specific supply chain IT tools, to provide comprehensive information on our logistics, financial and engineering support functions. These systems provide management with the data and analytics required to manage the logistical complexities of our business and are augmented by and integrated with other applications, such as shop floor controls, component and product database management, and design tools.



To minimize the risk associated with inventory, we primarily order materials and components only to the extent necessary to satisfy existing customer orders and forecasts covered by the applicable customer contract terms and conditions. However, in light of the constrained materials environment in recent periods, we have also been placing additional orders to secure supply, offset in part by the receipt of cash deposits from the relevant customers. We have implemented specific inventory management strategies with certain suppliers, such as "supplier managed inventory" (pulling inventory at the production line on an as-needed basis) and on-site stocking programs. Our initiatives in Lean and Six Sigma also focus on eliminating excess inventory throughout the supply chain. Notwithstanding the foregoing, however, as a result of demand volatility from our customers and the materials constraints from certain suppliers discussed above, we carried higher than expected levels of certain inventory at December 31, 2021.

#### **Intellectual Property**

We hold licenses to various technologies which we have acquired in connection with acquisitions. In addition, we believe that we have secured access to technology sufficient for the current conduct of our business.

We regard our manufacturing processes and certain designs as proprietary trade secrets and confidential information. We rely largely upon a combination of trade secret laws, non-disclosure agreements with our customers, suppliers, employees and other parties, and upon our internal security systems, confidentiality procedures and employee confidentiality agreements to maintain the trade secrecy of our designs and manufacturing processes. Although we take steps to protect our trade secrets and other intellectual property, we cannot assure that misappropriation will not occur. See Item 3(D), Key Information — Risk Factors, "***We may not adequately protect our intellectual property or the intellectual property of others.***"

Our increased research and design activities have resulted in the growth of our dependence on our patent portfolio. We have over 280 hardware patents that are integral to our HPS business. We anticipate that such growth (and importance) will continue as we expand our business activities. In addition, we currently have a limited number of other patents and patent applications pending to protect our intellectual property. Other factors significant to our proprietary rights include the knowledge and experience of management and personnel, and our ability to develop, enhance and market electronics manufacturing services.

Each of our customers typically provides us with a license to its technology for use in providing electronics manufacturing services to such customer. Generally, the agreements governing such technology grant to us non-exclusive, worldwide licenses with respect to the subject technologies, are typically provided without charge, and terminate upon a material breach by us of the terms of such agreements, or termination of the program to which such licenses relate.

We also license some technology from third parties that we use in providing electronics manufacturing services to our customers. We believe that such licenses are generally available on commercial terms from a number of licensors. Generally, the agreements governing such technology grant to us non-exclusive, worldwide licenses with respect to the subject technologies and terminate upon expiration, or a material breach by us of the terms, of such agreements.

#### **Competition**

The EMS industry is highly competitive with multiple global EMS providers competing for customers and programs. Our competitors include Benchmark Electronics, Inc., Flex Ltd., Hon Hai Precision Industry Co., Ltd., Jabil Inc., Plexus Corp., and Sanmina Corporation, as well as smaller EMS companies that often have a regional, product, service or industry-specific focus, and ODMs (including Quanta Computer Inc., Wistron Corp., Delta Network, Inc., and Accton Technology Corp.) that provide internally designed products and manufacturing services. We provide hardware platform solutions as part of our HPS offering. There may be instances where our hardware platform solutions compete with a customer's hardware offerings.

We also face indirect competition from current and prospective customers who evaluate our capabilities and commercial models against the merits of manufacturing products internally, and from distribution and logistics providers expanding their services across the supply chain, including assembly, fulfillment, logistics and in some cases, engineering services. We compete with different companies depending on the type of service or geographic area. Some of our competitors have greater scale and provide a broader range of services than we provide. We believe our competitive advantage is our track record in manufacturing technology, quality, complexity, responsiveness and cost-effective, value-added services. To remain competitive, we believe we must continue to provide technologically advanced manufacturing services and solutions, maintain quality levels, offer flexible delivery schedules, deliver finished products and services on time and compete favorably on price.

The competitive landscape in our CCS segment remains aggressive, as demand growth continues to move from traditional enterprise network infrastructure providers to cloud-based and other service providers, resulting in aggressive bidding from EMS providers and increased competition from ODMs as they further penetrate these markets. As a result of the high concentration of our business in the CCS marketplace, these competitive pressures, aggressive pricing and technology-

driven demand shifts, have negatively impacted, and may continue to negatively impact our CCS businesses in future periods. We intend to continue to monitor these dynamics and focus on cost and portfolio management, including HPS growth initiatives, in response to these factors. To enhance our competitiveness, we continue to focus on expanding our service offerings and capabilities beyond our traditional areas of EMS expertise, including expanding our HPS and after-market services offerings.

See Item 3(D), Key Information — Risk Factors — "**We operate in an industry comprised of numerous competitors and aggressive pricing dynamics**" and Item 5, "Operating and Financial Review and Prospects — MD&A — Overview — Overview of business environment and Recent Developments."

#### **Environmental Matters**

We are subject to various federal/national, state/provincial, local, foreign and supra-national laws and regulations, including environmental measures relating to the release, use, storage, treatment, transportation, discharge, disposal and remediation of contaminants, hazardous substances and waste, and health and safety measures related to practices and procedures applicable to the construction and operation of our sites. We have management systems in place designed to maintain compliance with such laws and regulations.

Our past operations and the historical operation by others of our sites may have resulted in soil and groundwater contamination on our sites, and in many jurisdictions in which we operate, environmental laws impose liability for the costs of removal, remediation or risk assessment of hazardous or toxic substances on an owner, occupier or operator of real property even if such person or company was unaware of or not responsible for the discharge or migration of such substances. From time-to-time we investigate, remediate and monitor soil and groundwater contamination at certain operating sites. We generally obtain Phase I or similar environmental assessments (which involve general inspections without soil sampling or groundwater analysis), or review assessment reports undertaken by others, for our manufacturing sites at the time of acquisition or leasing. However, such assessments may not reveal all environmental liabilities (due, for example, to limited available information about prior operations at the properties or other gaps in information at the time we acquire or lease such sites), and assessments have not been obtained for all sites. Where contamination is suspected at sites being acquired or leased, Phase II intrusive environmental assessments (that can include soil and/or groundwater testing) are usually performed. We expect to conduct Phase I or similar environmental assessments in respect of future property acquisitions or leases and intend to perform Phase II assessments where appropriate. Past environmental assessments have not revealed any environmental liability that we believe will have a material adverse effect on our operating results or financial condition, in part because of contractual retention of liability by landlords and former owners at certain sites. However, any such contractual retention of liability may not provide sufficient protection to reduce or eliminate our liability. Third-party claims for damages or personal injury are also possible and could result in significant costs to us. If more stringent compliance or cleanup standards under environmental laws or regulations are imposed, or the results of future testing and analyses at our current or former sites indicate that we are responsible for the release of hazardous substances into the air, ground and/or water, we may be subject to additional liability. Environmental matters may arise at sites where no problem is currently known or at sites that we may acquire in the future. See Item 3(D), Key Information — Risk Factors — "**Compliance with governmental laws and obligations could be costly and may negatively impact our financial performance.**"

Environmental legislation also occurs at the product level. Celestica works with its customers in connection with compliance with applicable product-level environmental legislation in the jurisdictions where products are manufactured and/or offered for use and sale by our customers.

#### **Backlog**

Our A&D business continued to be negatively impacted by materials shortages during 2021, most significantly with respect to the availability of certain high reliability parts and machined components, resulting in, among other things, a continued backlog of orders.

Although we obtain purchase orders from our customers, they typically do not commit to delivery of products more than 30 to 90 days in advance. However, due to global supply shortages, some customers have provided us with longer commitments. We do not believe that the backlog of expected product sales covered by purchase orders is a meaningful measure of future sales, since generally orders may be rescheduled or canceled.

## Seasonality

Seasonality is reflected in the mix of products we manufacture from quarter-to-quarter. From time to time, we experience some level of seasonality in our quarterly revenue patterns across certain of our businesses. The addition of new customers has introduced different demand cycles. For example, cloud-based service providers have increased their use of products in our CCS segment in recent periods. These customers and markets are cyclically different from our traditional OEM customers, creating more volatility and unpredictability in our revenue patterns, and additional challenges with respect to the management of our working capital requirements. The pace of technological change, the frequency of customers transferring business among EMS and/or ODM competitors and the constantly changing dynamics of the global economy will also continue to impact us. As a result of these factors, the impact of new program wins or program losses or non-renewals, overall demand variability, and limited visibility in technology end markets, it is difficult to isolate the impact of seasonality on our business. Recently, revenue from our Enterprise end market has decreased in the first quarter of the year compared to the previous quarter, and then increased in the second quarter, reflecting an increase in customer demand. In addition, we typically experience our lowest overall revenue levels during the first quarter of each year. There is no assurance that this pattern will continue. See also Item 3(D), Key Information — Risk Factors — **"Our revenue and operating results may vary significantly from period to period."**

## Controlling Shareholder Interest

Onex is our controlling shareholder with an 81.5% voting interest in Celestica. Accordingly, Onex has the ability to exercise a significant influence over our business and affairs and generally has the power to determine all matters submitted to a vote of our shareholders where the SVS and MVS vote together as a single class. Such matters include electing our Board and thereby influencing significant corporate transactions, including mergers, acquisitions, divestitures and financing arrangements. Gerald W. Schwartz, the Chairman of the Board and Chief Executive Officer of Onex, indirectly owns shares representing the majority of the voting rights of the shares of Onex. For further details, refer to Item 3(D), Key Information — Risk Factors — **"The interest of our controlling shareholder, Onex Corporation, with an 81.5% voting interest, may conflict with the interests of other shareholders"** and footnotes 2 and 3 of Item 7(A) "Major Shareholders and Related Party Transactions — Major Shareholders."

## Government Regulation

Information regarding material effects of government regulations on Celestica's business is provided in the risk factors entitled **"We are subject to the risk of increasing income and other taxes, tax audits and the challenges of successfully defending our tax positions, and obtaining, renewing or meeting the conditions of tax incentives and credits, any of which may adversely affect our financial performance," "Compliance with governmental laws and obligations could be costly and may negatively impact our financial performance," "Compliance or the failure to comply with employment laws and regulations may negatively impact our financial performance," "U.S. policies or legislation could have a material adverse effect on our business, results of operations and financial condition,"** and **"Our business and operations could be adversely impacted by environmental, social and governance (ESG) initiatives"** in Item 3(D), Key Information — Risk Factors.

## Sustainability

We are committed to driving sustainability initiatives through collaboration with our employees, customers, suppliers and local communities. Our Sustainability Report, which is published annually, outlines our sustainability strategy, the progress we have made as a socially responsible organization, and the key activities and milestones we are working to achieve for each of our focus areas: our planet, our products and services, our people and our communities. Our most recent Sustainability Report, as well as our Corporate Values, can be found on our website: [www.celestica.com](http://www.celestica.com) (information on our website is not incorporated by reference into this Annual Report).

We strive to minimize the impact of our operations on the environment by working to make our infrastructure sustainable and by reducing our greenhouse gas (GHG) emissions. Since 2009, we have published annual reports documenting our corporate social responsibility programs and environmental sustainability initiatives. We currently report in accordance with the guidance of the Global Reporting Initiative (GRI), and our most recent Sustainability Report includes disclosures aligned with the standards of the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). We are committed to reporting our GHG emissions annually, and have included third-party assurance of our GHG emissions in our annual report since 2013. Since 2010, we have responded to the CDP Climate Change questionnaire, which enables engagement on environmental issues worldwide. Our GHG emissions reduction target has been approved by the Science Based Targets initiative (SBTi). In 2021, we increased the number of United Nations Sustainable Development Goals (SDGs) which we have adopted as part of our sustainability strategy (increasing from four goals to ten goals). Although all 17 SDGs are relevant to Celestica, our communities, and our stakeholders, we have prioritized ten goals we believe present opportunities for us to affect the greatest change. We determine this annually through our materiality assessment and during

stakeholder conversations. The new goals reflect our commitment to diversity and inclusion, investments in our employees, continued focus on climate action and increased focus on water. We have an established Conflict Minerals Policy in accordance with Dodd-Frank. We fully support the objectives of the conflict minerals legislation, which aims to minimize violence in the Democratic Republic of Congo and adjoining countries, and expect our suppliers to provide all requested declarations.

## Diversity and Inclusion

We believe in building an inclusive culture that encourages diversity of thought and attributes while allowing employees to thrive, be valued and celebrated. In our view, diversity includes, but is not limited to, gender or gender identity, race, age, ethnicity, religious or cultural background, disability, marital or family status, sexual orientation, education, experiences, perspectives, language and other areas of potential difference. In furtherance of these beliefs, we have adopted a Diversity and Inclusion Policy, under which we are committed to providing a work environment in which everyone feels accepted and valued, by being treated fairly and with respect across the enterprise. Our Diversity and Inclusion Steering Committee (D&I Steering Committee) is comprised of three members of senior management and is co-chaired by our Chief Executive Officer (CEO) and Chief Human Resources Officer. The D&I Steering Committee oversees diversity and inclusion at Celestica and seeks to ensure that diversity and inclusion are incorporated into Celestica's culture, workplace and talent practices. The D&I Steering Committee has designated a Diversity and Inclusion Committee (D&I Committee) for the purpose of developing and promoting diversity. Celestica's diversity & inclusion practice (D&I Practice) is led by a Diversity and Inclusion Leader to drive our diversity and inclusion strategy. Employees were invited to participate in a global Diversity and Inclusion survey in November 2020, which provided the opportunity to anonymously provide perspectives on diversity and inclusion at Celestica, and thereby establish a baseline to measure progress as our D&I Practice matures. Management reviewed the survey data and identified key focus areas for action plans. The results of the survey and management's action plans were reviewed with the Human Resources and Compensation Committee in April 2021, and were also shared with employees. In addition, the following actions were taken in 2021 with respect to diversity and inclusion at Celestica:

- launched diversity and inclusion training to our global workforce in order to raise employee awareness of diversity and inclusion and how we can effect change within the organization;
- held our first "Celestica Day for Diversity and Inclusion Awareness" to highlight the value of equity and reveal issues of inequity that may be unnoticed and unaddressed, understand diverse teams, cultural differences to develop intercultural fluency, spark ways of thinking about inclusion within Celestica and reinforce the value of diverse teams in the workplace;
- reviewed our policies and practices to ensure they support our diversity and inclusion agenda, remove perception of favoritism and uphold equity; and
- created four employee-led employee resource groups (Celestica Women's Network, Celestica Black Employee Network, Celestica Pride Network and Celestica Indigenous Affinity Group).

In furtherance of Board diversity, the Board adopted a new Board Diversity Policy in January 2021. In accordance with the Board Diversity Policy, Celestica aspires to attain by its annual meeting in 2023, and thereafter maintain, a Board composition in which at least 30% of the Board are women. Further, when identifying candidates for election or appointment to the Board of Directors, the Board and its Nominating and Corporate Governance Committee (NCGC) will:

- consider candidates who are qualified based on a balance of skills, background, experience and knowledge;
- take into account diversity considerations such as age, geographical representation from the regions in which Celestica operates, cultural heritage (including Aboriginal peoples (as defined in the *Employment Equity Act* (Canada) and members of visible minorities) and different abilities (including persons with disabilities);
- strive to use, to their fullest potential, the Board's network of relationships, in addition to using third-party organizations, that may help identify diverse candidates for joining the Board;
- ensure that the initial candidate list is comprised of no less than 50% women; and
- periodically review recruitment and selection protocols to ensure diversity remains an important component of the Board.

Two director nominees at our upcoming 2022 Annual Meeting of Shareholders (2022 Meeting) are women (22%), including the current Chair of the Audit Committee. Three of our other director nominees self-identify as members of visible minorities (33%) and none of the nominees self-identify as Aboriginal peoples or as persons with disabilities (each as defined under the *Employment Equity Act* (Canada)).

From time to time, the Board will review the Board Diversity Policy and assess its effectiveness in promoting a diverse Board. We adhered to the Board Diversity Policy with respect to identifying women and other diverse candidates for our 2021 director search. An initial candidate list of 50% women was developed by our Director Search Committee with the assistance of a director search firm tasked with this objective. Suitable candidates were interviewed by the members of our Director Search Committee. Ultimately, Dr. Müller was appointed to the Board effective August 31, 2021 on the basis that he will make a strong contribution and provide the diversity, background, skills and experience needed by the Board in view of the Corporation's strategy. We maintain our commitment to the 2023 target of 30% women on the Board and intend to commence a search for a new director, following the 2022 Meeting, with an initial candidate list comprised of no less than 50% women in accordance with our Board Diversity Policy.

#### **COVID-19 Response**

Celestica established a COVID-19 response committee in early 2020, which included members of our regional human resources, health and safety, IT and operations teams. During 2021, we maintained a robust COVID-19 business continuity management program to minimize disruptions during the pandemic and to minimize impacts to employee health and well-being across our global network. We continue to follow the requirements of governmental authorities and maintain preventative and protective measures to prioritize the safety of our employees, including a range of health and safety protocols such as a cessation of employee travel (other than very limited essential inter-regional travel), a global work-from-home policy for applicable employees, and for all other employees: physical distancing, enhanced screening, mandatory mask and use of other personal protective equipment, and shift splitting. We have also strongly encouraged vaccination for all of our employees and we organized vaccination clinics in regions where vaccines were not readily available, including Malaysia and Thailand.

#### **Employee Engagement**

At Celestica, we know our success depends on our talented people and their commitment to excellence. We believe employee engagement is crucial for employee performance and productivity, and strong business outcomes. We therefore continually strive to enhance employee engagement.

In support of our efforts to foster a high-performing and engaged workforce, we launched a global employee engagement survey in 2021 in order to measure overall engagement and identify our strengths and areas for improvement. The results of the survey were reviewed by management and compared against the last employee engagement survey conducted in 2018. Management reviewed the survey results, together with management's strategy to continue to improve engagement levels in response to the survey feedback, with the Human Resources and Compensation Committee. Employee engagement activities initiated during 2021 included:

- diversity and inclusion training modules;
- a formalized mentorship program and an enhanced leadership training program;
- an enhanced Women In Action program;
- a global wellness program; and
- a "Grow Together" program to support ongoing talent development emphasizing growth opportunities for employees by providing specialized speaking events, leadership academies and modernized online learning experiences.

Celestica's rewards and recognition programs acknowledge employees who are achieving business results by living our brand and values, and embracing the characteristics of our Leadership Imperatives. We encourage business and people leaders to acknowledge individual and team success in quarterly town halls, and in more formal ways through our Bravo! and Ignition Awards programs. Acknowledging the challenges presented by the lack of in-person connection as a result of the pandemic, we continually look for ways to reward our employees with virtual recognitions.

We believe that employee engagement and well-being is strengthened through healthy, supportive and safe workplaces. Globally, we have established a framework whereby all sites are required to measure and report on their environmental, health and safety performance regularly.

#### **Community Engagement**

We strive to support the local communities in which we live and work. We encourage all full-time employees to take up to 16 hours of paid time off per year to volunteer through our Time Off to Volunteer program. This program gives employees the opportunity to become involved in their communities in a meaningful way and to help those in need.

United Way is a federated network of 71 local United Way Centraide offices serving more than 5,000 communities across Canada, each registered as its own non-profit organization. In 2021, Celestica's annual United Way fundraising campaign raised C\$240,000 plus a match of C\$120,000 for a total of C\$360,000, which brings Celestica's lifetime fundraising amount to C\$12.3 million.

#### Ethical Labor Practices

We maintain a Business Conduct Governance (BCG) Policy, which outlines the ethics and practices we consider necessary for a positive working environment, as well as the high legal and ethical standards to which our employees are held accountable. 100% of our employees have completed BCG Policy training, and we conduct annual re-certifications. Our BCG Policy is available on our website: [www.celestica.com](http://www.celestica.com) (information on our website is not incorporated by reference into this Annual Report).

In addition, we have well-established policies regarding fair labor practices and guidelines intended to create a respectful, safe and healthy work environment for our employees globally.

We are a founding (and remain a) member of the RBA, a non-profit coalition of electronics companies that, among other things, establishes standards for its members in responsible and ethical practices in the areas of labor, environmental compliance, employee health and safety, ethics and social responsibility. The RBA Code of Conduct outlines industry standards intended to ensure that working conditions in the supply chain are safe, workers are treated with respect and dignity, and manufacturing processes are environmentally responsible. We continually work to implement, manage and audit our compliance with the RBA Code of Conduct.

We are committed to the development and fair treatment of our global workforce, including promotion of a diverse workforce, an inclusive work environment, equal employment opportunity hiring practices and policies, and anti-harassment, workforce safety and anti-reprisal policies.

#### Financial Information Regarding Geographic Areas

Details of our financial information regarding geographic areas are disclosed in note 25 to the Consolidated Financial Statements in Item 18, in Item 4(B) "Information on the Company — Business Overview — Geographies," and in Item 4(D) "Information on the Company — Property, Plants and Equipment." Risks associated with our foreign operations are disclosed in Item 3(D), Key Information — Risk Factors, including "***Our ability to successfully manage unexpected changes or risks inherent in our global operations and supply chain may adversely impact our financial performance.***"

#### C. Organizational Structure

Onex, an Ontario corporation, is the Corporation's controlling shareholder with an 81.5% voting interest in Celestica (via its direct and indirect beneficial ownership of approximately 18.6 million (100%) of the Corporation's MVS, and approximately 0.4 million of the Corporation's SVS). Gerald W. Schwartz is the Chairman of the Board and Chief Executive Officer of Onex, and indirectly owns multiple voting shares of Onex representing the majority of the voting rights of the shares of Onex (also see footnotes 2 and 3 to the Major Shareholders Table in Item 7(A) below).

Celestica conducts its business through subsidiaries operating on a worldwide basis. The following companies are considered significant subsidiaries of Celestica, and each of them is wholly-owned, directly or indirectly, by Celestica:

Celestica Cayman Holdings 1 Limited, a Cayman Islands corporation;

Celestica Hong Kong Limited, a Hong Kong corporation;

Celestica LLC, a Delaware, U.S. limited liability company;

Celestica (Thailand) Limited, a Thailand corporation;

Celestica (USA) Inc., a Delaware, U.S. corporation;

2480333 Ontario Inc., an Ontario, Canada corporation; and

Celestica Electronics (M.) Sdn. Bhd., a Malaysia corporation.

#### D. Property, Plants and Equipment

The following table summarizes our principal owned and leased properties as of February 22, 2022. These sites are used to provide manufacturing services and solutions, including the manufacture of PCBs, assembly and configuration of final systems, complex mechanical assembly, precision machining, as well as other related services and customer support activities, including design and development, warehousing, distribution, fulfillment and after-market services, with a total of approximately 7.0 million square feet of productive capacity.

Major locations	Square Footage <sup>(1)</sup>	Segment	Owned/Leased	Lease Expiration Dates
Canada <sup>(3)(5)</sup>	341	ATS/CCS	Leased	between 2025 and 2028
Arizona	111	ATS	Leased	2027
California <sup>(3)</sup>	179	ATS/CCS	Leased	between 2022 and 2026
China <sup>(3)(4)</sup>	979	ATS/CCS	Owned/Leased	between 2023 and 2056
India	5	CCS	Leased	2024
Indonesia <sup>(3)(4)</sup>	204	ATS	Owned/Leased	between 2022 and 2028
Ireland <sup>(3)</sup>	82	ATS/CCS	Leased	between 2024 and 2030
Japan <sup>(3)</sup>	594	ATS/CCS	Owned/Leased	between 2022 and 2023
Laos	121	CCS	Leased	between 2022 and 2023
Malaysia <sup>(2)(3)(4)</sup>	1,451	ATS/CCS	Owned/Leased	between 2022 and 2060
Massachusetts <sup>(2)</sup>	60	ATS	Owned	N/A
Minnesota <sup>(3)</sup>	244	ATS/CCS	Leased	between 2022 and 2032
Mexico <sup>(3)</sup>	498	ATS/CCS	Leased	between 2022 and 2027
Oregon <sup>(3)</sup>	240	ATS	Leased	2026
Romania	260	ATS/CCS	Owned	N/A
Singapore <sup>(3)(4)</sup>	171	ATS/CCS	Owned/Leased	between 2022 and 2053
South Korea <sup>(3)</sup>	207	ATS	Owned/Leased	2026
Spain	109	ATS	Owned	N/A
Texas <sup>(6)</sup>	191	CCS	Leased	2032
Thailand <sup>(3)(4)</sup>	982	ATS/CCS	Owned/Leased	between 2022 and 2048

(1) Represents estimated square footage (in thousands) being used.

(2) Owned real properties are pledged as security under our credit facility.

(3) Represents multiple locations.

(4) With respect to these locations, the land is leased, and the buildings are either owned or leased by us.

(5) As part of our 2019 Toronto real property sale, we entered into a 10-year lease in March 2019 with the purchaser of such property for our new corporate headquarters (to be built by such purchaser on the site of our former location). The commencement date of this lease is currently targeted to be May 2023, with occupancy to commence in November 2023. In connection therewith, we completed a temporary relocation of our corporate headquarters in the second quarter of 2019. Although we expect to incur certain capitalized and transition costs once the move into our new corporate headquarters commences, such costs cannot be estimated at this time, but are expected to be funded from cash on hand. See Item 5, "Operating and Financial Review and Prospects — MD&A — Liquidity — Toronto Real Property and Related Transactions and Cash Requirements — Contractual Obligations."

(6) In connection with an outsourcing arrangement and 10-year lease agreement with FNC, we will occupy additional space at this site starting April 2022. See Item 5, "Operating and Financial Review and Prospects — MD&A — Liquidity — Cash Requirements — Contractual Obligations."

We consider each of the properties in the table above to be adequate for its purpose and suitably utilized according to the individual nature and requirements of the relevant operations. We currently expect to be able to extend the terms of expiring leases or to find replacement sites on commercially acceptable terms. Also see "Environmental Matters" in Item 4(B) above. Our principal executive office is located at 5140 Yonge Street, Suite 1900, Toronto, Ontario, Canada M2N 6L7. Our material tangible fixed assets (of which approximately one-third is pledged as security under our credit agreement) are described in note 6 to the Consolidated Financial Statements in Item 18.

#### Item 4A. Unresolved Staff Comments

None.

**CELESTICA INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with our 2021 audited consolidated financial statements (2021 AFS), which we prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Unless otherwise noted, all dollar amounts are expressed in United States (U.S.) dollars. The information in this discussion is provided as of February 22, 2022 unless we indicate otherwise.

Certain statements contained in this MD&A constitute forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (U.S. Exchange Act), and contain forward-looking information within the meaning of Canadian securities laws. Such forward-looking information includes, without limitation, statements related to: anticipated and potential adverse impacts resulting from coronavirus disease 2019 and related mutations (COVID-19); our priorities, intended areas of focus, targets, objectives, and goals; trends in the electronics manufacturing services (EMS) industry and our segments (and/or their constituent businesses) and their anticipated impact; the anticipated impact of current market conditions on each of our segments (and/or their constituent businesses) and near term expectations (positive and negative); anticipated restructuring and potential divestiture actions; our anticipated financial and/or operating results and outlook; our strategies; our credit risk; the anticipated impact of acquisitions (including the acquisition of PCI Private Limited (PCI)) and program wins, transfers, losses or disengagements; materials, component and supply chain constraints; shipping delays; anticipated expenses, capital expenditures and other working capital requirements and contractual obligations; the impact of our price reductions; our intended repatriation of certain undistributed earnings from foreign subsidiaries (and amounts we do not intend to repatriate in the foreseeable future); the potential impact of tax and litigation outcomes; our ability to use certain tax losses; intended investments in our business; the potential impact of the pace of technological changes, customer outsourcing, program transfers, and the global economic environment; the intended method of funding subordinate voting share (SVS) repurchases and our restructuring provision; the lease for our temporary and new corporate headquarters; Toronto transition costs; the impact of our outstanding indebtedness; liquidity and the sufficiency of our capital resources; our intention (when in our discretion) to settle outstanding equity awards with SVS; our financial statement estimates and assumptions; recently-issued accounting pronouncements and amendments; our compliance with covenants under our credit facility; interest rates and expense; interest rate swap agreements; the potential adverse impacts of events outside of our control, including, among others: U.S. policies or legislation, U.S. and global tax reform, product/component tariffs on items imported into the U.S. and related countermeasures, and/or the impact of, in addition to COVID-19, other widespread illness or disease (External Events); mandatory prepayments under our credit facility; income tax incentives; COVID-19-related governmental relief measures; accounts payable cash flow levels; expectations with respect to cash deposits; and accounts receivable sales. Such forward-looking statements may, without limitation, be preceded by, followed by, or include words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," "continues," "project," "target," "potential," "possible," "contemplate," "seek," or similar expressions, or may employ such future or conditional verbs as "may," "might," "will," "could," "should," or "would," or may otherwise be indicated as forward-looking statements by grammatical construction, phrasing or context. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the U.S. Private Securities Litigation Reform Act of 1995, and applicable Canadian securities laws.

Forward-looking statements are provided to assist readers in understanding management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes. Forward-looking statements are not guarantees of future performance and are subject to risks that could cause actual results to differ materially from those expressed or implied in such forward-looking statements, including, among others, risks related to: customer and segment concentration; price, margin pressures, and other competitive factors and adverse market conditions affecting, and the highly competitive nature of, the EMS industry in general and our segments in particular (including the risk that anticipated market improvements do not materialize); delays in the delivery and availability of components, services and/or materials, as well as their costs and quality; challenges of replacing revenue from completed, lost or non-renewed programs or customer disengagements; our customers' ability to compete and succeed using our products and services; changes in our mix of customers and/or the types of products or services we provide, including negative impacts of higher concentrations of



lower margin programs; managing changes in customer demand; rapidly evolving and changing technologies, and changes in our customers' business or outsourcing strategies; the cyclical and volatile nature of our semiconductor business; the expansion or consolidation of our operations; the inability to maintain adequate utilization of our workforce; defects or deficiencies in our products, services or designs; volatility in the commercial aerospace industry; integrating and achieving the anticipated benefits from acquisitions (including our acquisition of PCI) and "operate-in-place" arrangements; compliance with customer-driven policies and standards, and third-party certification requirements; challenges associated with new customers or programs, or the provision of new services; the impact of our restructuring actions, and/or productivity initiatives, including a failure to achieve anticipated benefits therefrom; negative impacts on our business resulting from newly-increased third-party indebtedness; the incurrence of future restructuring charges, impairment charges, other write-downs of assets or operating losses; managing our business during uncertain market, political and economic conditions, including among others, geopolitical and other risks associated with our international operations, including military actions, protectionism and reactive countermeasures, economic or other sanctions or trade barriers, including in relation to the evolving Ukraine/Russia conflict; disruptions to our operations, or those of our customers, component suppliers and/or logistics partners, including as a result of External Events; the scope, duration and impact of the COVID-19 pandemic; changes to our operating model; changing commodity, materials and component costs as well as labor costs and conditions; execution and/or quality issues (including our ability to successfully resolve these challenges); non-performance by counterparties; maintaining sufficient financial resources to fund currently anticipated financial actions and obligations and to pursue desirable business opportunities; negative impacts on our business resulting from any significant uses of cash (including for the acquisition of PCI), securities issuances, and/or additional increases in third-party indebtedness (including as a result of an inability to sell desired amounts under our uncommitted accounts receivable sales program); operational impacts that may affect PCI's ability to achieve anticipated financial results; foreign currency volatility; our global operations and supply chain; competitive bid selection processes; customer relationships with emerging companies; recruiting or retaining skilled talent; our dependence on industries affected by rapid technological change; our ability to adequately protect intellectual property and confidential information; increasing taxes, tax audits, and challenges of defending our tax positions; obtaining, renewing or meeting the conditions of tax incentives and credits; the management of our information technology systems, and the fact that while we have not been materially impacted by computer viruses, malware, ransomware, hacking attempts or outages, we have been (and may continue to be) the target of such events; the inability to prevent or detect all errors or fraud; the variability of revenue and operating results; unanticipated disruptions to our cash flows; compliance with applicable laws and regulations; our pension and other benefit plan obligations; changes in accounting judgments, estimates and assumptions; our ability to maintain compliance with applicable credit facility covenants; interest rate fluctuations and the discontinuation of LIBOR; our ability to refinance our indebtedness from time to time; deterioration in financial markets or the macro-economic environment; our credit rating; the interest of our controlling shareholder; current or future litigation, governmental actions, and/or changes in legislation or accounting standards; negative publicity; that we will not be permitted to, or do not, repurchase SVS under any normal course issuer bid (NCIB); the impact of climate change; and our ability to achieve our environmental, social and governance (ESG) initiative goals, including with respect to diversity and inclusion and climate change. The foregoing and other material risks and uncertainties are discussed in our public filings at [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov), including in this MD&A, our most recent Annual Report on Form 20-F filed with, and subsequent reports on Form 6-K furnished to, the U.S. Securities and Exchange Commission (SEC), and as applicable, the Canadian Securities Administrators.

Our forward-looking statements are based on various assumptions, many of which involve factors that are beyond our control. Our material assumptions include those related to the following: the scope and duration of materials constraints and the COVID-19 pandemic, and their impact on our sites, customers and our suppliers; fluctuation of production schedules from our customers in terms of volume and mix of products or services; the timing and execution of, and investments associated with, ramping new business; the success of our customers' products; our ability to retain programs and customers; the stability of general economic and market conditions, and currency exchange rates; supplier performance and quality, pricing and terms; compliance by third parties with their contractual obligations; the costs and availability of components, materials, services, equipment, labor, energy and transportation; that our customers will retain liability for product/component tariffs and countermeasures; global tax legislation changes; our ability to keep pace with rapidly changing technological developments; the timing, execution and effect of restructuring actions; the successful resolution of quality issues that arise from time to time; the components of our leverage ratio (as defined in our credit facility); our ability to successfully diversify our customer base and develop new capabilities; the availability of cash resources for, and the permissibility under our credit facility of, repurchases of outstanding SVS under NCIBs, and compliance with applicable laws and regulations pertaining to NCIBs; compliance with applicable credit facility covenants; anticipated demand strength in certain of our businesses; anticipated demand weakness in, and/or the impact of anticipated adverse market conditions on, certain of our businesses; and that: anticipated financial results by PCI will be achieved; we are able to successfully integrate PCI, further develop our ATS segment business, and achieve the other expected synergies and benefits from the acquisition; all financial information provided by PCI is accurate and complete, and all forecasts of PCI's operating results are reasonable and were provided to

*Celestica in good faith; and we will continue to have sufficient financial resources to fund currently anticipated financial actions and obligations and to pursue desirable business opportunities. Although management believes its assumptions to be reasonable under the current circumstances, they may prove to be inaccurate, which could cause actual results to differ materially (and adversely) from those that would have been achieved had such assumptions been accurate. Forward-looking statements speak only as of the date on which they are made, and we disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.*

*All forward-looking statements attributable to us are expressly qualified by these cautionary statements.*

## Overview

*Celestica's business:*

We deliver innovative supply chain solutions globally to customers in two operating and reportable segments: Advanced Technology Solutions (ATS) and Connectivity & Cloud Solutions (CCS). Our ATS segment consists of our ATS end market, and is comprised of our Aerospace and Defense (A&D), Industrial, Energy, HealthTech, and Capital Equipment businesses. Our Capital Equipment business is comprised of our semiconductor, display, and power & signal distribution equipment businesses. Our CCS segment consists of our Communications and Enterprise end markets. Our Enterprise end market is comprised of our servers and storage businesses. Additional information regarding our reportable segments is included in note 25 to the 2021 AFS.

Our customers include original equipment manufacturers (OEMs), cloud-based and other service providers, including hyperscalers, and other companies in a wide range of industries. Our global headquarters is located in Toronto, Ontario, Canada. We operate a network of sites and centers of excellence strategically located in North America, Europe and Asia, with specialized end-to-end supply chain capabilities tailored to meet specific market and customer product lifecycle requirements.

We offer a comprehensive range of product manufacturing and related supply chain services to customers in both of our segments, including design and development, new product introduction, engineering services, component sourcing, electronics manufacturing and assembly, testing, complex mechanical assembly, systems integration, precision machining, order fulfillment, logistics, asset management, product licensing, and after-market repair and return services. Our Hardware Platform Solutions (HPS) offering (within our CCS segment) includes the development of hardware platforms, design solutions and software services, that can be used as-is, or customized for specific applications in collaboration with our customers, and management of program design and aspects of the supply chain, manufacturing, and after-market support.

Products and services in our ATS segment are extensive and are often more regulated than in our CCS segment, and can include the following: government-certified and highly-specialized manufacturing, electronic and enclosure-related services for A&D customers; high-precision semiconductor and display equipment and integrated subsystems; a wide range of industrial automation, controls, test and measurement devices; engineering-focused engagements, including full product development in the areas of telematics, human machine interface (HMI), Internet-of-Things (IoT) and embedded systems; advanced solutions for surgical instruments, diagnostic imaging and patient monitoring; and efficiency products to help manage and monitor the energy and power industries. Our ATS segment businesses typically have higher margin profiles and margin volatility, higher working capital requirements, and longer product life cycles than the businesses in our CCS segment.

Products and services in our CCS segment consist predominantly of enterprise-level data communications and information processing infrastructure products and systems, and can include routers, switches, data center interconnects, edge solutions, and servers and storage-related products used by a wide range of businesses and cloud-based and other service providers to manage digital connectivity, commerce and social media applications. Our CCS segment is subject to negative pricing pressures driven by the highly competitive nature of this market and is experiencing technology-driven demand shifts, which are not expected to abate. Our CCS segment businesses typically have lower margin profiles, lower working capital requirements, and higher volumes than the businesses in our ATS segment. Within our CCS segment, however, our HPS business (which includes firmware/software enablement across all primary IT infrastructure data center technologies and aftermarket services) typically has a higher margin profile than our traditional CCS businesses, but also requires specific investments, including research and development (R&D), and higher working capital. Our CCS segment generally experiences a high degree of volatility in terms of revenue and product/service mix, and as a result, our CCS segment margin can fluctuate from period to period. In recent periods, we have experienced an increasing shift in the mix of our programs towards cloud-

based and other service providers, which are cyclically different from our traditional OEM customers, creating more volatility and unpredictability in our revenue patterns, and additional challenges with respect to the management of our supply chain and working capital requirements.

*Overview of business environment:*

The EMS industry is highly competitive. Demand can be volatile from period to period, and aggressive pricing is a common business dynamic. Customers may shift production between EMS providers for a number of reasons, including changes in demand for their products, pricing concessions, more favorable terms and conditions, execution or quality issues, their preference or need to modify or consolidate their supply chain capacity or change their supply chain partners, tax benefits, new trade policies or legislation, or consolidation among customers. Customers may also change the amount of business they outsource, or the concentration or location of their EMS suppliers. As a result, customer and segment revenue and mix, as well as overall profitability, are difficult to forecast. The loss of one or more major customers could have a material adverse effect on our operating results, financial position and cash flows.

Managing our operations is complex, and our financial results often fluctuate, in each case as a result of, among other factors, product lifecycles in the markets we serve, production lead times required by our customers, our ability to secure materials and components, our ability to manage staffing and talent dynamics, rapid shifts in technology, model obsolescence, commoditization of certain products, the emergence of new business models, shifting patterns of demand, the proliferation of software-defined technologies enabling the disaggregation of software and hardware, product oversupply, changing supply chains and customer supply chain requirements, and the build-up by customers of inventory buffers. For example, the shift from traditional network infrastructures to highly virtualized and cloud-based environments, and declines in end-market demand for proprietary systems in favor of open systems with standardized technologies in recent periods, have adversely impacted some of our traditional CCS segment customers, and favorably impacted our service provider customers and our HPS business. We continue to experience operational challenges as a result of global supply chain constraints, and to a lesser extent, from periodic COVID-19-related regional lockdowns and workforce constraints. In addition, notwithstanding recent increases in travel, our A&D business continues to experience reduced demand resulting from the prolonged impact of COVID-19, particularly in the commercial aerospace market (see "Recent Developments — Segment Environment" below).

Capacity utilization, customer mix and the types of products and services we provide are important factors affecting our financial performance. The number of sites, the location of qualified personnel, the manufacturing and engineering capacity and network, and the mix of business through that capacity are vital considerations for EMS and original design manufacturing (ODM) providers in terms of supporting their customers and generating appropriate returns. Because the EMS industry is working capital intensive, we believe that non-IFRS adjusted return on invested capital (adjusted ROIC), which is primarily based on non-IFRS operating earnings (each discussed in "Non-IFRS Financial Measures" below) and investments in working capital and equipment, is an important metric for measuring an EMS provider's financial performance.

See "Recent Developments" and "External Factors that May Impact our Business" below for a discussion of certain factors, including COVID-19 and the impact of global supply chain constraints, that have (and/or may in the future), adversely impact our business.

**Recent Developments**

*Segment Environment:*

*ATS Segment*

ATS segment revenue for 2021 increased 11% (\$0.2 billion) to \$2.3 billion compared to \$2.1 billion in 2020, exceeding our long-term 10% annual revenue growth target. The increase was driven by strong revenue growth in our HealthTech and Capital Equipment businesses, returning growth in our base Industrial business, and the addition of PCI in November 2021. See "Operating Results" below. These increases more than offset adverse demand and revenue impacts resulting primarily from supply chain constraints (which impacted each such year). See "Operational Impacts" below. ATS segment margin increased to 4.5% for 2021 compared to 3.3% for 2020, primarily due to profitable growth in our Capital Equipment business, partially offset by headwinds in our A&D business. Our ATS segment margin for the fourth quarter of 2021 (Q4 2021) was 5.6%, and was within our target range of 5% to 6%. This marked the seventh consecutive quarter of sequential ATS segment margin expansion.

Revenue from our Capital Equipment business for 2021 was approximately \$750 million, representing growth of more than 30% compared to 2020, driven by continued strong end market demand from our semiconductor capital equipment customers, in combination with new program wins and market share gains. We expect the strong demand backdrop to continue into 2022.

While we continued to experience soft demand in our commercial aerospace business in 2021 as a result of COVID-19, our A&D business is stabilizing. Although we do not expect our commercial aerospace business to return to pre-COVID-19 levels in the near term, we expect modest sequential and year-over-year quarterly growth in 2022, supported by new program wins.

Revenue in our Industrial business increased in 2021 compared to 2020, as a result of growth in our base Industrial business, and the addition of PCI. We expect quarterly year-over-year growth to continue throughout 2022 on an organic basis, supported by new program wins and a general recovery in demand, as well as growth from PCI.

Our HealthTech business benefited from program ramps in 2021 compared to 2020, attributable in part to new program wins to support the fight against COVID-19. However, certain COVID-19-related programs have ramped down in the latter half of 2021. For 2022, we expect revenue growth in our HealthTech business to moderate as new program ramps are expected to be largely offset by a reduction in COVID-19-related programs from the prior year.

In general, we continue to pursue new customers and invest in our ATS segment to expand our market share, to diversify our end market mix, and to enhance and add new technologies and capabilities to our offerings.

#### *CCS Segment*

CCS segment revenue for 2021 decreased 9% (\$0.3 billion) to \$3.3 billion compared to 2020, primarily due to the impact of our disengagement from programs with Cisco Systems, Inc. (Cisco) (Cisco Disengagement), completed in the fourth quarter of 2020 (Q4 2020). We also had adverse revenue impacts in each of 2020 and 2021 resulting from materials constraints. See "Operational Impacts" below. These revenue declines were partially offset by strong demand from service provider customers, including in our HPS business. HPS revenue for 2021 increased 34% to \$1.15 billion compared to 2020, and accounted for 20% of our total 2021 revenue. Although CCS segment revenue decreased in 2021 from 2020, Q4 2021 marked the first quarter of year-over-year revenue growth for the segment since the completion of the Cisco Disengagement. CCS segment margin increased to 3.9% for 2021 (4.4% in Q4 2021) compared to 3.5% for 2020, primarily due to more favorable mix, driven by an increased concentration of revenue from our HPS business. Q4 2021 represents our seventh consecutive quarter with CCS segment margin above our 2% to 3% target range.

#### *Operational Impacts*

Global supply chain constraints (including as a result of COVID-19) continued to impact both of our segments in 2021, resulting in extended lead times for certain components, and impacting the availability of materials required to support customer programs. Our advanced planning processes, supply chain management, and collaboration with our customers and suppliers has helped to partially mitigate the impact of these constraints on our revenue. We expect this pressure to persist throughout 2022. While we have incorporated these dynamics into our 2022 annual outlook to the best of our ability, their adverse impact (in terms of duration and severity) cannot be estimated with certainty, and may be materially in excess of our expectations. We recognize that some sub-tier suppliers providing raw materials such as palladium, neon gas and high-grade aluminum are partially dependent on supply from Russia/Ukraine. We will closely monitor the supply availability and price fluctuations of these raw materials.

As a result of supply chain constraints that prevented us from fulfilling customer orders, we estimated the following adverse revenue impacts for 2021: Q4 2021 — approximately \$55 million; third quarter of 2021 (Q3 2021) — approximately \$30 million; second quarter of 2021 (Q2 2021) — approximately \$30 million; first quarter of 2021 (Q1 2021) — approximately \$12 million. As a result of such supply chain constraints, as well as Workforce Constraints (defined below), we estimated the following adverse revenue impacts for 2020: Q4 2020 — approximately \$9 million; third quarter of 2020 (Q3 2020) — approximately \$16 million; and second quarter of 2020 (Q2 2020) — approximately \$56 million. See "Operating Results — Revenue" below for the estimated adverse revenue impact of such matters on each of our segments for each of the foregoing periods.

As a result of resurgences of COVID-19 outbreaks, governments of various jurisdictions have mandated periodic lockdowns or workforce constraints (collectively, Workforce Constraints). However, because Celestica's operations have been considered an essential service by relevant local government authorities to date, our manufacturing sites have generally continued to operate in impacted countries at reduced capacities (due to reduced attendance, shift reductions or temporary shutdowns). Although these Workforce Constraints present a challenge to our business performance when in force, due to effective resource management and planning, we have been able to largely mitigate the impact of these actions to date on our manufacturing capacity and our revenues. But see "Future Uncertainties" below.

As a result of supply chain constraints and Workforce Constraints, we were negatively impacted in 2021 by approximately \$32 million (2020 — approximately \$37 million) in estimated COVID-19 Costs<sup>1</sup>. COVID-19 Costs were partially offset in 2021 by the recognition of \$11 million (2020 — \$34 million) of COVID-19-related government subsidies, grants and/or credits (COVID Subsidies, described in note 23 to the 2021 AFS) and \$1 million (2020 — \$3 million) of COVID-19-related customer recoveries (Customer Recoveries) (collectively with COVID Subsidies, COVID Recoveries). The most significant of the COVID Subsidies we recognized were provided under the Canadian Emergency Wage Subsidy (CEWS). Due to changes in legislation, however, we have not applied for further COVID Subsidies under the CEWS since June 2021.

In late December 2021, we experienced a brief IT outage that temporarily impacted our operations. Based on the nature of the incident, and our timely response, it did not have a material impact on our financial results for Q4 2021. Our operations are functioning at normal capacity and we do not expect any material impact on our financial results for 2022 from this brief outage.

*Future Uncertainties:*

The global supply chain constraints and the pandemic have impacted our operations and created (and may continue to create) unpredictable reductions or increases in demand for our services. In addition, the ability of our employees to work may be significantly impacted by individuals contracting or being exposed to COVID-19. While we are following the requirements of governmental authorities and taking preventative and protective measures (including organizing vaccine clinics in regions where vaccines were not readily available, including Malaysia and Thailand) to prioritize the safety of our employees, these measures may not be successful, and we may be required to temporarily close facilities or take other measures. If factory closures or significant reductions in capacity utilization occur, we would incur additional inefficiencies and direct costs, as well as a loss of revenue. If our suppliers experience additional closures or reductions in their capacity utilization levels (as a result of COVID-19 or otherwise), we may have further difficulty sourcing materials necessary to fulfill production requirements, especially in an already constrained materials environment. A material adverse effect on our employees, customers, suppliers and/or logistics providers could have a material adverse effect on us.

The ultimate magnitude of the impact of global supply chain constraints and COVID-19 on our business will depend on future developments which cannot currently be predicted, including the speed at which our suppliers and logistics providers can return to and/or maintain full production, the impact of supplier prioritization of backlog, infection resurgences, government responses, and the status of labor shortages. While we expect that our financial results for 2022 (and potentially beyond) will continue to be adversely affected by global materials constraints and COVID-19 (albeit to a lesser extent than in 2021), we cannot currently estimate the overall severity or duration of the impact, which may be material. While we have been successful in largely mitigating the impact of supply constraints and COVID-19 on our productivity, and are currently operating near pre-COVID-19 production capacity, the continued spread, resurgence and mutation of the virus may make our mitigation efforts more challenging. Even after these issues have subsided, we may experience significant adverse impacts to our businesses as a result of their global economic impact, including any related recession, as well as lingering impacts on our suppliers, third-party service providers and/or customers (including movement of production in-country, particularly in North America, to decrease global exposures). Also see Item 3(D), Key Information — Risk Factors, "***The effect of COVID-19 on our operations and the operations of our customers, suppliers and logistics providers has had, and may continue to have, a material and adverse impact on our financial condition and results of operations***" and "***We are dependent on third-parties to supply certain materials, and our results can be negatively affected by the quality, availability and cost of such materials***" of our Annual Report on Form 20-F for the year ended December 31, 2021 (2021 Annual Report), of which this MD&A is a part.

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<sup>1</sup> COVID-19 Costs consists of both direct and indirect costs, including manufacturing inefficiencies related to lost revenue due to our inability to secure materials, idled labor costs, and incremental costs for labor, expedite fees and freight premiums, cleaning supplies, personal protective equipment, and IT-related services to support our work-from-home arrangements.

#### *PCI Acquisition:*

On November 1, 2021, we completed the acquisition of 100% of the shares of PCI, a fully integrated design, engineering and manufacturing solutions provider with five manufacturing and design facilities across Asia. The purchase price for PCI was \$314.7 million, net of \$11.4 million of cash acquired, and including a preliminary net working capital adjustment. The purchase price was funded with a combination of cash and borrowings of \$220.0 million under the revolving portion of our credit facility. We recorded \$126.0 million of goodwill in connection with this acquisition (on a preliminary basis). We expect to finalize the net working capital adjustment by the end of the first quarter of 2022 (Q1 2022).

#### *Credit Facility Amendment:*

On December 6, 2021, we amended our credit facility, *inter alia*: to provide a new \$365 million term loan; to increase the commitments under our revolving facility from \$450 million to \$600 million and extend its maturity date to at least 2025; and to ease certain covenant restrictions. Net proceeds from the new term loan were used to repay all remaining amounts outstanding under our November 2018 term loan (\$145 million outstanding at the time of repayment), terminating such loan, and substantially all of the \$220 million borrowed under our revolving facility to finance a portion of the PCI acquisition price. See "Liquidity — Cash provided by (used in) financing activities — Financing and Finance Costs" below.

#### *Senior Management Changes:*

Effective January 1, 2022, Mr. Todd Cooper was appointed President, ATS and Mr. Yann Etienvre was appointed Chief Operations Officer. Mr. Lawless stepped down from his position as President, ATS effective December 31, 2021, but continues to serve as a special advisor to Mr. Mionis.

#### *Restructuring Update:*

We recorded \$10.5 million in net restructuring charges during 2021. Our restructuring activities consisted primarily of actions to adjust our cost base to address reduced levels of demand in certain of our businesses and geographies.

#### *SVS Repurchases:*

On December 2, 2021, the Toronto Stock Exchange accepted our notice to launch a new normal course issuer bid (NCIB). This NCIB (2021 NCIB) allows us to repurchase, at our discretion, from December 6, 2021 until the earlier of December 5, 2022 or the completion of purchases thereunder, up to approximately 9.0 million SVS in the open market, or as otherwise permitted, subject to the normal terms and limitations of such bids. The maximum number of SVS we are permitted to repurchase for cancellation under the 2021 NCIB will be reduced by the number of SVS we purchase in the open market during the term of the 2021 NCIB to satisfy delivery obligations under our stock-based compensation (SBC) plans. From the commencement of the 2021 NCIB through February 22, 2022, we paid a total of approximately \$4.1 million (including transaction fees) to repurchase 0.4 million SVS, at a weighted average price of \$11.23 per share, for cancellation under the 2021 NCIB and approximately \$38.7 million (including transaction fees) to purchase 3.4 million SVS for delivery obligations under our SBC plans.

During 2021, we paid an aggregate of \$35.9 million (including transaction fees) to repurchase and cancel 4.37 million SVS under a previous NCIB (2020 NCIB) through its expiration on November 23, 2021, at a weighted average price of \$8.21 per share. We also paid an aggregate of \$10.4 million to purchase 0.9 million SVS in the open market during the term of the 2020 NCIB for delivery obligations under our SBC plans.

See note 12 to our 2021 AFS for details regarding automatic share purchase plans (ASPPs) we entered into in 2021 and 2020, and SVS purchases made thereunder.

#### **Operating Goals and Priorities**

Our current operating goals and priorities are set forth below.

*Evolving our Revenue Portfolio* — To evolve our revenue portfolio, we intend to continue to focus on: (i) pursuing more diversified revenue, (ii) driving sustainable, profitable revenue growth, (iii) growing our ATS segment revenue organically by an average of 10% per year over the long term, (iv) supplementing our organic growth with disciplined and targeted acquisitions intended to expand capabilities, and (v) optimizing our portfolio to drive more consistent returns and profitability.

*Margins* — We intend to continue to focus on improvements to our segment margins† and our non-IFRS operating margin\*.

The duration and impact of global supply constraints, the COVID-19 pandemic, and other industry market conditions are not within our control, and may therefore impact our ability to achieve our revenue and margin goals. See "Recent Developments" above.

*Balanced Approach to Capital Allocation* — We are focused on maintaining a strong balance sheet, generating non-IFRS free cash flow\* and balancing our debt and capital levels, while maintaining optimal financial flexibility. In terms of capital allocation, our goal is to: (i) return approximately 50% of non-IFRS free cash flow\* to shareholders annually, on average and when permitted, over the long term, (ii) generally invest 1.5% to 2.0% of annual revenue in capital expenditures to support our organic growth, and (iii) pursue potential strategic acquisitions as part of a disciplined capital allocation framework.

**The foregoing priorities and areas of intended focus constitute our objectives and goals, and are not intended to be projections or forecasts of future performance. Our future performance is subject to risks, uncertainties and other factors that could cause actual outcomes and results to differ materially from the goals and priorities described above.**

\* Operating margin (a ratio based on a non-IFRS financial measure) and free cash flow are non-IFRS financial measures without standardized meanings, and may not be comparable to similar measures presented by other companies. See "Non-IFRS Financial Measures" below for the definitions and uses of these non-IFRS financial measures, and a reconciliation of these non-IFRS financial measures to the most directly-comparable financial measures determined under IFRS for specified periods. We do not provide reconciliations for forward-looking non-IFRS financial measures, as we are unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort.

† Segment performance is evaluated based on segment revenue, segment income and segment margin (segment income as a percentage of segment revenue), each of which is defined in "Operating Results — Segment income and margin" below.

#### **Our Strategy**

We remain committed to making the investments we believe are required to support our long-term objectives and to create shareholder value, while simultaneously managing our costs and resources to maximize our efficiency and productivity. Within both of our segments, we are focused on: increasing penetration in our end markets; diversifying our customer mix and product portfolios, including increasing design and development, engineering, and after-market services (higher value-added services); and diversifying our capabilities. The costs of investments that we deem desirable may be prohibitive, however, and therefore prevent us from achieving our diversification objectives. In addition, the ramping activities associated with investments that we do make may be significant and could negatively impact our margins in the short and medium term. To counteract these factors, we continue to invest in and deploy automation and digital factory solutions and capabilities throughout our network to improve quality and productivity. The focus and scale of our Celestica Operating System, which standardizes best practices and processes across our network, continued to drive operational optimization and improved supply chain resiliency during 2021. Our recent productivity initiatives and related restructuring actions were also intended to further streamline our business and increase operational efficiencies.

In support of our expansion efforts, we recently:

- assumed manufacturing, warehousing, and customer return goods activity under an outsourcing arrangement with Fujitsu Network Communications, Inc. (FNC) and signed a 10-year lease agreement for a portion of FNC's Richardson, Texas facility;
- established a center of excellence at such facility to expand our HPS engineering network and increase our North America manufacturing capacity;
- opened a state-of-the-art facility in Minnesota for our Atrenne Integrated Solutions, Inc. (Atrenne) business; and
- acquired PCI in November 2021 (in our ATS segment), expanding our capabilities, product portfolio and customer base in key markets.

As we expand our business, open new sites, or transfer business within our network to accommodate growth or achieve synergies and supply chain resilience, we may encounter difficulties that result in higher than expected costs associated with such activities. Potential difficulties related to such activities are described in Item 3(D), Key Information — Risk Factors, "**We may encounter difficulties expanding or consolidating our operations or introducing new competencies or new offerings, which could adversely affect our operating results**" of our 2021 Annual Report, of which this MD&A is a part. Any

such difficulties could prevent us from realizing the anticipated benefits of growth in our business, including in new markets or technologies, which could materially adversely affect our business and operating results.

We may, at any time, be in discussions with respect to possible acquisitions or strategic transactions. There can be no assurance that any of these discussions will result in a definitive agreement and, if they do, what the terms or timing of any such agreement would be. There can also be no assurance that any acquisition or other strategic transaction will be successfully integrated or will generate the returns we expect. We may fund our acquisitions and other strategic transactions from cash on hand, third-party borrowings, the issuance of securities, or a combination thereof.

#### **External Factors that May Impact our Business**

Uncertainty in the global economy and financial markets may impact current and future demand for our customers' products and services, and consequently, our operations. Inflationary pressures could adversely impact our financial results by increasing costs for labor and materials. Our operating costs have increased, and may continue to increase, due to the recent growth in inflation due to, among other things, the continuing impacts of the pandemic and uncertain economic environment. We may not fully offset these higher costs with increased pricing for our products and services, which could adversely impact our margins. Further, our customers may choose to reduce their business with us if we increase our pricing. We continue to monitor the dynamics and impacts of the global economic and financial environment and work to manage our priorities, costs and resources to anticipate and prepare for any changes we deem necessary.

Other external factors that could adversely impact the EMS industry and our business include government regulations or policies, supplier or customer financial difficulties, natural disasters and related disruptions, political instability, geopolitical dynamics, terrorism, armed conflict (including the evolving situation in Ukraine), labor or social unrest, criminal activity, cybersecurity incidents, unusually adverse weather conditions, disease or illness that affects local, regional, national or international economies, and other risks present in the jurisdictions in which we, our customers, our suppliers, and/or our logistics partners operate. These events could lead to higher costs or supply shortages and may disrupt the delivery of components to us, or our ability to provide finished products or services to our customers, any of which could adversely affect our operating results. See "Recent Developments — Segment Environment" above for a discussion of the impact of materials constraints and COVID-19 on our business during 2021.

In addition, uncertainties resulting from government policies or legislation, and/or increased political tensions between countries, may adversely affect our business, results of operations and financial condition. In general, changes in social, political, regulatory and economic conditions or in laws and policies governing foreign trade, taxation, manufacturing, clean energy, the healthcare industry, and/or development and investment in the jurisdictions in which we, and/or our customers or suppliers operate, could materially adversely affect our business, results of operations and financial condition. See Item 3(D), Key Information — Risk Factors, "***Our operations have been and could continue to be adversely affected by events outside our control***" of our 2021 Annual Report, of which this MD&A is a part, for further detail.

Governmental actions related to increased tariffs and/or international trade agreements have increased (and could further increase) the cost to our U.S. customers who use our non-U.S. manufacturing sites and components, and vice versa, which may materially and adversely impact demand for our services, our results of operations or our financial condition. We currently ship a significant portion of our worldwide production to customers in the U.S. from other countries. Increased tariffs and/or changes to international trade agreements, as well as regional supply concentrations, have and may continue to cause our U.S. customers to in-source programs previously outsourced to us, transfer manufacturing to (or request us to have duplicate capabilities in) locations within our global network that are not impacted by such actions (potentially increasing production costs), and/or shift their business to other providers. Additionally, tariffs on imported components for use in our U.S. production could have an adverse impact on demand for such production. Retaliatory tariffs could reduce demand for our U.S.-based production or make such production less profitable. Production from China has become less cost-competitive than other low-cost countries in recent periods as a result of these geopolitical pressures. In connection therewith, we have transferred numerous customer programs, primarily located in China, to countries unaffected by these tariffs (including Thailand). However, as tariffs are typically borne by the customers, we anticipate continued actions from non-China-based customers to exit China to avoid these added costs. We review our site production strategies on an ongoing basis, including with respect to our China production. We have increased the resilience of our global network to manage this dynamic, including our recent expansion efforts in North America and Asia (see "Overview — Our Strategy" above). Given the uncertainty regarding the scope and duration of these (or further) trade actions, whether trade tensions will escalate further, and whether our customers will continue to bear the cost of the tariffs and/or avoid such costs by in-sourcing or shifting business to other providers, their



impact on the demand for our services, our operations and results for future periods cannot be currently quantified, but may be material. We will continue to monitor the scope and duration of trade actions by the U.S. and other governments on our business, including China's recent policy supporting its private sector businesses.

If a key supplier (or any company within such supplier's supply chain) experiences financial or other difficulties, this may affect its ability to supply us with materials, components or services, which could halt or delay the production of a customer's products, and/or have a material adverse impact on our operations, financial results and customer relationships.

Shipping delays and increased shipping costs have had an adverse impact on our operations. During 2020 and 2021, as a result of COVID-19, we experienced, among other things, shipping surcharges on ocean freight, premiums on air freight, and increased transit times in receiving certain raw materials, as well as additional safety requirements imposed by port authorities, closures of or congestion at ports, reduced availability of commercial transportation, border restrictions and capacity constraints for air freight. These conditions had an adverse impact on our ability to obtain materials and at times, deliver our products in a timely manner during 2020 and 2021, and are expected to continue until ocean and air freight capacity is no longer constrained. In order to help mitigate disruptions to our supply chains caused by COVID-19, including freight premiums and surcharges, as well as component shortages due to these supply chain disruptions, we have taken steps to enhance the resilience of our supply chain, including: implementation of a global risk mitigation strategy to proactively manage risk and supply chain disruptions, enhanced communication with suppliers through bi-weekly market updates, enhanced forecasting and lead-time management processes and systems, strategic purchases of certain critical commodities, and devotion of increased resources to further develop a diverse network of suppliers that have robust mitigation plans to address these and other supply chain disruptions. See "Recent Developments — Segment Environment" above.

We rely on IT networks and systems, including those of third-party service providers, to process, transmit and store electronic information. In particular, we depend on our IT infrastructure for a variety of functions, including product manufacturing, worldwide financial reporting, inventory and other data management, procurement, invoicing and email communications. Any of these systems are susceptible to outages due to fire, floods, power loss, telecommunications failures, terrorist attacks, sabotage, cybersecurity threats and incidents, and similar events. In order to mitigate certain geopolitical risks related to our IT systems, we completed a relocation of our Hong Kong data center in 2021. Although we have not been materially impacted by computer viruses, malware, ransomware, hacking attempts or outages, we have been (and may continue to be) the target of such events.

Insufficient customer liquidity may result in significant delays in or defaults on payments owed to us. In addition, customer financial difficulties or changes in demand for our customers' products may result in order cancellations and higher than expected levels of inventory, which could have a material adverse impact on our operating results and working capital performance. We may not be able to return or resell this inventory, or we may be required to hold the inventory for an extended period of time, any of which may result in our having to record additional inventory reserves. We may also be unable to recover all of the amounts owed to us by a customer, including amounts to cover unused inventory or capital investments we incurred to support that customer's business. Our failure to collect amounts owed to us and/or the loss of one or more major customers could have a material adverse effect on our operating results, financial position and cash flows. See "Capital Resources — Financial instruments and financial risks" below for a discussion of customer credit risk reviews we conduct. No significant credit adjustments were recorded in 2021 or to date.

Our inventory levels have increased in recent periods, due in part to strategic inventory purchases we have made in light of ongoing materials constraints. In connection therewith, we continue to work with our customers to obtain cash deposits to help mitigate the impact of increased inventory.

Customer decisions to shift production between EMS providers, or to change the amount of business they outsource or the concentration or location of their EMS suppliers, have impacted and may continue to impact, among other items, our revenue and margins, the need for future restructuring, the level of capital expenditures and our cash flows.

## Summary of Key Operating Results and Financial Information

Our consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB and accounting policies we adopted in accordance with IFRS. Such consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to present fairly our financial position as at December 31, 2021 and 2020 and the financial performance, comprehensive income and cash flows for each of the years in the three-year period ended December 31, 2021. On January 1, 2019, we adopted IFRS 16, *Leases*, and no restatement of comparative period financial information was required in connection therewith. We also adopted Interest Rate Benchmark Reform Phase 1 amendments to IFRS 9, IAS 39, and IFRS 7 effective January 1, 2020, and Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 effective January 1, 2021, neither of which had a significant impact on our disclosures or the amounts reported in our consolidated financial statements for the years ended December 31, 2020 or December 31, 2021, as applicable. See "*Recently issued accounting standards and amendments*" in note 2 to our 2021 AFS. See "Recent Developments — Segment Environment" above for a discussion of materials constraints and COVID-19 impacts on our 2021 financial results. The following tables set forth certain key operating results and financial information for the periods indicated (in millions, except per share amounts and percentages):

	Year ended December 31				
	2019	2020	2021	% Change 2020 v. 2019	% Change 2021 v. 2020
Revenue	\$ 5,888.3	\$ 5,748.1	\$ 5,634.7	(2)%	(2)%
Gross profit	384.7	437.6	487.0	14 %	11 %
Selling, general and administrative expenses (SG&A)	227.3	230.7	245.1	1 %	6 %
Other charges (recoveries)	(49.9)	23.5	10.3	(147)%	(56)%
Net earnings	70.3	60.6	103.9	(14)%	71 %
Diluted earnings per share	\$ 0.53	\$ 0.47	\$ 0.82	(11)%	74 %

Segment revenue\* as a percentage of total revenue:

	Year ended December 31		
	2019	2020	2021
ATS revenue (% of total revenue)	39%	36%	41%
CCS revenue (% of total revenue)	61%	64%	59%

Segment income and segment margin\*:

	Year ended December 31					
	2019		2020		2021	
	Segment Margin	Segment Margin	Segment Margin	Segment Margin	Segment Margin	Segment Margin
ATS segment	\$ 64.2	2.8%	\$ 69.7	3.3%	\$ 105.0	4.5%
CCS segment	93.9	2.6%	129.3	3.5%	128.9	3.9%

\* Segment performance is evaluated based on segment revenue, segment income and segment margin (segment income as a percentage of segment revenue), each of which are defined in "Operating Results — Segment income and margin" below.

	December 31		December 31	
	2020	2021	2020	2021
Cash and cash equivalents	\$ 463.8	\$ 394.0		
Total assets	3,664.1	4,666.9		
Borrowings under term loans	470.4	660.4		
Borrowings under revolving credit facility*	—	—		

\* excluding ordinary course letters of credit.

	Year ended December 31					
	2019		2020		2021	
Cash provided by operating activities	\$	345.0	\$	239.6	\$	226.8
SVS repurchase activities:						
Aggregate cost <sup>(1)</sup> of SVS repurchased for cancellation <sup>(2)</sup>	\$	67.3	\$	0.1	\$	35.9
# of SVS repurchased for cancellation (in millions) <sup>(3)</sup>		8.3		0.0062		4.37
Weighted average price per share for repurchases	\$	8.15	\$	7.45	\$	8.21
Aggregate cost <sup>(1)</sup> of SVS repurchased for delivery under stock-based compensation (SBC) plans <sup>(4)</sup>	\$	9.2	\$	19.1	\$	20.6
# of SVS repurchased for delivery under SBC plans (in millions) <sup>(5)</sup>		1.2		2.9		1.9

<sup>(1)</sup> Includes transaction fees.

<sup>(2)</sup> For 2020, excludes an accrual of \$15.0 million we recorded at December 31, 2020 for the estimated contractual maximum of permitted SVS repurchases (Contractual Maximum) for cancellation under an ASPP executed in December 2020. For 2021, excludes a \$7.5 million accrual for the estimated Contractual Maximum of SVS purchases for cancellation under an ASPP executed in December 2021. See note 12 to the 2021 AFS.

<sup>(3)</sup> Includes approximately 1.7 million ASPP purchases of SVS for cancellation in 2021 (there were no ASPP purchases in 2020 or 2019). See note 12 to the 2021 AFS.

<sup>(4)</sup> For 2021, excludes a \$33.8 million accrual as of December 31, 2021 for the estimated Contractual Maximum of SVS purchases to settle awards under our SBC plans under an ASPP executed in December 2021. See note 12 to the 2021 AFS.

<sup>(5)</sup> Includes 0.7 million ASPP purchases of SVS for SBC delivery obligations in 2021 (there were no ASPP purchases in 2020 or 2019).

A discussion of the foregoing information is set forth under "Operating Results" below.

#### Other performance indicators:

In addition to the key operating results and financial information described above, management reviews the following measures:

	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21
Cash cycle days:								
Days in accounts receivable (A/R)	70	65	67	73	76	66	69	73
Days in inventory	77	75	77	82	90	83	89	103
Days in accounts payable (A/P)	(68)	(68)	(69)	(68)	(69)	(64)	(70)	(78)
Days in cash deposits*	(10)	(12)	(14)	(14)	(15)	(14)	(16)	(23)
Cash cycle days	69	60	61	73	82	71	72	75
Inventory turns	4.8x	4.9x	4.7x	4.4x	4.0x	4.4x	4.1x	3.5x

\* We receive cash deposits from certain of our customers primarily to help mitigate the impact of higher inventory levels carried due to the current constrained materials environment, and to reduce risks related to excess and/or obsolete inventory. See "Customer Cash Deposits" in the table below.

		2020				2021			
		March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31
A/R Sales (in millions)	\$	\$ 40.7	\$ 80.5	\$ 101.0	\$119.7	\$ 92.2	\$ 79.1	\$ 91.5	45.8
Supplier Financing Programs* (in millions)		146.1	94.5	76.9	65.3	84.5	70.0	47.6	98.0
Total (in millions)	\$	\$ 186.8	\$ 175.0	\$ 177.9	\$185.0	\$ 176.7	\$ 149.1	\$ 139.1	143.8
Customer Cash Deposits (in millions)	\$	\$ 134.9	\$ 222.2	\$ 207.2	\$174.7	\$ 190.3	\$ 207.3	\$ 264.7	434.0

\* Represents A/R sold to third party banks in connection with the uncommitted supplier financing programs (SFPs) of two customers through Q3 2021, and of three customers in Q4 2021, including an SFP for a PCI customer. The amounts we sell under our A/R sales program and the SFPs can vary from quarter to quarter depending on our working capital and other cash requirements, including by geography. See "Capital Resources" below.

Days in A/R is defined as the average A/R for the quarter divided by the average daily revenue. Days in inventory, days in A/P and days in cash deposits are calculated by dividing the average balance for each item for the quarter by the average daily cost of sales. Cash cycle days is defined as the sum of days in A/R and days in inventory minus the days in A/P and days in cash deposits. Inventory turns are determined by dividing 365 by the number of days in inventory. A lower number of days in A/R, days in inventory, and cash cycle days, and a higher number of days in A/P, days in cash deposits, and inventory turns generally reflect improved cash management performance.

Cash cycle days increased by 2 days in Q4 2021 compared to Q4 2020, due primarily to higher days in inventory, offset in part by higher days in A/P and days in cash deposits. Days in A/R for Q4 2021 remained flat from Q4 2020 at 73 days. Days in inventory for Q4 2021 increased 21 days from Q4 2020 to 103 days primarily due to higher average inventory levels at the end of Q4 2021, offset in part by higher cost of sales for Q4 2021 compared to Q4 2020. We carried higher inventory levels at the end of Q4 2021 compared to Q4 2020 primarily to support the ramping of new programs and anticipated future demand, including for our HPS business, and to help secure supply to mitigate the impact of global supply chain constraints and longer lead times for certain components. In certain cases, we received cash deposits from our customers to help alleviate the impact of such purchases on our cash flows. The acquisition of PCI also contributed to an increase in inventory days in Q4 2021 compared to the prior year period. Days in A/P increased 10 days from Q4 2020 to 78 days in Q4 2021 mainly due to higher average A/P balances in Q4 2021, primarily due to the higher level of inventory purchases in Q4 2021, offset in part by the impact of higher cost of sales in Q4 2021. Days in cash deposits increased 9 days from Q4 2020 to 23 days in Q4 2021 primarily due to a higher customer cash deposit balance in Q4 2021, as a result of increased inventory purchases for certain customers as described above. Our customer cash deposit balance fluctuates depending on the levels of inventory we have been asked to procure by certain customers (to secure supply for future demand), or as we utilize the inventory in production. Cash cycle days increased by 3 days sequentially due to higher days in A/R and days in inventory in Q4 2021 compared to Q3 2021, offset in part by higher days in A/P and days in cash deposits. Days in A/R for Q4 2021 increased 4 days sequentially primarily due to higher average A/R balances in Q4 2021 compared to Q3 2021, reflecting the timing of revenue and collections. Days in inventory for Q4 2021 increased 14 days sequentially primarily due to higher average inventory levels at the end of Q4 2021 compared to Q3 2021. Days in A/P for Q4 2021 increased 8 days sequentially primarily due to higher average A/P levels at the end of Q4 2021 compared to Q3 2021. Days in cash deposits for Q4 2021 increased 7 days sequentially primarily due to higher average cash deposit levels at the end of Q4 2021 compared to Q3 2021. Sequentially, the acquisition of PCI also impacted each of the cash cycle day components for Q4 2021.

We believe that cash cycle days (and the components thereof) and inventory turns are useful measures in providing investors with information regarding our cash management performance and are accepted measures of working capital management efficiency in our industry.

#### Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and related disclosures with respect to contingent assets and liabilities. We base our judgments, estimates and assumptions on current facts (including, in recent periods, the prolonged impact of COVID-19 and materials constraints), historical experience and various other factors that we believe are reasonable under the circumstances. The economic environment could also impact certain estimates and discount rates necessary to prepare our consolidated financial statements. Our assessment of these factors forms the basis for our judgments on the carrying values of our assets and liabilities, and the accrual of our costs and expenses. Actual results could differ materially from our estimates and assumptions. We review our estimates and underlying assumptions on an ongoing basis and make revisions as determined necessary by management. Revisions are recognized in the period in which the estimates are revised and may also impact future periods.

Our review of the estimates, judgments and assumptions used in the preparation of our financial statements for 2021 included those relating to, among others: our determination of the timing of revenue recognition, the determination of whether indicators of impairment existed for our assets and cash generating units (CGUs<sup>2</sup>), our measurement of deferred tax assets and liabilities, our estimated inventory provisions and expected credit losses, customer creditworthiness, and the determination of the fair value of assets acquired and liabilities assumed in connection with a business combination. Any revisions to estimates, judgments or assumptions may result in, among other things, write-downs or impairments to our assets or CGUs, and/or adjustments to the carrying amount of our A/R and/or inventories, or to the valuation of our deferred tax assets and/or pension obligations, any of which could have a material impact on our financial performance and financial condition. While we

<sup>2</sup> CGUs are the smallest identifiable group of assets that cannot be tested individually and generate cash inflows that are largely independent of those of other assets or groups of assets, and can be comprised of a single site, a group of sites, or a line of business.

continue to believe the COVID-19 pandemic and materials constraints to be temporary, the situation remains dynamic and their impact on our financial performance and financial condition, including their impact on overall customer demand, and/or our ability to fulfill customer demand, cannot be reasonably estimated at this time. See "Recent Developments — Segment Environment" above. However, we continue to believe that our long-term estimates and assumptions are appropriate.

Significant accounting policies and methods used in the preparation of our consolidated financial statements are described in note 2 to our 2021 AFS. The following is a discussion of accounting estimates which management considers to be "critical," defined as accounting estimates made in accordance with IFRS that involve a significant level of estimation uncertainty, and have had, or are reasonably likely to have, a material impact on the Company's financial condition or results of operations.

**Key sources of estimation uncertainty and judgment:** We have applied significant estimates, judgments and assumptions in the following areas which we believe could have a significant impact on our reported results and financial position: our determination of the timing of revenue recognition; whether events or changes in circumstances are indicators that an impairment review of our assets or CGUs should be conducted; the measurement of our CGUs' recoverable amounts, which includes estimating future growth, profitability, and discount and terminal growth rates; and the allocation of the purchase price and other valuations related to our business acquisitions.

*Revenue recognition:*

Where products are custom-made to meet a customer's specific requirements, and such customer is obligated to compensate us for the work performed to date, we recognize revenue over time as production progresses to completion, or as services are rendered. We generally estimate revenue for our work in progress based on costs incurred to date plus a reasonable profit margin for eligible products for which we do not have alternative uses. We apply significant estimates, judgment and assumptions in interpreting our customer contracts, determining the timing of revenue recognition and measuring work in progress.

*Impairment of goodwill, intangible assets, property, plant and equipment, and right-of-use (ROU) assets:*

We review the carrying amounts of goodwill, intangible assets, property, plant and equipment, and ROU assets for impairment whenever events or changes in circumstances (triggering events) indicate that the carrying amount of such assets, or the related CGU or CGUs, may not be recoverable. We determined that no triggering event had occurred in 2021 that would require an impairment assessment for our assets or CGUs. In addition to an assessment of triggering events during the year, we conduct an annual impairment assessment of CGUs with goodwill in the fourth quarter of the year (Annual Impairment Assessment). Judgment is required in the determination of whether events or changes in circumstances are indicators that a review for impairment should be conducted.

We recognize an impairment loss when the carrying amount of an asset, CGU or group of CGUs exceeds its recoverable amount. The recoverable amount of an asset, CGU or group of CGUs is measured as the greater of its expected value-in-use and its estimated fair value less costs of disposal. Determining the recoverable amount is subjective and requires management to exercise significant judgment in estimating future growth, profitability, discount and terminal growth rates, and in projecting future cash flows, among other factors. Future events and changing market conditions may impact our assumptions as to prices, costs or other factors that may result in changes to our estimates of future cash flows. Our expected value-in-use is determined based on a discounted cash flow analysis. Determining estimated fair value less costs of disposal requires valuations and use of appraisals. At each reporting date, we assess whether triggering events that could change our estimates of the recoverable amount of the relevant assets have occurred. Failure to realize the assumed revenues at an appropriate profit margin of a CGU could result in impairment losses in such CGU in future periods.

*Business combinations:*

We use judgment to determine the estimates used to value identifiable assets and liabilities, and the fair value of contingent consideration and other contingencies, if applicable, at the acquisition date. We have engaged third parties to determine the fair value of certain inventory, property, plant and equipment and intangible assets. We use estimates to determine cash flow projections, including the period of expected future benefit, and future growth and discount rates, among other factors, to value intangible assets and contingent consideration. The fair value of acquired tangible assets are measured by applying the market, cost or replacement cost, or the income approach (using discounted cash flows and forecasts by management), as appropriate.

## Operating Results

Our product and service volumes, revenue and annual and quarterly operating results are affected by, among other factors: the level and timing of customer orders; our customer and business mix and the types of products or services we provide; the rate at which, the costs associated with, and the execution of, new program ramps; demand volumes and the seasonality of our business; price competition and other competitive factors; the mix of manufacturing or service value-add; manufacturing capacity, utilization and efficiency; the degree of automation used in the assembly process; the availability of components or labor; the location of qualified personnel; costs and inefficiencies of transferring programs between sites; program completions or losses, or customer disengagements and the timing and the margin of follow-on business or any replacement business; the impact of foreign exchange fluctuations; the performance of third-party providers; our ability to manage inventory, production location and equipment effectively; our ability to manage changing labor, component, energy and transportation costs effectively; fluctuations in variable compensation costs; the timing of our expenditures in anticipation of forecasted sales levels; and the timing of any acquisitions and related integration costs. Significant period-to-period variations can also result from the timing of new programs reaching full production or programs reaching end-of-life, the timing of follow-on or next generation programs and/or the timing of existing programs being fully or partially transferred internally or to a competitor. See "Overview — Overview of business environment" and "Recent Developments" above for a discussion of recent market conditions, including global supply chain constraints and the COVID-19 pandemic, impacting our segments and our business.

Operating results expressed as a percentage of revenue:

	Year ended December 31		
	2019	2020	2021
Revenue	100.0 %	100.0 %	100.0 %
Cost of sales	93.5	92.4	91.4
Gross profit	6.5	7.6	8.6
SG&A	3.9	4.0	4.3
Research and development costs	0.4	0.5	0.7
Amortization of intangible assets	0.5	0.4	0.4
Other charges (recoveries)	(0.8)	0.4	0.2
Finance costs	0.8	0.7	0.6
Earnings before income tax	1.7	1.6	2.4
Income tax expense	0.5	0.5	0.6
Net earnings	1.2 %	1.1 %	1.8 %

### Revenue:

Revenue of \$5.6 billion for 2021 decreased 2% compared to 2020. ATS segment revenue increased 11% in 2021 compared to 2020, and CCS segment revenue decreased 9% in 2021 compared to 2020.

Revenue of \$5.7 billion for 2020 decreased 2% compared to 2019. ATS segment revenue decreased 9% in 2020 compared to 2019, and CCS segment revenue increased 2% in 2020 compared to 2019.

The following table sets forth segment revenue information (in millions, except percentages) for the periods indicated:

	2019		2020		2021	
	\$	% of total	\$	% of total	\$	% of total
ATS segment revenue	\$ 2,285.6	39%	\$ 2,086.3	36%	\$ 2,315.1	41%
CCS segment revenue	\$ 3,602.7	61%	\$ 3,661.8	64%	\$ 3,319.6	59%
Communications	2,346.4	40 %	2,434.8	42 %	2,259.9	40 %
Enterprise	1,256.3	21 %	1,227.0	22 %	1,059.7	19 %
Total revenue	\$ 5,888.3	100%	\$ 5,748.1	100%	\$ 5,634.7	100%

ATS segment revenue for 2021 increased \$228.8 million (11%) compared to 2020, due to strong revenue growth in our HealthTech and Capital Equipment businesses (aggregate growth of approximately 30% compared to 2020), driven by new program ramps and continued demand strength in the semiconductor market, returning growth in our base Industrial business and the addition of PCI in November 2021. These increases were partially offset by adverse demand impacts related to COVID-19 in our commercial aerospace business and the adverse impacts of materials constraints. We estimated adverse revenue impacts for 2021 of approximately \$73 million on our ATS segment revenue (Q4 2021 — approximately \$20 million; Q3 2021 — approximately \$21 million; Q2 2021 — approximately \$21 million; Q1 2021— approximately \$11 million) as a result of supply chain constraints, and approximately \$23 million in 2020 (Q4 2020 — approximately \$8 million; Q3 2020 — approximately \$7 million; Q2 2020 — approximately \$8 million) as a result of supply chain constraints (due in part to COVID-19) and Workforce Constraints. For both years, these disruptions had the most significant adverse impact on our Industrial and A&D revenues.

ATS segment revenue for 2020 decreased \$199.3 million (9%) compared to 2019, as revenue growth in our HealthTech and Capital Equipment businesses (aggregate growth of approximately 30% compared to 2019), driven by new program ramps and continued demand strength in the semiconductor market, were more than offset by adverse COVID-19-related demand impacts in our commercial aerospace and Industrial businesses, and in addition with respect to our A&D business, the impact of the Boeing 737 Max program halt. In addition to COVID-19-related demand reductions, we estimated aggregate adverse revenue impacts across our ATS segment of approximately \$23 million in 2020 (described above) as a result of supply chain constraints (due in part to COVID-19) and Workforce Constraints.

CCS segment revenue for 2021 decreased \$342.2 million (9%) compared to 2020, primarily due to the Cisco Disengagement (representing an approximate \$500 million decline in 2021 compared to 2020) and the adverse impact of materials constraints, partly offset by strong demand from service provider customers, including in our HPS business. We estimated adverse impacts for 2021 of approximately \$54 million on our CCS segment revenue (Q4 2021 — approximately \$35 million; Q3 2021 — approximately \$9 million; Q2 2021 — approximately \$9 million; Q1 2021 — approximately \$1 million) as a result of supply chain constraints and approximately \$58 million in 2020 (Q4 2020 — approximately \$1 million; Q3 2020 — approximately \$9 million; Q2 2020 — approximately \$48 million) as a result of supply chain constraints (due in part to COVID-19) and Workforce Constraints. Communications end market revenue for 2021 decreased \$174.9 million (7%) compared to 2020 primarily due to the Cisco Disengagement, partially offset by demand increases from service providers, including in our HPS business. Demand from service providers continues to be strong as they expand and upgrade their data centers in support of continued cloud and on-line requirements. Enterprise end market revenue for 2021 decreased \$167.3 million (14%) compared to 2020, due to program-specific demand softness from several server customers. Our HPS business experienced strong demand in 2021, increasing 34% compared to 2020 to \$1.15 billion, and accounting for 20% of our total 2021 revenue.

CCS segment revenue for 2020 increased \$59.1 million (2%) compared to 2019. Communications end market revenue for 2020 increased \$88.4 million (4%) compared to 2019, reflecting strength in our HPS business, including increased demand from service providers, which more than offset an approximate \$200 million revenue decline from disengagements stemming from our CCS portfolio review (CCS Review Disengagements). Enterprise end market revenue for 2020 decreased \$29.3 million (2%) compared to 2019, as demand strength in our HPS business was more than offset by an approximate \$100 million revenue decline from CCS Review Disengagements, as well as demand softness across a number of customers. In addition, we estimated aggregate adverse revenue impacts across our CCS segment in 2020 of approximately \$58 million (described above) as a result of supply chain constraints (due in part to COVID-19) and Workforce Constraints.

We depend on a small number of customers for a substantial portion of our revenue. In the aggregate, our top 10 customers represented 66% of total revenue for 2021 (2020 — 66%; 2019 — 65%).

No customer individually represented 10% or more of total revenue in 2021 or 2020. Cisco (a former CCS segment customer) was the only customer that individually represented 10% or more of total revenue in 2019 (12% of total revenue).

We generally enter into master supply agreements with our customers that provide the framework for our overall relationship, although such agreements do not typically guarantee a particular level of business or fixed pricing. Instead, we bid on a program-by-program basis and receive customer purchase orders for specific quantities and timing of products. We cannot assure that our current customers will continue to award us with follow-on or new business. Customers may also cancel contracts, and volume levels can be changed or delayed, any of which could have a material adverse impact on our results of operations, working capital performance (including requiring us to carry higher than expected levels of inventory, particularly in a supply-constrained environment, to enable us to meet demand requirements), and result in lower asset utilization and lower margins. We cannot assure the replacement of completed, delayed, cancelled or reduced orders, or that our current customers will continue to utilize our services, or renew their long-term manufacturing or services contracts with us on acceptable terms or at all. In addition, in any given quarter, we can experience quality and process variances related to materials, testing or other manufacturing or supply chain activities. Although we are successful in resolving the majority of these issues, the existence of these variances could have a material adverse impact on the demand for our services in future periods from any affected customers. Further, some of our customer agreements require us to provide specific price reductions to our customers over the term of the contracts, which has significantly impacted revenue and our margins. Continuing market shifts to disaggregated solutions and open hardware platforms are adversely impacting demand from our traditional OEM Communications customers, but favorably impacting our service provider customers and our HPS business. There can be no assurance that revenue from any of our major customers will continue at historical levels or will not decrease in absolute terms or as a percentage of total revenue. A significant revenue decrease or pricing pressures from these or other customers, or a loss of a major customer or program, could have a material adverse impact on our business, our operating results and our financial position. The CCS Review Disengagements (which began in the second half of 2018) had an estimated annualized revenue decline of \$1.25 billion once completed.

Materials constraints can also cause delays in production and could have a material and adverse impact on our operations. As noted above, materials constraints adversely impacted our revenues and inventory levels over recent years, and we anticipate that materials constraints (and longer lead-times for high-demand components and materials) will continue throughout 2022, adversely impacting our revenue and working capital performance.

*Gross profit:*

The following table shows gross profit and gross margin (gross profit as a percentage of total revenue) for the periods indicated:

	Year ended December 31		
	2019	2020	2021
Gross profit (in millions)	\$ 384.7	\$ 437.6	\$ 487.0
Gross margin	6.5 %	7.6 %	8.6 %

Gross profit for 2021 increased \$49.4 million (11%), compared to 2020, primarily due to a higher concentration of HPS business, growth in our ATS segment, and lower variable spend, which more than offset the reduced profits in A&D. Gross profit for 2021 also includes a \$12.1 million reduction in net inventory provisions compared to 2020 (2021— \$4.9 million; 2020 — \$17.0 million, described below). Gross profit in 2021 was adversely impacted by approximately \$31 million of estimated COVID-19 Costs recorded in cost of sales (2020 — \$33 million). However, we also recognized an aggregate of \$9 million of COVID Recoveries in cost of sales in 2021 (2020 — \$30 million), mitigating such adverse impacts. Approximately 70% and 60% of both the COVID-19 Costs and COVID Recoveries recorded in 2021 and 2020, respectively, pertained to our ATS segment. Gross margin increased to 8.6% in 2021 from 7.6% in 2020 primarily driven by growth in our ATS segment, and improved CCS performance, including higher HPS revenue concentration.



Gross profit for 2020 increased \$52.9 million (14%), compared to 2019, primarily due to improvements in our CCS segment, despite a \$12.9 million increase in net inventory provisions recorded in 2020 compared to 2019. Our 2020 inventory provisions of \$17.0 million were due in part to reduced demand, including as a result of the deterioration of the commercial aerospace market due to COVID-19, to certain aged inventory in our CCS segment, and to specific disengaging customers in both of our segments. We recorded \$33 million of COVID-19 Costs in cost of sales in 2020. We also recognized an aggregate of \$30 million of COVID Recoveries in cost of sales in 2020, mitigating such adverse impact. Approximately 60% of both the COVID-19 Costs and COVID Recoveries recorded in 2020 pertained to our ATS segment. Despite overall lower revenue, the increase in gross margin to 7.6% in 2020 compared to 6.5% in 2019 was primarily driven by improved mix, productivity and volume leverage across several of our businesses.

Certain of our customer agreements require us to provide specific price reductions over the contract term, which has significantly impacted revenue and margins. This adverse impact is expected to continue. In general, multiple factors can cause gross margin to fluctuate from period to period including, among others: volume and mix of products or services; higher/lower revenue concentration in lower gross margin products and businesses; pricing pressures; contract terms and conditions; production management; utilization of manufacturing capacity; changing material and labor costs, including variable labor costs associated with direct manufacturing employees; manufacturing and transportation costs; start-up and ramp-up activities; new product introductions; disruption in production at individual sites, including as a result of program transfers; cost structures at individual sites; foreign exchange volatility; and the availability of components and materials. Order cancellations and delays could also lower our asset utilization, resulting in lower margins. Significant period-to-period changes in margins can also occur if new program wins or follow-on business are more competitively priced than past programs. In addition, customers from time to time shift programs to us from other service providers, including some for lower complexity, light touch programs that are aggressively priced, which can adversely impact future operating results. Our gross profit and SG&A expenses (discussed below) are also impacted by the level of variable compensation expense (including awards under our incentive and SBC plans) we record in each period.

*Selling, general and administrative expenses (SG&A):*

SG&A for 2021 of \$245.1 million (4.3% of total revenue) increased \$14.4 million compared to \$230.7 million (4.0% of total revenue) for 2020, primarily due to higher variable compensation, lower COVID Subsidies recorded in SG&A (2021 — \$3 million; 2020 — \$7 million), and approximately \$2 million in SG&A attributable to the PCI acquisition.

SG&A for 2020 of \$230.7 million (4.0% of total revenue) increased \$3.4 million compared to \$227.3 million (3.9% of total revenue) for 2019, primarily due to higher variable compensation and variable spend (including IT-related COVID-19 Costs), offset in part by the recognition of approximately \$7 million of COVID Subsidies in SG&A, and \$2.2 million in lower foreign exchange losses in 2020.

*Segment income and margin:*

Segment performance is evaluated based on segment revenue (set forth above), segment income and segment margin (segment income as a percentage of segment revenue). Revenue is attributed to the segment in which the product is manufactured or the service is performed. Segment income is defined as a segment's net revenue less its cost of sales and its allocable portion of selling, general and administrative expenses and research and development expenses (collectively, Segment Costs). Identifiable Segment Costs are allocated directly to the applicable segment while other Segment Costs, including indirect costs and certain corporate charges, are allocated to our segments based on an analysis of the relative usage or benefit derived by each segment from such costs. Segment income excludes Finance Costs (defined under "Finance Costs" below), employee SBC expense, amortization of intangible assets (excluding computer software), and Other Charges (recoveries) (described under "Other charges (recoveries)" below), as these costs and charges/recoveries are managed and reviewed by our Chief Executive Officer at the company level. See the reconciliation of segment income to our earnings before income taxes for 2019 — 2021 in note 25 to the 2021 AFS. Our segments do not record inter-segment revenue. Although segment income and segment margin are used to evaluate the performance of our segments, we may incur operating costs in one segment that may also benefit the other segment. Our accounting policies for segment reporting are the same as those applied to the Company as a whole.

ATS segment income for 2021 increased \$35.3 million (51%) compared to 2020. ATS segment margin increased from 3.3% in 2020 to 4.5% in 2021. The increase in ATS segment income for 2021 as compared to 2020 was primarily due to revenue increases noted above, which more than offset the reduced profit contribution from our A&D business. The increase in ATS segment margin for 2021 compared to 2020 was primarily due to profitable growth in our Capital Equipment business. See "Recent Developments" above.

ATS segment income for 2020 increased \$5.5 million (9%) compared to 2019. ATS segment margin increased from 2.8% in 2019 to 3.3% in 2020, despite the lower revenue. The increase in ATS segment income for 2020 as compared to 2019 was due primarily to the Capital Equipment revenue increases discussed above and improved productivity across a number of our ATS segment businesses. The increase in ATS segment margin for 2020 compared to 2019 was primarily due to improvements in our Capital Equipment business, driven by improved productivity, the beneficial impact of our cost reduction initiatives, and volume leverage, partly offset by reduced profit contribution from our A&D business.

CCS segment income for 2021 decreased \$0.4 million (0.3%) compared to 2020 as a result of the lower revenue levels described above, driven primarily by the Cisco Disengagement. Despite the lower revenue levels, CCS segment margin increased from 3.5% in 2020 to 3.9% in 2021, primarily due to more favorable mix, driven by our portfolio reshaping activities, and a higher concentration of revenue from our HPS business.

CCS segment income for 2020 increased \$35.4 million (38%) compared to 2019. CCS segment margin increased from 2.6% in 2019 to 3.5% in 2020. These increases were primarily due to favorable mix, including increased HPS programs, and the positive impact of our productivity initiatives.

*SBC expense:*

Our SBC expense may fluctuate from period to period to account for, among other things, new grants, forfeitures resulting from employee terminations or resignations, and the recognition of accelerated SBC expense for employees eligible for retirement (generally in the first quarter of the year associated with our annual grants). The portion of our employee SBC expense that relates to performance-based compensation is subject to adjustment in any period to reflect changes in the estimated level of achievement of pre-determined performance goals and financial targets.

The following table shows employee SBC expense (with respect to restricted share units (RSUs) and performance share units (PSUs) granted to employees) and director SBC expense (with respect to deferred share units (DSUs) and RSUs issued to directors as compensation) for the periods indicated (in millions):

	Year ended December 31		
	2019	2020	2021
Employee SBC expense in cost of sales	\$ 14.6	\$ 11.1	\$ 13.0
Employee SBC expense in SG&A	19.5	14.7	20.4
Total	\$ 34.1	\$ 25.8	\$ 33.4
Director SBC expense in SG&A <sup>(1)</sup>	\$ 2.4	\$ 2.0	\$ 2.1

(1) Expense consists of director compensation to be settled with SVS, or SVS and cash, as elected by each director.

The increase in employee SBC expense for 2021 as compared to 2020 was primarily the result of an \$8.4 million expense reversal recorded in 2020 to reflect a reduction in the estimated number of PSUs expected to vest at the end of January 2021 (SBC Reversal). The decrease in employee SBC expense for 2020 as compared to 2019 was due primarily to the 2020 SBC Reversal. Unless a grantee has been authorized, and elects, to settle these awards in cash, Celestica intends to settle all outstanding RSUs and PSUs with SVS purchased in the open market by a broker, or issued from treasury. Accordingly, we account for these share unit awards as equity-settled awards. See "Cash requirements" below.

Other charges (recoveries):

(i) Restructuring charges:

We recorded the following restructuring charges for the periods indicated (in millions):

	Year ended December 31		
	2019	2020	2021
Restructuring charges	\$ 37.9	\$ 25.8	\$ 10.5

We perform ongoing evaluations of our business, operational efficiency and cost structure, and implement restructuring actions as we deem necessary. Our restructuring activities in 2021 consisted primarily of actions to adjust our cost base to address reduced levels of demand in certain of our businesses and geographies, due in part to the impact of COVID-19, including actions in the first half of 2021 to right-size our commercial aerospace facilities. Our 2020 restructuring actions were associated primarily with the Cisco Disengagement, as well as other actions intended to adjust our cost base similar to (and for the same reasons as) those taken in 2021.

We recorded net restructuring charges of \$10.5 million in 2021, consisting of cash restructuring charges of \$9.8 million, primarily for employee termination costs, and net non-cash charges of \$0.7 million (consisting of non-cash restructuring charges of \$1.5 million and non-cash restructuring recoveries of \$0.8 million). The non-cash restructuring recoveries in 2021 primarily reflect gains on the sale of surplus equipment. The non-cash restructuring charges recorded in 2021 consisted primarily of the write-down of equipment related to disengaged programs. Approximately one half of our 2021 restructuring charges were associated with our ATS segment, and included actions related to our A&D business. Our restructuring provision at December 31, 2021 was \$6.1 million (December 31, 2020 — \$4.7 million; December 31, 2019 — \$11.2 million). All cash outlays have been, and the balance is expected to be, funded with cash on hand.

We recorded restructuring charges of \$25.8 million in 2020, consisting of cash charges of \$23.3 million, primarily for employee termination costs, and non-cash charges of \$2.5 million. The non-cash restructuring charges recorded in 2020 represented the write-down of certain equipment related to disengaged programs, and the write down of ROU assets (\$1.1 million) in connection with vacated properties, resulting in part from certain sublet recoveries that were lower than the carrying value of the related leases (Sublet Losses), offset in part by \$0.3 million in gains on the disposition of surplus equipment. Approximately two-thirds of our 2020 restructuring charges were associated with our CCS segment.

At the end of 2019, we completed our cost efficiency initiative (CEI), which commenced in the fourth quarter of 2017, and consisted of restructuring actions related to our CCS segment portfolio review and our Capital Equipment business. The CEI resulted in reductions to our workforce, as well as consolidation of certain sites to better align capacity and infrastructure with then-anticipated customer demand, related transfers of customer programs and production, re-alignment of business processes, management reorganizations, and other associated activities. We recorded restructuring charges of \$37.9 million in 2019, all in connection with our CEI, consisting of cash charges of \$28.1 million, primarily for employee termination costs, and non-cash charges of \$9.8 million. The non-cash restructuring charges recorded in 2019 represented the write-down of certain equipment, primarily related to our Capital Equipment business (ATS segment) and disengaged programs, and the write-down of ROU assets (\$1.0 million) pertaining to vacated properties, resulting in part from Sublet Losses. Approximately two-thirds of our 2019 restructuring charges were associated with our CCS segment.

We may also implement additional future restructuring actions or divestitures as a result of changes in our business, the marketplace and/or our exit from less profitable, under-performing, non-core or non-strategic operations. In addition, an increase in the frequency of customers transferring business to our competitors, changes in the volumes they outsource, pricing pressures, or requests to transfer their programs among our sites or to lower-cost locations, may also result in our taking future restructuring actions. We may incur higher operating expenses during periods of transitioning programs within our network or to our competitors. Any such restructuring activities, if undertaken at all, could adversely impact our operating and financial results, and may require us to further adjust our operations.

(ii) Asset impairment:

We review the carrying amounts of goodwill, intangible assets, property, plant and equipment, and ROU assets for impairment whenever events or changes in circumstances (triggering events) indicate that the carrying amount of such assets, or the related CGU(s), may not be recoverable. In addition to an assessment of triggering events during the year, we conduct an annual impairment assessment of CGUs with goodwill in the fourth quarter of each year (Annual Impairment Assessment). See "Critical Accounting Estimates" above and note 2(j) to our 2021 AFS. We did not identify any triggering events during 2019, 2020 or 2021 indicating that the carrying amount of our assets or CGUs may not be recoverable. However, we recorded non-cash restructuring charges to write-down equipment and ROU assets during such periods in connection with our restructuring activities. See paragraph (i) above and footnote (ii) in note 7 to the 2021 AFS. As a result of our 2019, 2020 and 2021 Annual Impairment Assessment for CGUs with goodwill, we determined that there was no impairment, as the recoverable amount of our CGUs exceeded their respective carrying values.

See notes 2(j) and 8 to our 2021 AFS for a discussion of when impairment losses for our assets and CGUs are recognized, and how we determine our cash flow projections for our impairment assessments, as well as the cash flow projection periods, growth rates, and discount rates used in our Annual Impairment Assessments of CGUs with goodwill for each of 2019, 2020 and 2021.

Our goodwill balance is allocated to the following CGUs (in millions):

	December 31		
	2019	2020	2021
Capital Equipment <sup>(1)</sup>	\$ 132.0	\$ 132.3	\$ 131.9
A&D <sup>(2)</sup>	3.7	3.7	3.7
Atrenne <sup>(3)</sup>	62.6	62.6	62.6
PCI <sup>(4)</sup>	—	—	126.0
	<u>\$ 198.3</u>	<u>\$ 198.6</u>	<u>\$ 324.2</u>

(1) Consists of goodwill attributable to our 2018 acquisition of Impakt Holdings, LLC (Impakt), as well as prior acquisitions.

(2) Consists of goodwill attributable to our 2016 acquisition of Lorenz, Inc. and Suntek Manufacturing Technologies, SA de CV, collectively known as Karel Manufacturing.

(3) Consists of goodwill attributable to our 2018 acquisition of Atrenne.

(4) Consists of our preliminary allocation of goodwill attributable to our 2021 acquisition of PCI. The purchase price adjustment and allocation for PCI has not yet been finalized.

As part of our Annual Impairment Assessment of CGUs with goodwill, we also performed a sensitivity analysis for the relevant CGUs in order to identify the impact of changes in key assumptions, including projected growth rates, profitability, discount and terminal growth rates. We did not identify any key assumptions where a reasonable possible change would have resulted in material impairments to the above goodwill balances in 2019, 2020 or 2021. Future growth in revenue and margins for these CGUs is supported by new business awarded recently, customer forecasts, assumptions for additional future program wins based on our current revenue pipeline, margin improvements based on recent restructuring actions, growth due to our acquisitions and external industry outlooks. Assumptions for our Capital Equipment CGU for our 2021 Annual Impairment Assessment reflect the continued recovery of, and demand strength (including from new programs and market share gains) in our semiconductor business in 2021 (which is expected to continue). We have also assumed margin expansion for this CGU during the forecast period based on anticipated increased productivity driven by expected additional volumes. Assumptions for our Atrenne CGU for our 2021 Annual Impairment Assessment reflect an expected broad-based market recovery from the impact of COVID-19, as well as anticipated accelerated growth over the 5-year forecast period primarily in our defense business, resulting from expected new program wins following the investment in, and expansion of, a facility (opened in 2021) to accommodate additional capacity for our defense customers and our licensing business. Although our A&D CGU was adversely affected by COVID-19 in 2021, particularly our commercial aerospace business, our assumptions for this CGU for our 2021 Annual Impairment Assessment reflect industry expectations for a recovery of demand within the 5-year forecast period. The discount rate for our PCI CGU reflects the risks inherent in the PCI business. Impairment assessments inherently involve judgment as to assumptions about expected future cash flows and the impact of market conditions on those assumptions. See "Critical Accounting Estimates" above.

(iii) Losses on post-employment benefit plan (Post-employment Benefit Plan Losses):

During the fourth quarter of 2019 (Q4 2019), we recorded non-cash charges of \$4.1 million, representing additional obligations under our Thailand post-employment benefit plan as a result of changes in labor protection laws in Thailand that increased the severance benefits for specified employees upon termination.

(iv) Transition Costs (Recoveries):

Transition Costs consist of Toronto Transition Costs and Internal Relocation Costs, each of which are defined under the caption "Non-IFRS Financial Measures" below. We incurred no Toronto Transition Costs during 2021 or 2020 (2019 — \$3.8 million). We do not expect to incur further Toronto Transition Costs until the move into our new corporate headquarters commences. We recorded \$1.2 million of Internal Relocation Costs in 2021 (2020 — *de minimis*; 2019 — \$2.4 million). Transition Recoveries consist of the \$102.0 million gain (Property Gain) we recorded on the sale of our Toronto real property in the first quarter of 2019 (Q1 2019). See "Liquidity — Toronto Real Property and Related Transactions" below for a discussion of the sale of our Toronto real property and related relocations.

(v) Credit facility-related charges:

Credit facility-related charges for 2021 consist primarily of a \$2.6 million charge to accelerate the amortization of unamortized deferred financing costs upon the termination of a prior term loan in connection with our December 2021 amendment to our credit agreement. See "Liquidity — Cash provided by (used in) financing activities — Financing and Finance Costs" for a discussion of such amendment and "Finance Costs" below for related debt-issuance costs. During Q4 2019, we incurred \$2.0 million in fees in connection with obtaining waivers in October 2019 related to our non-compliance with certain restrictive covenants under our credit facility (Waiver Fees). See "Capital Resources" below.

(vi) Acquisition Costs and Other:

We incur consulting, transaction and integration costs relating to potential and completed acquisitions. We also incur charges or releases related to the subsequent re-measurement of indemnification assets or the release of indemnification or other liabilities recorded in connection with acquisitions. Collectively, these costs, charges and releases are referred to as Acquisition Costs (Recoveries). During 2021, we recorded \$7.3 million of net Acquisition Costs related to acquisition activities, including \$4.8 million in connection with the acquisition of PCI, offset in part by a \$1.2 million release in Q1 2021 of certain indirect tax liabilities previously recorded in connection with our acquisition of Impakt. During 2020, we recorded \$0.2 million of Acquisition Costs related to potential acquisitions (2019 — \$3.9 million, including \$2.2 million of such remeasurement charges related to our Impakt acquisition). See note 3 to our 2021 AFS.

Other consists of legal recoveries in connection with the settlement of class action lawsuits in which we were a plaintiff (2021 — \$10.5 million; 2020 — \$2.5 million; 2019 — \$2.0 million).

*Losses on pension annuity purchases:*

To mitigate the actuarial and investment risks of our defined benefit pension plans, we purchase annuities from time to time (using existing plan assets) from third party insurance companies for certain, or all, plan participants. The purchase of annuities by the pension plan substantially hedges the financial risks associated with the related pension obligations. In August 2020, the trustees of our defined benefit pension plan for employees in the United Kingdom (U.K.) purchased annuities to hedge the pension benefits payable to newly-retired members of such plan. The 2020 annuity purchase resulted in a non-cash loss of \$0.2 million in 2020, which we recorded in other comprehensive income (loss) (OCI) and simultaneously re-classified to deficit. We completed the wind-up of a former supplementary pension plan for our U.K. employees in 2019.

*Finance Costs:*

Finance Costs consist of interest expense and fees related to our credit facility (including debt issuance and related amortization costs), our interest rate swap agreements, our A/R sales program, customer SFPs, and interest expense on our lease obligations, net of interest income earned. During 2021, we paid Finance Costs of \$26.0 million (2020 — \$29.5 million; 2019 — \$44.5 million), including \$3.6 million in debt issuance costs paid in 2021 (2020 — \$0.6 million; 2019 — \$2.9 million). The decrease in Finance Costs paid from 2021 to 2020 was primarily due to lower amounts outstanding under our credit facility for most of the year (until Q4 2021 when borrowings increased to fund a portion of the PCI acquisition), a reduction in interest

rates compared to 2020, and lower amounts of swap interest due to the cancellation of a portion of the notional amount of our interest rate swaps in December 2020 and September 2021. The decrease in Finance Costs paid from 2020 to 2019 was primarily due to lower borrowings under our credit facility, and a reduction in interest rates compared to 2019. We also paid \$2.0 million in Waiver Fees in Q4 2019, which we recorded in other charges.

*Income taxes:*

For 2021, we had a net income tax expense of \$32.1 million on earnings before tax of \$136.0 million, compared to a net income tax expense of \$29.6 million on earnings before tax of \$90.2 million for 2020, and a net income tax expense of \$29.5 million on earnings before tax of \$99.8 million for 2019. Our 2019 earnings before tax included the Property Gain, which had no net tax impact, as such gain was offset by previously unrecognized tax losses.

Our net income tax expense of \$32.1 million for 2021 was favorably impacted by a \$7.6 million deferred tax recovery recorded in connection with the revaluation of certain temporary differences using the future effective tax rate of our Thailand subsidiary in connection with the upcoming transition from a 100% income tax exemption to a 50% exemption in 2022 under an applicable tax incentive (Revaluation Impact), largely offset by a \$6.0 million tax expense arising from taxable temporary differences associated with the anticipated repatriation of undistributed earnings from certain of our Chinese subsidiaries. We currently expect to repatriate cash from certain of our Chinese subsidiaries in the near future and have recorded a \$15.3 million deferred tax liability in connection therewith. Upon such repatriation, we will reverse this deferred tax liability and record a current income tax expense for withholding taxes. Our functional and reporting currency is the U.S. dollar; however, our income tax expense is based primarily on taxable income determined in the currency of the country of origin. As a result, foreign currency translation differences impact our income tax expense from period to period. Taxable foreign exchange impacts were not significant in 2021.

Our net income tax expense of \$29.6 million for 2020 included \$18.3 million of tax expenses relating to current and future withholding taxes associated with repatriations of undistributed earnings from certain of our Chinese and Thai subsidiaries that occurred in 2020 or were then-anticipated to occur in the foreseeable future, offset in large part by the following favorable impacts: (i) \$4.1 million in tax benefits related to return-to-provision adjustments for changes in estimates related to prior years based on changes in facts or circumstances (RTP Adjustments), (ii) the recognition of \$2.6 million of previously unrecognized deferred tax assets of our Japanese subsidiary, (iii) \$5.1 million in favorable foreign exchange impacts (Currency Impacts) arising primarily from the strengthening of the Chinese renminbi relative to the U.S. dollar, and (iv) a \$5.7 million reversal of tax uncertainties in certain of our Asian subsidiaries in Q1 2020.

Our net income tax expense for 2019 of \$29.5 million was favorably impacted by \$6.4 million in tax benefits arising from RTP Adjustments, and an aggregate of \$4.5 million in reversals of certain previously-recorded tax liabilities and uncertainties, offset in part by \$6.0 million in withholding taxes associated with the then-anticipated repatriations of undistributed earnings with respect to certain of our Chinese and Thai subsidiaries. Upon repatriating the cash in 2020, we reversed the related deferred tax liability previously recorded in 2019 and recorded a current income tax expense for withholding taxes in 2020. Overall net Currency Impacts for 2019 were not significant.

In response to the COVID-19 pandemic, certain jurisdictions in which we operate have implemented certain tax relief measures, including deferral of value-added tax payments (such as VAT or GST) and additional tax deductions. However, these tax relief measures have not provided us with significant tax benefits to date. We do not currently expect that these tax relief measures will have a significant impact on our global tax rate. However, see "Recent Developments — Segment Environment — Operational Impacts" above and note 23 to the 2021 AFS for a discussion of COVID Subsidies recorded in 2021 and 2020 that subsidized or offset qualifying expenses, including payroll costs/taxes and social insurance program contributions.

We conduct business operations in a number of countries, including countries where tax incentives have been extended to encourage foreign investment or where income tax rates are low. Our effective tax rate can vary significantly from period to period for various reasons, including as a result of the mix and volume of business in various tax jurisdictions, and in jurisdictions with tax holidays, and tax incentives that have been negotiated with the respective tax authorities (see discussion below). Our effective tax rate can also vary due to the impact of restructuring charges, foreign exchange fluctuations, operating losses, cash repatriations, certain tax exposures, the time period in which losses may be used under tax laws and whether management believes it is probable that future taxable profit will be available to allow us to recognize deferred income tax assets.

Certain countries in which we do business grant tax incentives to attract and retain our business. Our tax expense could increase significantly if certain tax incentives from which we benefit are retracted. A retraction could occur if we fail to satisfy the conditions on which these tax incentives are based, or if they are not renewed or replaced upon expiration. Our tax expense could also increase if tax rates applicable to us in such jurisdictions are otherwise increased, or due to changes in legislation or administrative practices. Changes in our outlook in any particular country could impact our ability to meet the required conditions.

The U.S. Biden administration has proposed tax legislative changes. Although such proposals, if adopted as currently contemplated, would not have a significant tax impact on our operations, we cannot predict the likelihood, timing or substance of U.S. tax reform. If the recent global minimum tax agreement is implemented in the jurisdictions in which we do business, it could, among other things, increase cash taxes, increase audit risk, and increase our worldwide corporate effective tax rate. In addition, the Organization for Economic Cooperation and Development continues to issue guidelines and proposals related to Base Erosion and Profit Shifting which may result in legislative changes that could reshape international tax rules in numerous countries and negatively impact our effective tax rate. We cannot predict the outcome of any specific legislative proposals or initiatives, and we cannot provide assurance that any such legislation or initiative will not apply to us. Legislation or other changes in U.S. and/or international tax laws could increase our tax liability or adversely affect our overall profitability and results of operations. We will continue to monitor the progress of U.S. tax reform, as well as other global tax reform agreements and initiatives.

Our tax incentives currently consist of tax exemptions for the profits of, and for dividend withholding taxes for, our Thailand and Laos subsidiaries. We have two income tax incentives in Thailand. One of these incentives initially allowed for a 100% income tax exemption (including distribution taxes), but transitioned to a 50% income tax exemption in January 2022 for the next five years (excluding distribution taxes) until its expiration in 2027. The impact of this transition on our 2021 net income tax expense is discussed above (see Revaluation Impact). The second incentive allows for a 100% income tax exemption (including distribution taxes) for eight years, and expires in 2028. Upon full expiry of each of the incentives, taxable profits associated with such incentives become fully taxable. During 2020 and 2021, we successfully transitioned a portion of our Thailand business under recently expired incentives to our remaining two incentives, and we are monitoring for further optimization on a continuous basis. Our tax incentive in Laos allows for a 100% income tax exemption (including distribution taxes) until 2025, and a reduced income tax rate of 8% thereafter. Our tax expense could increase significantly if certain tax incentives from which we benefit are retracted. The aggregate tax benefit arising from all of our tax incentives was approximately \$15 million for 2021 (2020 — \$10 million; 2019 — \$1.5 million).

We received an approval from the Malaysian authorities in Q4 2020 for an income tax incentive for one of our Malaysian subsidiaries, which provides for a 50% income tax exemption for a period of five years for certain product sets manufactured by such subsidiary. The commencement date of this incentive has yet to be determined by the Malaysian authorities. Although a significant portion of this incentive may be retroactively applicable to past periods, we cannot assure that this will be the case. Due to uncertainty of the period for which this incentive applies, we cannot currently quantify the applicable benefit.

In certain jurisdictions, primarily in the Americas and Europe, we currently have significant net operating losses and other deductible temporary differences, some of which we expect will be used to reduce taxable income in these jurisdictions in future periods, although not all are currently recognized as deferred tax assets. In addition, the tax benefits we are able to record related to restructuring charges and SBC expenses may be limited, as a significant portion of such amounts are incurred in jurisdictions with unrecognized loss carryforwards. Tax benefits we are able to record related to the accounting amortization of intangible assets are also limited based on the structure of our acquisitions. We review our deferred income tax assets at each reporting date and reduce them to the extent we believe it is no longer probable that we will realize the related tax benefits.

We develop our tax filing positions based upon the anticipated nature and structure of our business and the tax laws, administrative practices and judicial decisions currently in effect in the jurisdictions in which we have assets or conduct business, all of which are subject to change or differing interpretations, possibly with retroactive effect. We are subject to tax audits in various jurisdictions which could result in additional tax expense in future periods relating to prior results. Reviews by tax authorities generally focus on, but are not limited to, the validity of our inter-company transactions, including financing and transfer pricing policies which generally involve subjective areas of taxation and significant judgment. Any such increase in our income tax expense and related interest and/or penalties could have a significant adverse impact on our future earnings and future cash flows.

In 2017, the Brazilian Ministry of Science, Technology, Innovation and Communications (MCTIC) issued assessments seeking to disqualify certain of our R&D expenses for the years 2006 to 2009, which entitled our Brazilian subsidiary (which ceased operations in 2009) to charge reduced sales tax levies to its customers. We received lower re-assessments for 2007 and 2008 during Q1 2020 in response to our initial appeal, and in Q4 2021, the MCTIC accepted our appeal in respect of 2006 resulting in no adjustment to our original filing position for such year. We intend to continue to appeal the original assessments for 2009 and the re-assessments for 2007 and 2008. As of December 31, 2021, the assessments and re-assessments, including interest and penalties, total approximately 12 million Brazilian real (approximately \$2 million at year-end exchange rates) for all such years, reduced from original assessments totaling approximately 39 million Brazilian real (approximately \$7 million at year-end exchange rates).

In Q3 2021, the Romanian tax authorities issued a final tax assessment in the aggregate amount of approximately 31 million Romanian leu (approximately \$7 million at year-end exchange rates), for additional income and value-added taxes for one of our Romanian subsidiaries for the 2014 to 2018 tax years. In order to advance our case to the appeals phase and reduce or eliminate potential interest and penalties, we paid the Romanian tax authorities the full amount assessed in 2021 (without agreement to all or any portion of such assessment). We believe that our originally-filed tax return positions are in compliance with applicable Romanian tax laws and regulations, and intend to vigorously defend our position through all necessary appeals or other judicial processes.

The successful pursuit of assertions made by any government authority, including tax authorities, could result in our owing significant amounts of tax or other reimbursements, interest and possibly penalties. We believe we adequately accrue for any probable potential adverse ruling. However, there can be no assurance as to the final resolution of any claims and any resulting proceedings. If any claims and any ensuing proceedings are determined adversely to us, the amounts we may be required to pay could be material, and in excess of amounts accrued.

*Net earnings:*

Net earnings for 2021 increased \$43.3 million compared to 2020. The increase was primarily due to \$49.4 million in higher gross profit and an aggregate of \$19.2 million in lower other charges (recoveries) and Finance Costs, offset in part by \$14.4 million in higher SG&A expense and \$8.5 million in higher R&D costs (in support of our HPS business) in 2021 as compared to 2020.

Net earnings for 2020 decreased \$9.7 million compared to 2019. The decrease was primarily due to the \$102.0 million Property Gain recorded in Q1 2019, offset in part by \$52.9 million in higher gross profit, \$12.1 million in lower restructuring charges, and \$11.8 million in lower Finance Costs in 2020 as compared to 2019.

**Liquidity and Capital Resources**  
**Liquidity**

The following tables set forth key liquidity metrics for the periods indicated (in millions):

	December 31		
	2019	2020	2021
Cash and cash equivalents	\$ 479.5	\$ 463.8	\$ 394.0
Borrowings under credit facility*	592.3	470.4	660.4

\* excluding ordinary course letters of credit.



	Year ended December 31		
	2019	2020	2021
Cash provided by operating activities	\$ 345.0	\$ 239.6	\$ 226.8
Cash provided by (used in) investing activities	38.7	(51.0)	(364.3)
Cash provided by (used in) financing activities	(326.2)	(204.3)	67.7
Changes in non-cash working capital items (included in operating activities above):			
A/R	\$ 153.7	\$ (40.7)	\$ (102.4)
Inventories	97.7	(99.3)	(521.9)
Other current assets	16.5	(0.5)	(11.5)
A/P, accrued and other current liabilities and provisions	(158.8)	117.0	556.9
Working capital changes	\$ 109.1	\$ (23.5)	\$ (78.9)

*Cash provided by operating activities:*

In 2021, we generated \$226.8 million of cash from operating activities compared to \$239.6 million in 2020. The \$12.8 million decrease in cash from operating activities in 2021 as compared to 2020 was primarily due to \$55.4 million in higher working capital requirements, offset in significant part by \$43.3 million higher net earnings in 2021 compared to 2020. Higher working capital requirements for 2021 as compared to 2020 primarily reflect a \$61.7 million reduction in A/R cash flows and a \$422.6 million reduction in inventory cash flows, which more than offset a \$439.9 million improvement in A/P cash flows. The reduction in A/R cash flows was due to the timing of collections, as well as higher A/R levels carried at the end of 2021 compared to the end of 2020, resulting from higher revenue earned in Q4 2021 compared to Q4 2020. The reduction in inventory cash flows was due to higher inventory levels carried at the end of 2021 compared to the end of 2020. We carried higher inventory levels at the end of 2021 primarily to support the ramping of new programs and anticipated future demand, including for our HPS business, to help secure supply to mitigate the impact of global supply chain constraints and longer lead times for certain components, and as a result of the PCI acquisition. However, a significant portion of our inventory purchases were covered by cash deposits received from our customers, which helped to alleviate the impact of such purchases on our cash flows. Improvement in A/P cash flows was due to an increase in these cash deposits, as well as timing of payments (see "Summary of Key Operating Results and Financial Information" above). Our A/P cash flow levels may decrease in subsequent periods as payments are made, and as cash deposit balances change.

In 2020, we generated \$239.6 million of cash from operating activities compared to \$345.0 million in 2019. The \$105.4 million decrease in cash from operating activities in 2020 as compared to 2019 was primarily due to \$132.6 million in higher working capital requirements. Higher working capital requirements for 2020 as compared to 2019 reflect a \$197.0 million reduction in inventory cash flows, a \$194.4 million reduction in A/R cash flows, and a \$17.0 million reduction in other current assets cash flows, which more than offset a \$223.0 million improvement in A/P cash flows (reflecting the timing of purchases and payments) and \$52.8 million in higher customer cash deposits at the end of 2020 compared to the end of 2019 (described below). The decrease in inventory cash flows for 2020 as compared to 2019 primarily reflects the higher inventory levels carried in 2020 to support new program ramps and anticipated future demand, including for our HPS business. In certain cases, we received cash deposits from our customers to help alleviate the impact of such purchases on our cash flows (\$174.7 million as at December 31, 2020, compared to \$121.9 million as at December 31, 2019). The reduction in A/R cash flows was the result of higher outstanding A/R balances at the beginning of 2019 compared to the beginning of 2020, as well as lower 2020 revenue levels and the timing of collections.

From time to time, we extend payment terms applicable to certain customers, and/or provide longer payment terms to new customers. To substantially offset the effect of extended payment terms for particular customers on our working capital, we participate in three customer supplier financing programs (SFPs), pursuant to which we sell A/R from such customers to third-party banks on an uncommitted basis to receive earlier payment. One SFP is for a CCS segment customer, and the other two are for ATS segment customers, including an SFP for a PCI customer. At December 31, 2021, we sold \$98.0 million of A/R under the three SFPs, including \$21.5 million of A/R under the PCI customer's SFP (December 31, 2020 — \$65.3 million under two SFPs). The A/R are sold net of discount charges, which are recorded as Finance Costs in our consolidated statement of operations.

*Free cash flow (non-IFRS):*

Free cash flow is a non-IFRS financial measure without a standardized meaning and may not be comparable to similar measures presented by other companies. We define non-IFRS free cash flow as cash provided by or used in operations after the purchase of property, plant and equipment (net of proceeds from the sale of certain surplus equipment and property, including our Toronto real property in 2019), lease payments, and Finance Costs paid (excluding debt issuance costs and when applicable, Waiver Fees paid). As we do not consider debt issuance costs paid (\$3.6 million in 2021; \$0.6 million in 2020; \$2.9 million in 2019); or Waiver Fees paid (\$2.0 million in 2019, recorded in other charges) to be part of our ongoing financing expenses, these costs are excluded from total Finance Costs paid in our determination of non-IFRS free cash flow. Note, however, that non-IFRS free cash flow does not represent residual cash flow available to Celestica for discretionary expenditures. Management uses non-IFRS free cash flow as a measure, in addition to IFRS cash provided by or used in operations (described above), to assess our operational cash flow performance. We believe non-IFRS free cash flow provides another level of transparency to our liquidity. A reconciliation of this measure to cash provided by operating activities measured under IFRS is set forth below (in millions):

	Year ended December 31		
	2019	2020	2021
IFRS cash provided by operations	\$ 345.0	\$ 239.6	\$ 226.8
Purchase of property, plant and equipment, net of sales proceeds	36.0	(51.0)	(49.6)
Lease payments	(38.2)	(33.7)	(40.0)
Finance Costs paid (excluding debt issuance costs and Waiver Fees paid)	(41.6)	(28.9)	(22.4)
Non-IFRS free cash flow	<u>\$ 301.2</u>	<u>\$ 126.0</u>	<u>\$ 114.8</u>

Our non-IFRS free cash flow of \$114.8 million for 2021 decreased \$11.2 million compared to 2020, due primarily to \$12.8 million in lower cash generated from operating activities in 2021 (as described above). In addition, the higher lease payments in 2021 compared to 2020 were offset by lower Financing Costs, each as set forth above.

Our non-IFRS free cash flow of \$126.0 million for 2020 decreased \$175.2 million compared to 2019, primarily due to the \$113.0 million in proceeds (Toronto Proceeds) we received in Q1 2019 for the sale of our Toronto real property (included in "purchase of property, plant and equipment, net of sales proceeds" in the table above), and \$105.4 million of lower cash generated from operating activities in 2020, offset in part by \$27.7 million of lower capital expenditures in 2020 as compared to 2019.

*Cash provided by (used in) investing activities:*

Our capital expenditures for 2021 were \$52.2 million (2020 — \$52.8 million; 2019 — \$80.5 million), primarily to enhance our manufacturing capabilities in various geographies and to support new customer programs (split approximately evenly between our segments in each such year). Our capital expenditures for 2021 included the expansion of an Atrenne facility in the U.S. (Minnesota) to accommodate additional capacity for our A&D customers and customers in other highly-regulated markets, and to support CCS segment growth, particularly our HPS business (including additional manufacturing lines at our former Cisco facility). Overall capital expenditures in 2021 and 2020 were lower than originally anticipated, as a result of delays or the shifting of programs or spending to future periods. See footnote (iii) to the "Additional Commitments" table below for information with respect to commitments for capital expenditures as of December 31, 2021.

In 2019, we incurred capital expenditures in connection with relocations related to the sale of our Toronto real property as follows: \$5.0 million related to our temporary corporate headquarters, and \$1.2 million in building improvements and new machinery at our new Toronto manufacturing site. We fund our capital expenditures from cash on hand and through the financing arrangements described under "Capital Resources" below. From time-to-time, we receive cash proceeds from the sale of surplus equipment and property (2021 — \$2.6 million; 2020 — \$1.8 million; 2019 — \$116.5 million). The Toronto Proceeds were recorded as cash provided by investing activities in 2019.

On November 1, 2021, we completed the acquisition of PCI. The purchase price for PCI was \$314.7 million, net of \$11.4 million of cash acquired, and including a preliminary net working capital adjustment, which is subject to finalization in Q1 2022.

Cash provided by (used in) financing activities:

SVS repurchases:

See "Summary of Key Operating Results and Financial Information" above for a table detailing repurchases of SVS during each of 2019, 2020 and 2021.

Financing and Finance Costs:

We are party to a credit agreement with Bank of America, N.A., as Administrative Agent, and the other lenders party thereto, which prior to the amendment described below, provided a term loan in the original principal amount of \$350.0 million (Initial Term Loan) and a term loan in the original principal amount of \$250.0 million (First Incremental Term Loan), each of which was scheduled to mature in June 2025, and a \$450.0 million revolving credit facility (Revolver) that was scheduled to mature in June 2023. On December 6, 2021, the credit agreement was amended (as so amended, the Credit Facility) primarily: (i) to provide a new term loan (Second Incremental Term Loan) in the original principal amount of \$365.0 million (all of which was drawn on the amendment date, and used as described below); (ii) to increase the commitments under the Revolver to \$600.0 million and extend its maturity date (see below), (iii) to ease certain covenant restrictions; and (iv) to include specified LIBOR successor provisions. The Initial Term Loan and the Second Incremental Term Loan are collectively referred to as the Term Loans.

The Initial Term Loan was unchanged by the December 2021 amendment to the Credit Facility, and continues to mature in June 2025. The Second Incremental Term Loan and the Revolver each mature on March 28, 2025, unless either (i) the Initial Term Loan has been prepaid or refinanced or (ii) commitments under the Revolver are available and have been reserved to repay the Initial Term Loan in full, in which case such obligations mature on December 6, 2026.

The Second Incremental Term Loan requires quarterly principal repayments (commencing March 31, 2022) of \$4.5625 million, and each of the Term Loans requires a lump sum repayment of the remainder outstanding at maturity. The Initial Term Loan required quarterly principal repayments of \$0.875 million, and the First Incremental Term Loan required quarterly principal repayments of \$0.625 million, all of which (in each case) were paid by the end of the first half of 2020. We are also required to make annual prepayments of outstanding obligations under the Credit Facility (applied first to the Term Loans, then to the Revolver, in the manner set forth in the Credit Facility) ranging from 0% — 50% (based on a defined leverage ratio) of specified excess cash flow (ECF) for the prior fiscal year. A mandatory prepayment of \$107.0 million (ECF Amount) was required and paid during the first half of 2020 based on this provision. No prepayments based on 2020 ECF were required in 2021, or will be required in 2022 based on 2021 ECF. In addition, prepayments of outstanding obligations under the Credit Facility (applied as described above) may also be required in the amount of specified net cash proceeds received above a specified annual threshold (including proceeds from the disposal of certain assets). No Credit Facility prepayments based on 2020 net cash proceeds were required in 2021, or will be required in 2022 based on 2021 net cash proceeds. Any outstanding amounts under the Revolver are due at maturity. Interest rates applicable to borrowings under our Credit Facility as of December 31, 2021, are described under "Capital Resources" below.

In Q1 2021, we repaid an aggregate of \$30.0 million under the First Incremental Term Loan. On October 27, 2021, we borrowed \$220.0 million under the Revolver to fund a portion of the purchase price for our November 2021 acquisition of PCI. On December 6, 2021, upon receipt of the net proceeds from the \$365.0 million Second Incremental Term Loan, we repaid all remaining amounts outstanding under the First Incremental Term Loan (\$145.0 million outstanding at the time of repayment), terminating such loan, and repaid \$215.0 million of the \$220.0 million borrowed under the Revolver. On December 29, 2021, we repaid the remaining \$5.0 million outstanding under the Revolver with available cash.

During the first quarter of 2020 (Q1 2020), we made the scheduled quarterly principal repayment of \$0.875 million under the Initial Term Loan, and also prepaid an aggregate of \$60.0 million under the First Incremental Term Loan. On April 27, 2020, we prepaid \$47.0 million under the Initial Term Loan. These two prepayments were first applied to all remaining scheduled quarterly principal repayments of the Initial Term Loan and First Incremental Term Loan prior to maturity, as applicable, and thereafter to remaining applicable principal amounts outstanding thereunder. These prepayments also represented payment in full of the ECF Amount. In June 2020, we prepaid an additional \$1.5 million under the Initial Term Loan and \$12.5 million under the First Incremental Term Loan. No further prepayments were required or made thereafter during 2020.

During 2019, we borrowed \$48.0 million under the Revolver, primarily to fund share repurchases in Q1 2019 and repaid an aggregate of \$207.0 million of the amount then-outstanding under the Revolver (including by use of \$110.0 million of

the Toronto Proceeds). We made scheduled principal repayments of \$1.5 million in each quarter of 2019 under the Initial Term Loan and the First Incremental Term Loan.

Activity under our Credit Facility for the periods indicated is set forth below (in millions):

	<b>Revolver</b>	<b>Term loans</b>
Outstanding balances as of December 31, 2018	\$ 159.0	\$ 598.3
Amount borrowed in Q1 2019	48.0	—
Amount repaid in Q1 2019	(110.0)	(1.5)
Amount repaid in Q2 2019	(44.0)	(1.5)
Amount repaid in Q3 2019	(53.0)	(1.5)
Amount repaid in Q4 2019	—	(1.5)
Outstanding balances as of December 31, 2019	\$ —	\$ 592.3
Amount repaid in Q1 2020	—	(60.9)
Amount repaid in Q2 2020	—	(61.0)
Outstanding balances as of December 31, 2020	\$ —	\$ 470.4
Amount repaid in Q1 2021	—	(30.0)
Amount borrowed in Q4 2021	220.0	365.0
Amount repaid in Q4 2021	(220.0)	(145.0)
Outstanding balances as of December 31, 2021	<u>\$ —</u>	<u>\$ 660.4</u>

Interest expense under the Credit Facility, including the impact of our interest rate swap agreements (described below), was \$20.7 million in 2021 (2020 — \$26.0 million; 2019 — \$36.8 million). Any increase in prevailing interest rates, margins, or amounts outstanding, would cause this amount to increase (see discussion below). Commitment fees (see footnote (i) to the "Contractual Obligations" table below) paid during 2021 were \$1.8 million (2020 — \$1.9 million; 2019 — \$1.3 million). We incurred debt issuance costs of approximately \$4 million in connection with the December 2021 amendment to the Credit Facility. Debt issuance costs are deferred on our consolidated balance sheet and amortized to Finance Costs. In December 2021, we accelerated the amortization of \$2.6 million of unamortized deferred financing costs upon termination of the First Incremental Term Loan, which we recorded in other charges. During Q4 2019, we incurred \$2.0 million in Waiver Fees which we recorded in other charges. See "Operating Results — Finance Costs" above for a description of Finance Costs paid in 2021, 2020 and 2019.

Our Credit Facility, including outstanding balances thereunder and interest rates as of December 31, 2021, are described under "Capital Resources" below.  
Lease payments:

During 2021, we paid \$40.0 million (2020 — \$33.7 million; 2019 — \$38.2 million) in lease payments. Lease payments in 2020 were lower compared to 2019 and 2021 primarily as a result of tenant improvement allowances of \$4.2 million received in 2020 with respect to a new building lease for one of our Atrenne sites. Lease payments reduce our non-IFRS free cash flow. See "*Non-IFRS free cash flow*" above.

*Cash requirements:*

Our working capital requirements can vary significantly from month-to-month due to a range of business factors, including the ramping of new programs, expansion of our services and business operations, timing of purchases, higher levels of inventory for new programs and anticipated customer demand, timing of payments and A/R collections, and customer forecasting variations. The international scope of our operations may also create working capital requirements in certain countries while other countries generate cash in excess of working capital needs. Moving cash between countries on a short-term basis to fund working capital is not always expedient due to local currency regulations, tax considerations, and other factors. To meet our working capital requirements and to provide short-term liquidity, we may draw on the Revolver, and/or sell A/R through our A/R sales program or participate in customer SFPs, when permitted. The timing and the amounts we borrow or repay under these facilities can vary significantly from month-to-month depending upon our cash requirements.

Based on our current cash flow budgets and forecasts of our short-term and long-term liquidity needs, we continue to believe that our current and projected sources of liquidity will be sufficient to fund our anticipated liquidity needs for 2022 and beyond. Specifically, we continue to believe that cash flow from operating activities, together with cash on hand, availability under the Revolver (\$579.0 million at December 31, 2021), potential availability under uncommitted intraday and overnight bank overdraft facilities, and cash from accepted sales of A/R, will be sufficient to fund our anticipated working capital needs, planned capital spending (including the contractual commitments described below and other commitments described elsewhere herein), and other cash requirements (including any required SBC share repurchases, debt repayments and interest expense). See "Capital Resources" below. Notwithstanding the foregoing, although we anticipate that we will be able to repay or refinance outstanding obligations under our Credit Facility when they mature (our primary current long-term cash liquidity requirement), there can be no assurance we will be able to do so, or that the terms of any such refinancing will be favorable. In addition, we may require additional capital in the future to fund capital expenditures, acquisitions (including contingent consideration payments), strategic transactions or other investments. We will continue to assess our liquidity position and potential sources of supplemental liquidity in view of our objectives, operating performance, economic and capital market conditions and other relevant circumstances. Our operating performance may also be affected by matters discussed under the Risk Factors section of our 2021 Annual Report, of which this MD&A is a part. These risks and uncertainties may adversely affect our long-term liquidity.

Contractual Obligations:

As at December 31, 2021,	we had known contractual obligations that require future payments as follows (in millions):	Total	2022	2023	2024	2025	2026	Thereafter
Borrowings under Credit Facility <sup>(i)</sup>		\$ 660.4	\$ 18.25	\$ 18.25	\$ 18.25	\$ 313.65	\$ 292.0	\$ —
Lease obligations <sup>(ii)</sup>		225.5	43.0	37.3	26.5	21.5	18.2	79.0
Pension plan contributions <sup>(iii)</sup>		14.5	14.5	—	—	—	—	—
Non-pension post-employment plan payments		51.7	4.5	3.8	4.1	4.4	4.6	30.3
Binding purchase order obligations <sup>(iv)</sup>		2,693.5	2,244.6	379.0	69.8	0.1	—	—
Purchase obligations under IT support agreements		126.7	27.3	23.5	20.9	16.8	13.3	24.9
<b>Total<sup>(v)</sup></b>		<b>\$ 3,772.3</b>	<b>\$ 2,352.15</b>	<b>\$ 461.85</b>	<b>\$ 139.55</b>	<b>\$ 356.45</b>	<b>\$ 328.1</b>	<b>\$ 134.2</b>

(i) Represents annual amortization of the Second Incremental Term Loan, as well as principal repayment obligations at maturity (June 2025 for our borrowings under the Initial Term Loan and an assumed maturity date of December 2026 for the Second Incremental Term Loan), based on amounts outstanding as of December 31, 2021, but excludes related interest and fees. The Second Incremental Term Loan matures in March 2025, unless either (i) the Initial Term Loan has been prepaid or refinanced or (ii) commitments under the Revolver are available and have been reserved to repay the Initial Term Loan in full, in which case such obligations mature on December 6, 2026 (we have assumed that the conditions required for a December 2026 maturity date will have been satisfied). Under the Credit Facility, we are required to pay a commitment fee on the unused portion of the Revolver, which is calculated based on our consolidated leverage ratio (as defined in the Credit Facility) and the daily balance outstanding (2021 — \$1.8 million; 2020 — \$1.9 million; 2019 — \$1.3 million). Any borrowings under the Revolver are due upon maturity (March 2025, or under specified circumstances described above, December 2026). See "Financing Arrangements" below for a description of mandatory prepayments required under the Credit Facility. No mandatory principal prepayments of the Term Loans based on specified excess cash flow or net cash proceeds will be required for 2022, but we are currently unable to determine whether any such prepayments will be required thereafter. The Initial Term Loan currently bears interest at LIBOR plus 2.125%. The Second Incremental Term Loan currently bears interest at LIBOR plus 2.0%. Annual interest expense and fees under the Credit Facility were approximately \$21 million for 2021. Any increase in prevailing interest rates, margins, or amounts outstanding would cause this amount to increase. Payment defaults under the Credit Facility will incur interest on unpaid amounts at an annual rate equal to the sum of (i) 2%, plus (ii) the rate per annum otherwise applicable to such unpaid amounts, or if no rate is specified or available, the rate per annum applicable to Base Rate revolving loans. If an event of default occurs and is continuing (and is not waived), the administrative agent may declare all amounts under the Credit Facility to be immediately due and payable, and may cancel the lenders' commitments to make further advances thereunder. See "Capital Resources" below and note 11 to our 2021 AFS for a description of the Credit Facility, including amounts outstanding thereunder, repayment dates and applicable interest rates and margins.

(ii) Includes real property lease commitments in effect as of December 31, 2021, but unrecognized as liabilities in our financial statements because the relevant leases had not yet commenced. Specifically, in September 2021, in connection with our outsourcing arrangement with FNC, we agreed to lease a portion of their Richardson, Texas facility for a 10-year period. The commencement dates for certain portions of the lease do not begin until April 2022 and April 2027. However, we have included the following minimum lease obligations for such portions in the above table (an aggregate of \$45.5 million): \$2.6 million in 2022; \$3.5 million in 2023; \$3.6 million in 2024; \$3.7 million in 2025, \$3.8 million in 2026 and \$28.3 million thereafter. In addition, in connection with the 2019 sale of our Toronto real property, we entered into a 10-year lease for our new corporate headquarters, targeted to commence in May 2023. Upon such commencement, our estimated annual basic rent will be approximately \$2.1 million Canadian dollars for each of the first five years, and approximately \$2.2 million Canadian dollars for each of the remaining five years (also included in the table above). See "Toronto Real Property and Related Transactions" below and note 24 to our 2021 AFS.

- (iii) Based on our latest actuarial valuations, we estimate our funding requirement for 2022 to be \$14.5 million (2021 — funding requirement of \$15.4 million; 2020 — funding requirement of \$13.1 million). See note 18 to our 2021 AFS. A significant deterioration in the asset values or asset returns could lead to higher than expected future contributions. Adjustments to actuarial valuation measurements may also result in higher future cash contributions. We fund our pension contributions from cash on hand. Although we have defined benefit plans that are currently in a net unfunded position, we do not expect our pension obligations will have a material adverse impact on our future results of operations, cash flows or liquidity.
- (iv) Represents outstanding purchase orders with suppliers primarily to acquire inventory. As of December 31, 2021, our purchase order obligations have significantly increased compared to just under \$1 billion as at December 31, 2020, primarily as a result of supply chain constraints, new business, and the addition of PCI. Although previously purchase orders were generally short-term in nature (less than a year), we are currently placing many orders with lead times in excess of one year, in order to secure the materials needed for production. In addition, purchase obligations at December 31, 2020 were lower than usual as a result of the Cisco Disengagement, and have since increased as a result of the addition of replacement business. A substantial portion of these purchase orders are for standard inventory items which we have procured for specific customers based on their purchase orders or forecasts, under which such customers have contractually assumed liability for such material, if not consumed. In some cases, we have cash deposits from customers to help mitigate our exposures to these increased inventory levels.
- (v) This table excludes \$60.2 million of long-term deferred income tax liabilities and \$39.8 million of provisions and other non-current liabilities primarily pertaining to warranties and asset retirement obligations, as we are unable to reliably estimate the timing of any future payments related thereto. However, long-term liabilities included in our consolidated balance sheet include these items. In addition, at December 31, 2021, our interest rate swap agreements require us to pay a fixed rate of interest with respect to an aggregate of \$200.0 million outstanding under the Term Loans. These payments, however, are partially offset by related interest we receive, based on the variable interest rates swapped. As the offsets are not determinable and vary from quarter to quarter, this table also excludes the interest payments on our interest rate swap agreements. See "Capital Resources" below for a description of additional interest rate swap agreements we entered into in February 2022.

#### Additional Commitments:

As at December 31, 2021, we had additional commitments that expire as follows (in millions):

	Total	2022	2023	2024	2025	2026	Thereafter
Foreign currency contracts and swaps <sup>(i)</sup>	\$ 539.5	\$ 539.5	\$ —	\$ —	\$ —	\$ —	\$ —
Letters of credit, letters of guarantee and surety bonds <sup>(ii)</sup>	48.1	20.5	1.9	—	0.1	21.0	4.6
Capital expenditures <sup>(iii)</sup>	10.1	10.1	—	—	—	—	—
Total	<u>\$ 597.7</u>	<u>\$ 570.1</u>	<u>\$ 1.9</u>	<u>\$ —</u>	<u>\$ 0.1</u>	<u>\$ 21.0</u>	<u>\$ 4.6</u>

- (i) Represents the aggregate notional amounts of our forward currency contracts and swaps.
- (ii) Includes \$21.0 million in letters of credit issued under our Revolver, with an assumed maturity of December 2026. The Revolver matures in March 2025, unless either (i) the Initial Term Loan has been prepaid or refinanced or (ii) commitments under the Revolver are available and have been reserved to repay the Initial Term Loan in full, in which case such obligations mature in December, 2026. We have assumed that the conditions required for a December 2026 maturity date will have been satisfied.
- (iii) As at December 31, 2021, management had approved \$45.9 million for capital expenditures, primarily for machinery and equipment to support new customer programs (approximately 40% of which is committed for the Americas, approximately 45% of which is committed for Asia, and the remainder of which is committed for Europe). Of such approved amount, \$10.1 million in purchase orders had been issued to third-party vendors as of December 31, 2021. Our capital spending varies each period based on, among other things, the timing of new business wins and forecasted sales levels. Based on our current plans, we anticipate capital spending for 2022 to be approximately 1.5% to 2.0% of revenue, and expect to fund these expenditures from cash on hand and through the financing agreements described below under "Capital Resources." Our intended 2022 capital spending includes expenditures to support growth in our HPS business and our ATS segment.

Cash outlays for our contractual obligations and commitments identified in the tables above are expected to be funded from cash on hand and through the financing agreements described below under "Capital Resources."

#### Financing Arrangements:

The Second Incremental Term Loan requires quarterly principal repayments (commencing March 31, 2022) of \$4.5625 million, and each of the Term Loans requires a lump sum repayment of the remainder outstanding at maturity. As described above, we are also required to make annual prepayments of outstanding obligations under the Credit Facility based on specified ECF and net cash proceeds. Although no such prepayments will be required in 2022, mandatory Credit Facility prepayments based on ECF and/or net cash proceeds may be required in future years. Any outstanding amounts under the Revolver are due at maturity. Annual interest expense and fees under the Credit Facility, including the impact of our interest rate swap agreements, based on amounts and swap agreements outstanding as of December 31, 2021, are approximately \$21 million. Interest rates applicable to borrowings under the Credit Facility are described under "Capital Resources" below.

We do not believe that the aggregate amounts outstanding under our Credit Facility as at December 31, 2021 (\$660.4 million under the Term Loans, and \$21.0 million in ordinary course letters of credit), had or will have a material adverse impact on our liquidity, our results of operations or financial condition (unless our debt obligations mature without refinancing). In addition, although our cash balance decreased by approximately \$110 million in connection with our acquisition of PCI, our availability under the Revolver increased by \$150.0 million as part of our December 2021 amendment to the Credit Facility. See "Capital Resources" below for a description of our available sources of liquidity. We believe that our current level of leverage is acceptable for a company of our size.

However, our current outstanding indebtedness, and the mandatory prepayment provisions of the Credit Facility (described above), require us to use a portion of our cash flow to service such debt, and may reduce our ability to fund future acquisitions and/or to respond to unexpected capital requirements; limit our ability to obtain additional financing for future investments, working capital, or other corporate purposes; limit our ability to refinance our indebtedness on terms acceptable to us or at all; limit our flexibility to plan for and adjust to changing business and market conditions; increase our vulnerability to general adverse economic and industry conditions; and/or reduce our debt agency ratings. Existing or increased third-party indebtedness could have a variety of other adverse effects, including: (i) default and foreclosure on our assets if refinancing is unavailable on acceptable terms and we have insufficient funds to repay the debt obligations when due; and (ii) acceleration of such indebtedness or cross-defaults if we breach applicable financial or other covenants and such breaches are not waived.

In addition, the Credit Facility contains restrictive covenants that limit our ability to engage in specified types of transactions and prohibit share repurchases for cancellation if our leverage ratio (as defined in such facility) exceeds a specified amount, as well as specified financial covenants (described in "Capital Resources" below). We expect to remain in compliance with restrictive and financial covenants under the Credit Facility. However, our ability to maintain compliance with such financial covenants will depend on our ongoing financial and operating performance, which, in turn, may be impacted by economic conditions and financial, market, and competitive factors, many of which are beyond our control. A breach of any such covenants could result in a default under the instruments governing our indebtedness. See "Capital Resources" below for a discussion of certain covenant waivers obtained in Q4 2019.

At December 31, 2021, \$45.8 million of A/R were sold under our current A/R sales program (December 31, 2020 — \$119.7 million; December 31, 2019 — \$90.6 million). We currently use, and may in future periods increase the amounts we offer to sell under, our A/R sales program as a cost-effective alternative to drawing additional amounts on our Revolver to meet our ordinary course cash requirements. In order to offset the impact of extended payment terms for particular customers on our working capital, we also participate in three customer SFPs (including an SFP for a PCI customer as of the PCI acquisition date), pursuant to which we sell A/R from such customers to third-party banks on an uncommitted basis to receive earlier payment. At December 31, 2021, an aggregate of \$98.0 million of A/R were sold under the three SFPs, including \$21.5 million sold under the SFP for the PCI customer (December 31, 2020 — \$65.3 million sold under two SFPs; December 31, 2019 — \$50.4 million sold under two SFPs). See "Capital Resources" below for a description of our A/R sales program and SFPs.

#### Repatriations:

As at December 31, 2021, a significant portion of our cash and cash equivalents was held by foreign subsidiaries outside of Canada, a large part of which may be subject to withholding taxes upon repatriation under current tax laws. Cash and cash equivalents held by subsidiaries, which we do not intend to repatriate in the foreseeable future, are not subject to these withholding taxes. We repatriated approximately \$90 million of cash in 2021 from various of our foreign subsidiaries, and remitted related previously-accrued withholding taxes (approximately \$7 million). We currently expect to repatriate an aggregate of approximately \$200 million of cash in the foreseeable future from various foreign subsidiaries, and have recorded anticipated related withholding taxes as deferred income tax liabilities (approximately \$15 million). While some of our subsidiaries are subject to local governmental restrictions on the flow of capital into and out of their jurisdictions (including in the form of cash dividends, loans or advances to us), which is required or desirable from time to time to meet our international working capital needs and other business objectives (as described above), these restrictions have not had (and are not reasonably likely to have) a material impact on our ability to meet our cash obligations. At December 31, 2021, we had approximately \$250 million (December 31, 2020 — \$320 million) of cash and cash equivalents held by foreign subsidiaries outside of Canada that we do not intend to repatriate in the foreseeable future.

#### Capital Expenditures:

Our capital spending varies each period based on, among other things, the timing of new business wins and forecasted sales levels. See footnote (iii) to the "Additional Commitments" table above for a description of approved capital expenditure amounts as of December 31, 2021, and anticipated capital expenditures for 2022. We expect to fund these expenditures from cash on hand and through the financing agreements described below under "Capital Resources."

#### SVS Repurchases:

We have funded and intend to continue to fund our SVS repurchases under our NCIBs, from cash on hand, borrowings under the Revolver, or a combination thereof. We have funded, and expect to continue to fund, SVS repurchases to satisfy delivery obligations under SBC plan awards from cash on hand. The timing of, and the amounts paid for, these repurchases can vary from period to period. See "*Cash provided by (used in) financing activities*" above. Also see "Recent Developments" and note 12 to our 2021 AFS.

#### Restructuring Provision:

Our restructuring provision as of February 22, 2022 is approximately \$6 million. We expect to incur incremental restructuring charges in 2022. We have funded and intend to continue to fund our restructuring provisions from cash on hand.

#### Lease Obligations:

At December 31, 2021, we had a total of \$138.6 million in lease obligations outstanding (December 31, 2020 — \$122.7 million; December 31, 2019 — \$116.1 million). Also see footnote (ii) to the "Contractual Obligations" table above.

#### Toronto Real Property and Related Transactions:

On March 7, 2019, we completed the sale of our Toronto real property (which included the site of our corporate headquarters and our Toronto manufacturing operations) and received the \$113.0 million in Toronto Proceeds. The \$102.0 million Property Gain was recorded in other charges (recoveries) in Q1 2019. Also see "Related Party Transactions" below. Related relocations, and capitalized costs and transition costs incurred in connection therewith (including a total of \$10.0 million of such costs in 2019), are described under the caption "*Cash requirements — Toronto Real Property and Related Transactions*" of Item 5, Operating and Financial Review and Prospects, of our 2020 Annual Report on Form 20-F. As part of the property sale, we entered into a 10-year lease in March 2019 with the purchaser of the property for our new corporate headquarters. The commencement date of this lease will be determined by such purchaser based on completion of construction of the new building, and is currently targeted for May 2023, with occupancy in November 2023. Our estimated annual basic rent will be approximately \$2.1 million Canadian dollars for each of the first five years, and approximately \$2.2 million Canadian dollars for each of the remaining five years. We may, at our option, extend this lease for two further consecutive five-year periods. Our temporary headquarters lease expires in January 2023, but can be extended for an additional one-year period. We intend to exercise this extension option.

#### COVID-19 Costs:

Although we expect to continue to incur COVID-19 Costs in 2022, particularly related to manufacturing inefficiencies resulting from continuing global supply constraints, we cannot quantify anticipated amounts. Adverse COVID-19-related impacts were in part mitigated by COVID Recoveries recorded in 2020 and 2021, however, we do not anticipate that such relief will be available to us in 2022.

#### *Litigation and contingencies (including indemnities):*

In the normal course of our operations, we may be subject to lawsuits, investigations and other claims, including environmental, labor, product, customer disputes, and other matters. Management believes that adequate provisions have been recorded where required. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of all such pending matters will not have a material adverse impact on our financial performance, financial position or liquidity. See "Operating Results — Income Taxes" above for a description of a Brazilian sales tax matter and a Romanian income and value-added tax matter.



We provide routine indemnifications, the terms of which range in duration and scope, and often are not explicitly defined, including for third-party intellectual property infringement, certain negligence claims, and for our directors and officers. We have also provided indemnifications in connection with the sale of certain assets. The maximum potential liability from these indemnifications cannot be reasonably estimated. In some cases, we have recourse against other parties or insurance to mitigate our risk of loss from these indemnifications. Historically, we have not made significant payments relating to these types of indemnifications.

Also see note 24 to the 2021 AFS.

## Capital Resources

Our capital resources consist of cash provided by operating activities, access to the Revolver, uncommitted intraday and overnight bank overdraft facilities, an uncommitted A/R sales program, three uncommitted SFPs, and our ability to issue debt or equity securities. We regularly review our borrowing capacity and make adjustments, as permitted, for changes in economic conditions and changes in our requirements. We centrally manage our funding and treasury activities in accordance with corporate policies, and our main objectives are to ensure appropriate levels of liquidity, to have funds available for working capital or other investments we determine are required to grow our business, to comply with debt covenants, to maintain adequate levels of insurance, and to balance our exposures to market risks.

At December 31, 2021, we had cash and cash equivalents of \$394.0 million (December 31, 2020 — \$463.8 million), the majority of which was denominated in U.S. dollars. We also held cash and cash equivalents in the following currencies: British pound sterling, Brazilian real, Canadian dollar, Chinese renminbi, Czech koruna, Euro, Hong Kong dollar, Indian rupee, Indonesian rupiah, Japanese yen, Korean won, Lao kip, Malaysian ringgit, Mexican peso, Philippines peso, Romanian leu, Singapore dollar, Taiwan dollar, and Thai baht. Our cash and cash equivalents are subject to intra-quarter swings, generally related to the timing of A/R collections, inventory purchases and payments, and other capital uses.

As of December 31, 2021, an aggregate of \$660.4 million was outstanding under the Term Loans, and other than ordinary course letters of credit, no amounts were outstanding under the Revolver (December 31, 2020 — \$470.4 million was outstanding under the Initial Term Loan and the First Incremental Term Loan, and other than ordinary course letters of credit, no amounts were outstanding under the Revolver). See "Liquidity — *Cash provided by (used in) financing activities — Financing and Finance Costs*" above for a discussion of amounts borrowed and repaid under our Credit Facility during 2019, 2020 and 2021. Except under specified circumstances, and subject to the payment of breakage costs (if any), we are generally permitted to make voluntary prepayments of outstanding amounts under the Revolver and the Term Loans without any other premium or penalty. Repaid amounts on the Term Loans may not be re-borrowed. Repaid amounts on the Revolver may be re-borrowed. At December 31, 2021, we had \$579.0 million available under the Revolver for future borrowings, after reflecting outstanding letters of credit issued under the Credit Facility (December 31, 2020 — \$428.7 million of availability).

The Credit Facility has an accordion feature that allows us to increase the term loans and/or revolving loan commitments thereunder by \$150.0 million, plus an unlimited amount to the extent that a specified leverage ratio on a pro forma basis does not exceed specified limits, in each case on an uncommitted basis and subject to the satisfaction of certain terms and conditions. The Revolver also includes a \$50.0 million sub-limit for swing line loans, providing for short-term borrowings up to a maximum of ten business days, as well as a \$150.0 million sub-limit for letters of credit, in each case subject to the overall Revolver credit limit. The Revolver permits us and certain designated subsidiaries to borrow funds (subject to specified conditions) for general corporate purposes, including for capital expenditures, certain acquisitions, and working capital needs.

Borrowings under the Revolver bear interest, depending on the currency of the borrowing and our election for such currency, at LIBOR, Base Rate, Canadian Prime, an Alternative Currency Daily Rate, or an Alternative Currency Term Rate (each as defined in the Credit Facility) plus a specified margin. The margin for borrowings under the Revolver and the Second Incremental Term Loan ranges from 1.50% to 2.25% for LIBOR borrowings and Alternative Currency borrowings, and from 0.50% to 1.25% for Base Rate and Canadian Prime borrowings, in each case depending on the rate we select and our consolidated leverage ratio (as defined in the Credit Facility). Commitment fees range from 0.30% to 0.45% depending on our consolidated leverage ratio. The Initial Term Loan currently bears interest at LIBOR plus 2.125%. The Second Incremental Term Loan currently bears interest at LIBOR plus 2.0%. See "*Financial instruments and financial risks*" below for a description of the LIBOR successor provisions under the Credit Facility. Prior to the December 2021 Credit Facility

amendment, the margin for borrowings under the Revolver ranged from 0.75% to 2.5%, commitment fees ranged from 0.35% to 0.50%, in each case depending on the rate we selected and our consolidated leverage ratio, the Initial Term Loan bore interest at LIBOR plus 2.125%, and the First Incremental Term Loan bore interest at LIBOR plus 2.5%.

As part of our risk management program, we attempt to mitigate interest rate risk through interest rate swaps. At December 31, 2021, we had: (i) interest rate swaps hedging the interest rate risk associated with \$100.0 million of our Initial Term Loan borrowings that expire in August 2023 (Initial Swaps), and additional interest rate swaps hedging the interest rate risk associated with \$100.0 million of our Initial Term Loan borrowings, for which the cash flows commence upon the expiration of the Initial Swaps and continue through June 2024 (First Extended Initial Swaps) and (ii) interest rate swaps hedging the interest rate risk associated with \$100.0 million of our Second Incremental Loan borrowings, which expire in December 2023 (Incremental Swaps). Prior to repayment in full of the First Incremental Term Loan on December 6, 2021, we had interest rate swaps hedging the interest rate risk associated with \$100.0 million of outstanding borrowings thereunder, which were scheduled to expire in December 2023. As the First Incremental Term Loan and the Second Incremental Term Loan have the same interest rate risk, these interest rate swaps continued, and now cover \$100.0 million of outstanding borrowings under the Second Incremental Term Loan. At December 31, 2021, the interest rate risk related to \$460.4 million of borrowings under the Credit Facility was unhedged (December 31, 2020 — \$195.4 million unhedged). In February 2022, we entered into the following additional interest rate swaps with various third-party banks: (i) interest rate swaps hedging the interest rate risk associated with \$100.0 million of our Initial Term Loan borrowings (and any subsequent term loans replacing the Initial Term Loan), for which the cash flows commence upon expiration of the First Extended Initial Swaps and continue through December 2025 (Second Extended Initial Swaps), (ii) interest rate swaps hedging the interest rate risk associated with \$100.0 million of our Second Incremental Term Loan borrowings, for which the cash flows commence upon expiration of the Incremental Swaps and continue through December 2025 (First Extended Incremental Swaps), and (iii) interest rate swaps hedging the interest rate risk associated with another \$130.0 million of our Second Incremental Term Loan borrowings (Additional Incremental Swaps) effective from February 2022 through December 2025. We have an option to cancel up to \$50.0 of the notional amount of the Additional Incremental Swaps from January 2024 through October 2025. A one-percentage point increase in applicable interest rates would increase interest expense, based on the outstanding borrowings under the Credit Facility and swap agreements at December 31, 2021, by \$4.6 million annually, and by \$6.6 million annually, without accounting for such swap agreements. Upon execution of the Additional Incremental Swaps, our unhedged obligations under the Credit Facility were reduced from \$460.4 million to \$330.4 million. A one-percentage point increase in applicable interest rates would increase interest expense, based on the outstanding borrowings under the Credit Facility and swap agreements at February 22, 2022, by \$3.3 million annually. See note 20(b) to our 2021 AFS for further information regarding our interest rate swap agreements.

We are required to comply with certain restrictive covenants under the Credit Facility, including those relating to the incurrence of certain indebtedness, the existence of certain liens, the sale of certain assets, specified investments and payments, sale and leaseback transactions, and certain financial covenants relating to a defined interest coverage ratio and leverage ratio that are tested on a quarterly basis. Our Credit Facility also prohibits share repurchases for cancellation if our leverage ratio (as defined in such facility) exceeds a specified amount (Repurchase Restriction). At December 31, 2021, we were in compliance with all restrictive and financial covenants under the Credit Facility. As previously disclosed, we were not in compliance with certain restrictive covenants related to the Repurchase Restriction with respect to approximately \$17.0 million in excess share purchases made in May 2019 under our then-current NCIB. These defaults, as well as related cross defaults, were waived in October 2019. The Repurchase Restriction is not currently in effect, nor was it in effect during 2020 or 2021 (or at December 31, 2021). The obligations under the Credit Facility are guaranteed by us and certain specified subsidiaries. Subject to specified exemptions and limitations, all assets of the guarantors are pledged as security for the obligations under the Credit Facility. The Credit Facility contains customary events of default. If an event of default occurs and is continuing (and is not waived), the administrative agent may declare all amounts outstanding under the Credit Facility to be immediately due and payable and may cancel the lenders' commitments to make further advances thereunder. In the event of a payment or other specified defaults, outstanding obligations accrue interest at a specified default rate.

At December 31, 2021, we had \$21.0 million outstanding in letters of credit under the Revolver (December 31, 2020 — \$21.3 million). We also arrange letters of credit and surety bonds outside of the Revolver. At December 31, 2021, we had \$27.1 million of such letters of credit and surety bonds outstanding (December 31, 2020 — \$20.2 million).

At December 31, 2021, we also had a total of \$198.5 million in uncommitted bank overdraft facilities available for intraday and overnight operating requirements (December 31, 2020 — \$162.7 million). There were no amounts outstanding under these overdraft facilities at December 31, 2021 or December 31, 2020.

Although our leverage increased with the additional borrowings to finance the PCI acquisition, our priority continues to be to improve our leverage and reduce our future interest costs.

We entered into an agreement in March 2020 with a third-party bank to sell up to \$300.0 million in A/R on an uncommitted basis, subject to pre-determined limits by customer. This one-year agreement provides for automatic annual one-year extensions, and was so extended in each of March 2021 and March 2022. This agreement may be terminated at any time by the bank or by us upon 3 months' prior notice, or by the bank upon specified defaults. We also participate in three SFPs (including an SFP for a PCI customer as a result of our acquisition in November 2021), pursuant to which we sell A/R from the relevant customer to third-party banks on an uncommitted basis to receive earlier payment (substantially offsetting the effect of such customer's extended payment terms on our working capital for the period). The SFPs have indefinite terms and may be terminated at any time by the customer or by us upon specified prior notice. A/R are sold under these arrangements net of discount charges. As our A/R sales program and the SFPs are on an uncommitted basis, there can be no assurance that any of the banks will purchase any of the A/R we intend to sell to them thereunder. However, as the A/R that we offer to sell under these programs are largely from customers we deem to be creditworthy, we believe that such offers will continue to be accepted notwithstanding the current environment. See "Cash Requirements — Financing Arrangements" above for a description of A/R amounts sold under these arrangements during 2019 through 2021.

The timing and the amounts we borrow and repay under our Revolver and overdraft facilities, or sell under the SFPs or our A/R sales program, can vary significantly from month-to-month depending on our working capital and other cash requirements. We may increase the amounts we offer to sell under our A/R sales program in future periods as a cost-effective alternative to drawing amounts on our Revolver to meet our ordinary course cash requirements.

Our strategy on capital risk management has not changed significantly since the end of 2020. Other than the restrictive and financial covenants associated with our Credit Facility noted above, we are not subject to any contractual or regulatory capital requirements. While some of our international operations are subject to government restrictions on the flow of capital into and out of their jurisdictions, these restrictions have not had a material impact on our operations or cash flows.

*Financial instruments and financial risks:*

We are exposed to a variety of risks associated with financial instruments and otherwise.

**Currency risk:** Due to the global nature of our operations, we are exposed to exchange rate fluctuations on our financial instruments denominated in various currencies. Although the majority of our cash balances, pricing to customers, and materials costs are denominated in U.S. dollars, a significant portion of our non-materials costs (including payroll, pensions, site costs, costs of locally sourced supplies and inventory, and income taxes) are denominated in various other currencies. As a result, we may experience foreign exchange gains or losses on translation or transactions due to currency fluctuations. The majority of our currency risk is driven by such costs, incurred in local currencies by our subsidiaries. As part of our risk management program, we attempt to mitigate currency risk through a hedging program using forecasts of our anticipated future cash flows and monetary assets and monetary liabilities denominated in foreign currencies. We enter into foreign currency forward contracts to hedge our cash flow exposures and swaps to hedge our exposures of monetary assets and monetary liabilities (Economic Hedges), generally for periods of up to 12 months, to lock in the exchange rates for future foreign currency transactions, which is intended to reduce the foreign currency risk related to our operating costs and future cash flows denominated in local currencies. Economic Hedges are based on our forecasts of the future position of anticipated monetary assets and monetary liabilities denominated in foreign currencies, and therefore may not mitigate the full impact of any translation impacts in the future. As for our cash flow hedges, while these contracts are intended to reduce the effects of fluctuations in foreign currency exchange rates on our operating costs and cash flows, our hedging strategy does not mitigate the longer-term impacts of changes to foreign exchange rates. Although our functional currency is the U.S. dollar, currency risk on our income tax expense arises as we are generally required to file our tax returns in the local currency for each particular country in which we have operations. While our hedging program is designed to mitigate currency risk vis-à-vis the U.S. dollar, we remain subject to taxable foreign exchange impacts in our translated local currency financial results relevant for tax reporting purposes. We do not use derivative financial instruments for speculative purposes.

See note 20 to our 2021 AFS for a listing of our foreign currency forwards and swaps to trade U.S. dollars in exchange for specified currencies at December 31, 2021. The fair value of the outstanding contracts at December 31, 2021 was a net unrealized gain of \$1.2 million (December 31, 2020 — net unrealized gain of \$23.3 million), resulting from fluctuations in foreign exchange rates between the contract execution and the period-end date. There can be no assurance that our hedging transactions will be successful in mitigating our foreign exchange risk.

We cannot predict changes in currency exchange rates, the impact of exchange rate changes on our operating results, nor the degree to which we will be able to manage the impact of currency exchange rate changes. Such changes could have a material effect on our business, results of operations and financial condition.

Interest rate risk: Borrowings under the Credit Facility bear interest at specified rates, plus specified margins (described above). We have entered into agreements to swap the variable interest rates with fixed rates of interest with respect to a portion of the amounts outstanding under the Term Loans (described above). Unhedged borrowings (\$460.4 million at December 31, 2021) expose us to interest rate risk due to the potential variability in market interest rates. A one-percentage point increase in applicable interest rates would increase interest expense, based on outstanding borrowings under the Credit Facility and interest rate swap agreements at December 31, 2021, by \$4.6 million annually, and by \$6.6 million annually, without accounting for such swap agreements. At December 31, 2021, the fair value of our interest rate swap agreements was a net unrealized loss of \$6.9 million (December 31, 2020 — aggregate unrealized loss of \$16.5 million, which we record on our consolidated balance sheet. The change in the fair value of the swaps is partly a result of the recent increases in the forward interest rates compared to our fixed rates. An increase in forward interest rates would cause a further reduction in the amount of the loss.

Global reform of major interest rate benchmarks is currently underway, including the anticipated replacement of some Interbank Offered Rates (including LIBOR) with alternative nearly risk-free rates. We have obligations under our Credit Facility, and certain lease arrangements and derivative instruments, that are indexed to LIBOR (LIBOR Agreements). The interest rates under these agreements are subject to change when relevant LIBOR benchmark rates cease to exist. There remains uncertainty over the timing and methods of transition to such alternate rates.

Our Credit Facility provides that when the administrative agent, the majority of lenders or we determine that LIBOR (or the corresponding rate for any Alternative Currency, as defined in the Credit Facility), is unavailable or being replaced (or, in the case of LIBOR borrowings under the Revolver and the Second Incremental Term Loan, at our joint election with the administrative agent), then we and the administrative agent may amend the underlying credit agreement to reflect a successor rate as specified therein. Once LIBOR becomes unavailable, if no successor rate has been established, applicable loans under the Credit Facility accruing interest at LIBOR will convert to Base Rate loans. The Credit Facility has not yet been amended to reflect a successor rate for LIBOR. Certain of our lease arrangements that include progress payments provide that a successor rate will be determined by the lessor when LIBOR ceases to be available or is no longer representative, or if earlier, by mutually-agreed amendments to the lease agreement to adopt a replacement benchmark. It remains uncertain when the benchmark transitions will be complete or what replacement rates will be used.

Our variable rate Term Loans are partially hedged with interest rate swap agreements. Hedge ineffectiveness could result due to the cessation of LIBOR, if such agreements transition using a different benchmark or spread adjustment as compared to the underlying hedged debt. The Second Extended Initial Swaps, the First Extended Incremental Swaps and the Additional Incremental Swaps mirror the LIBOR successor provisions under the Credit Facility. As of February 22, 2022, we are in the process of negotiating a successor rate to LIBOR with one of the two counterparty banks under the Incremental Swaps (with a notional amount of \$50.0 million), to ensure that such agreements mirror the LIBOR successor provisions under the Credit Facility. However, we cannot assure the outcome of these negotiations, or what the LIBOR successor provisions will be. We have not begun the process to amend relevant LIBOR provisions with the other counterparty bank, or the counterparty banks under the Initial Swaps or the First Extended Initial Swaps. As a result, we cannot assure that benchmark transitions under all of our interest rate swap agreements will be successful, or if so, what replacement rates will be used.

In addition to the LIBOR Agreements described above, our A/R sales program and three customers SFPs have transitioned to alternative benchmark rates with predetermined spreads, with no significant impact on our consolidated financial statements for the year ended December 31, 2021.

While we expect that reasonable alternatives to LIBOR benchmarks will be implemented in advance of their cessation dates, we cannot assure that this will be the case. If LIBOR is no longer available and the alternative reference rate is higher, interest rates under the affected LIBOR Agreements would increase, which would adversely impact our interest expense, our financial performance and cash flows. We will continue to monitor developments with respect to the cessation of LIBOR, and will evaluate potential impacts on our LIBOR Agreements, processes, systems, risk management methodology and valuations, financial reporting, taxes, and financial results. We are currently unable to predict what the future replacement rates or consequences on our operations or financial results will be.

**Credit risk:** Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss to us. We believe our credit risk of counterparty non-performance continues to be relatively low. We are in regular contact with our customers, suppliers and logistics providers, and have not experienced significant counterparty credit-related non-performance during 2021 or to date. However, if a key supplier (or any company within such supplier's supply chain) or customer fails to comply with their contractual obligations, this could result in a significant financial loss to us. We would also suffer a significant financial loss if an institution from which we purchased foreign currency exchange contracts or swaps, interest rate swaps, or annuities for our pension plans defaults on their contractual obligations. With respect to our financial market activities, we have adopted a policy of dealing only with credit-worthy counterparties to help mitigate the risk of financial loss from defaults. We monitor the credit risk of the counterparties with whom we conduct business, through a combined process of credit rating reviews and portfolio reviews.

We also provide unsecured credit to our customers in the normal course of business. Customer exposures that potentially subject us to credit risk include our A/R, inventory on hand, and non-cancellable purchase orders in support of customer demand. From time to time, we extend the payment terms applicable to certain customers, and/or provide longer payment terms when deemed commercially reasonable. Longer payment terms could adversely impact our working capital requirements, and increase our financial exposure and credit risk. We attempt to mitigate customer credit risk by monitoring our customers' financial condition and performing ongoing credit evaluations as appropriate. In certain instances, we obtain letters of credit or other forms of security from our customers. We may also purchase credit insurance from a financial institution to reduce our credit exposure to certain customers. We consider credit risk in determining our allowance for doubtful accounts, and we believe that such allowance, as adjusted from time to time, is adequate. In light of COVID-19, we assessed the financial stability and liquidity of our customers in Q1 2020 to identify customers we believe to be at greatest risk of default. We also enhanced the monitoring of, and/or developed plans intended to mitigate, the limited number of identified exposures in Q1 2020, which enhancements and plans remain in effect. No significant adjustments were made to our allowance for doubtful accounts during 2021 in connection with our on-going assessments and monitoring initiatives. At December 31, 2021, less than 2% of our gross A/R were over 90 days past due (December 31, 2020 — 1%). A/R are net of an allowance for doubtful accounts of \$5.7 million at December 31, 2021 (December 31, 2020 — \$5.0 million).

**Liquidity risk:** Liquidity risk is the risk that we may not have cash available to satisfy our financial obligations as they come due. The majority of our financial liabilities recorded in accounts payable, accrued and other current liabilities and provisions are due within 90 days. We manage liquidity risk by maintaining a portfolio of liquid funds and investments and having access to a revolving credit facility, uncommitted intraday and overnight bank overdraft facilities, an A/R sales program and three customer SFPs. Since our A/R sales program and customer SFPs are each uncommitted, there can be no assurance that any participant bank will purchase any of the A/R that we wish to sell. We believe, however, that cash flow from operating activities, together with cash on hand, cash from accepted sales of A/R, and borrowings available under the Revolver and potentially available under uncommitted intraday and overnight bank overdraft facilities are sufficient to fund our currently anticipated financial obligations, and will remain available in the current environment. See "*Cash Requirements*" above.

**Commodity price risk:** We are exposed to market risk with respect to commodity price fluctuations for components used in the manufacture of our products. These components are impacted by global pricing pressures, general economic conditions, market conditions, geopolitical issues, weather, changes in tariff rates, and other factors which are neither predictable nor within our control. While generally we have been able to offset inflation and other changes in the costs of key operating resources through price increases, productivity improvements, greater economies of scale, supplier negotiations and global sourcing initiatives, there can be no assurance that we will be able to continue to do so in the future. We do not engage in hedging activities for commodity price risk. Competitive conditions may limit our pricing flexibility, and macroeconomic conditions may make additional price increases imprudent. Increases in commodity prices that we cannot recover from our customers would adversely impact our operating results. We are also exposed to fluctuations in transportation costs, which have recently increased based on freight carrier capacity and fuel prices. We manage transportation costs by optimizing logistics and supply chain planning. We continue to invest in supply chain initiatives to address industry-wide capacity challenges.

See note 20 to the 2021 AFS for further detail.

## Related Party Transactions

Onex Corporation (Onex) beneficially owns, controls, or directs, directly or indirectly, all of our outstanding multiple voting shares (MVS). Accordingly, Onex has the ability to exercise significant influence over our business and affairs and generally has the power to determine all matters submitted to a vote of our shareholders where the SVS and MVS vote together as a single class. Mr. Gerald Schwartz, the Chairman of the Board and Chief Executive Officer of Onex, indirectly owns shares representing the majority of the voting rights of the shares of Onex.

Onex has entered into an agreement with Celestica and with Computershare Trust Company of Canada (as successor to the Montreal Trust Company of Canada), as trustee for the benefit of the holders of the SVS, to ensure that such holders will not be deprived of any rights under applicable take-over bid legislation to which they would be otherwise entitled in the event of a take-over bid (as defined in such legislation) if MVS and SVS were of a single class of shares. Subject to certain permitted forms of sale, such as identical or better offers to all holders of SVS, Onex has agreed that it, and any of its affiliates that may hold MVS from time to time, will not sell any MVS, directly or indirectly, pursuant to a take-over bid (as that term is defined under applicable securities legislation) under circumstances in which any applicable securities legislation would have required the same offer or a follow-up offer to be made to holders of SVS if the sale had been a sale of SVS rather than MVS, but otherwise on the same terms.

We are party to a Services Agreement with Onex for the services of Mr. Tawfiq Popatia, an officer of Onex, as a director of Celestica, pursuant to which Onex receives an annual fee of \$235,000, payable in DSUs in equal quarterly installments in arrears, as compensation for such services. The Services Agreement automatically renews for successive one-year terms unless either party provides a notice of intent not to renew. The Services Agreement terminates automatically and the rights of Onex to receive compensation (other than accrued and unpaid compensation) will terminate (a) 30 days after the first day on which Onex ceases to hold at least one MVS of Celestica or any successor company or (b) the date Mr. Popatia ceases to be a director of Celestica for any reason.

A consortium of four real estate partnerships, approximately 27% of the interests of which are held by a privately-held partnership in which Mr. Schwartz has a material interest; and approximately 25% of the interests of which are held by a partnership in which Mr. Schwartz has a non-voting interest, holds a 5% non-voting interest in the purchaser of our former Toronto real property.

## Outstanding Share Data

As of February 22, 2022, we had 105,891,214 outstanding SVS and 18,600,193 outstanding MVS. As of such date, we also had 404,353 outstanding stock options, 4,665,123 outstanding RSUs, 5,519,307 outstanding PSUs assuming vesting of 100% of the target amount granted (PSUs that will vest range from 0% to 200% of the target amount granted), and 2,215,089 outstanding DSUs; each vested option or unit entitling the holder thereof to receive one SVS (or in certain cases, cash) pursuant to the terms thereof, subject to certain time or performance-based vesting conditions.

## Controls and Procedures

### *Evaluation of disclosure controls and procedures:*

Our management is responsible for establishing and maintaining a system of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the U.S. Exchange Act) designed to ensure that information we are required to disclose in the reports that we file or submit under the U.S. Exchange Act is recorded, processed, summarized and reported within the time periods specified in the U.S. Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the U.S. Exchange Act is accumulated and communicated to the issuer's management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

Management, under the supervision of and with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2021. Based on that evaluation, our principal executive officer and principal financial officer have concluded that, as of December 31, 2021, our disclosure controls and procedures are effective to meet the requirements of Rules 13a-15(e) and 15d-15(e) under the U.S. Exchange Act.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that its objectives are met. Due to inherent limitations in all such systems, no evaluation of controls can provide absolute assurance that all control issues within a company have been detected. Accordingly, our disclosure controls and procedures are designed to provide reasonable, not absolute, assurance that the objectives of our disclosure control system are met.

*Changes in internal control over financial reporting:*

We did not identify any change in our internal control over financial reporting in connection with our evaluation thereof that occurred during the year ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

On November 1, 2021, we completed the acquisition of PCI, and are in the process of assessing its processes and internal controls. Although this assessment may result in changes to our internal control over financial reporting, we do not currently anticipate that the integration of PCI will result in changes that would materially affect, or would be reasonably likely to materially affect, our internal control over financial reporting.

*Management's report on internal control over financial reporting:*

Reference is made to our Management's Report on Internal Control over Financial Reporting on page F-1 of our 2021 Annual Report, of which this MD&A is a part. Our auditors, KPMG LLP, an independent registered public accounting firm, have issued an audit report on our internal control over financial reporting as of December 31, 2021, which appears on page F-2 of such 2021 Annual Report.

**Unaudited Quarterly Financial Highlights** (in millions, except percentages and per share amounts):

	2020				2021			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Revenue	\$ 1,318.6	\$ 1,492.4	\$ 1,550.5	\$ 1,386.6	\$ 1,234.9	\$ 1,420.3	\$ 1,467.4	\$ 1,512.1
Gross margin	6.9 %	7.3 %	8.0 %	8.2 %	8.2 %	8.3 %	8.5 %	9.4 %
Net earnings (loss)	\$ (3.2)	\$ 13.3	\$ 30.4	\$ 20.1	\$ 10.5	\$ 26.3	\$ 35.2	\$ 31.9
Weighted average # of basic shares	129.0	129.1	129.1	129.1	128.9	127.6	125.4	124.8
Weighted average # of diluted shares	129.0	129.1	129.1	129.1	129.0	127.6	125.5	124.8
# of shares outstanding	129.1	129.1	129.1	129.1	128.4	126.8	124.7	124.7
IFRS earnings (loss) per share:								
basic	\$ (0.02)	\$ 0.10	\$ 0.24	\$ 0.16	\$ 0.08	\$ 0.21	\$ 0.28	\$ 0.26
diluted	\$ (0.02)	\$ 0.10	\$ 0.24	\$ 0.16	\$ 0.08	\$ 0.21	\$ 0.28	\$ 0.26

All quarters in the table above have been impacted by restructuring charges, the amounts of which vary from quarter to quarter.

*Q4 2021 compared to Q4 2020:*

Revenue of \$1.51 billion for Q4 2021 increased \$125.5 million, or 9% compared to Q4 2020, primarily due to revenue increases in our ATS segment. ATS segment revenue increased \$119.6 million (23%) in Q4 2021 compared to Q4 2020, driven by continued strength in our Capital Equipment business, organic growth in our base Industrial business and two months of contribution from the PCI acquisition. Compared to Q4 2020, CCS segment revenue in Q4 2021 increased \$5.9 million (1%), primarily due to strong demand from service provider customers, including in our HPS business, which was largely offset by the Cisco Disengagement and the impact of materials constraints. HPS revenue for Q4 2021 was approximately \$350 million, and increased 66% from Q4 2020. Demand from service providers continues to be strong as they expand and upgrade their data centers in support of continued cloud and on-line requirements. Our Communications end market revenue increased \$4.9 million (1%) in Q4 2021 as compared to the prior year period, and Enterprise end market revenue was flat in Q4 2021 compared to the prior year period. Gross profit increased \$28.3 million in Q4 2021 compared to Q4 2020, and gross margin for Q4 2021 increased to 9.4% compared to 8.2% for Q4 2020. The increases in gross profit and gross margin were primarily due to a higher concentration of HPS business, strong contribution from our Capital Equipment business, and lower variable spend. CCS segment income for Q4 2021 increased to \$38.9 million from \$30.0 million in Q4 2020. CCS segment margin for Q4 2021 increased to 4.4% of segment revenue, compared to 3.4% for Q4 2020. These increases were primarily due to more favorable mix, driven by an increased concentration of revenue from our HPS business. ATS segment income for Q4 2021 increased to \$35.4 million from \$20.0 million in Q4 2020, and ATS segment margin increased from 3.9% of segment revenue for Q4 2020 to 5.6% for Q4 2021, primarily due to profitable growth in our Capital Equipment business and the addition of PCI, partially offset by headwinds in our A&D business. Net earnings increased to \$31.9 million for Q4 2021 compared to net earnings of \$20.1 million in Q4 2020, due primarily to the \$28.3 million of higher gross profit in Q4 2021, offset in part by \$6.1 million in higher SG&A expense and \$2.9 million in higher other charges, for 2021 as compared to the prior year period.

*Q4 2021 compared to Q3 2021:*

Revenue for Q4 2021 increased \$44.7 million, or 3% compared to Q3 2021, as a result of revenue increases in our ATS segment. ATS segment revenue increased \$44.4 million (8%) sequentially, driven by continued strength in our Capital Equipment business and two months of contribution from the PCI acquisition. Compared to the previous quarter, CCS segment revenue was flat. Sequentially, our Communications end market revenue increased \$20.7 million (4%), and our Enterprise end market revenue decreased \$20.4 million (7%). Gross profit increased \$16.7 million in Q4 2021 as compared to Q3 2021, primarily as a result of higher revenue in Q4 2021. Gross margin increased to 9.4% in Q4 2021 compared to 8.5% in Q3 2021, due to higher volumes and favorable mix across several businesses. CCS segment income increased sequentially by \$2.7 million to \$38.9 million for Q4 2021, and CCS segment margin for Q4 2021 increased to 4.4% of segment revenue compared to 4.1% for Q3 2021, primarily due to improved mix and demand strength in HPS. ATS segment income increased sequentially by \$10.3 million to \$35.4 million in Q4 2021, and ATS segment margin increased from 4.3% in Q3 2021 to 5.6% for Q4 2021, primarily due to profitable growth in our base Industrial business and the addition of PCI. Net earnings of \$31.9 million for Q4 2021 decreased from Q3 2021 net earnings of \$35.2 million, primarily due to \$14.8 million in higher other charges and SGA in Q4 2021, offset in part by higher gross profit. Other charges (recoveries) for Q3 2021 benefited from \$9.2 million in legal recoveries (none in Q4 2021), which was offset in part by \$4.7 million in higher acquisition costs, primarily related to PCI.

*Selected Q4 2021 IFRS results (in millions, except percentages and per share amount, or as otherwise noted):*

	<u>Actual</u>
IFRS revenue (in billions)	\$1.51
IFRS earnings before income taxes	\$41.6
IFRS earnings before income taxes as a % of revenue	2.8%
IFRS SG&A	\$65.5
IFRS net earnings	\$31.9
IFRS earnings per share (EPS)* (diluted)	\$0.26

\* IFRS EPS for Q4 2021 included an aggregate charge of \$0.16 (pre-tax) per share for employee SBC expense, amortization of intangible assets (excluding computer software), and restructuring charges. This aggregate charge was within our Q4 2021 guidance range of between \$0.11 to \$0.17 per share for these items.



Q4 2021 actual compared to Q4 2021 guidance (in millions, except percentages and per share amounts, or as otherwise noted):

	Q4 2021	
	Guidance	Actual
IFRS revenue (in billions)	\$1.425 to \$1.575	\$1.51
Non-IFRS operating margin*	4.5% at the mid-point of our revenue and non-IFRS adjusted EPS guidance ranges	4.9%
Non-IFRS adjusted SG&A*	\$62 to \$64	\$59.9
Non-IFRS adjusted net earnings*	N/A	\$55.2
Non-IFRS adjusted EPS* (diluted)	\$0.35 to \$0.41	\$0.44

\* See above for the most directly-comparable IFRS financial measures.

For Q4 2021, our revenue was in-line with the mid-point of our guidance range and reflected anticipated growth from our ATS segment and contributions from our PCI acquisition. Non-IFRS adjusted EPS exceeded the high end of our guidance range, and our non-IFRS operating margin exceeded the mid-point of our revenue and non-IFRS adjusted EPS guidance ranges, each of which benefited from strong performance in both of our segments, despite adverse revenue impacts attributable to materials shortages. Our non-IFRS adjusted SG&A was slightly below our guidance range. Our IFRS effective tax rate for Q4 2021 was 23%. Our non-IFRS adjusted effective tax rate for Q4 2021 was 16%, lower than our anticipated estimate of approximately 19%, primarily due to favorable jurisdictional profit mix.

Select 2021 results compared to 2020 (in millions, except percentages and per share amounts, or as otherwise noted):

	2021	2020
IFRS revenue (in billions)	\$5.63	\$5.75
IFRS earnings before income taxes	\$136.0	\$90.2
IFRS earnings before income taxes as a % of revenue	2.4%	1.6%
Non-IFRS operating earnings*	\$233.9	\$199.0
Non-IFRS operating margin*	4.2%	3.5%
IFRS income tax expense	\$32.1	\$29.6
IFRS effective tax rate (income tax expense as a percentage of IFRS earnings before income taxes)	24%	33%
Non-IFRS adjusted tax expense*	\$37.9	\$34.7
Non-IFRS adjusted effective tax rate (non-IFRS adjusted tax expense as a percentage of non-IFRS adjusted net earnings before income taxes)*	19%	22%
IFRS net earnings	\$103.9	\$60.6
IFRS EPS (diluted)	\$0.82	\$0.47
Non-IFRS adjusted net earnings*	\$164.3	\$126.6
Non-IFRS adjusted EPS (diluted)*	\$1.30	\$0.98
IFRS cash provided by operations	\$226.8	\$239.6
Non-IFRS free cash flow*	\$114.8	\$126.0

As anticipated, 2021 revenue declined relative to 2020, reflecting the completion of the Cisco Disengagement in Q4 2020, offset in part by higher than expected growth in our HPS business and ATS segment revenue. 2021 non-IFRS operating margin and non-IFRS adjusted EPS\* increased relative to 2020, due in part to the achievement of ATS segment margin within our target range of 5% to 6% during Q4 2021, and the high end of our target CCS segment margin range of 2% to 3% throughout 2021. Our IFRS effective tax rate for 2021 was 24%. Our 2021 non-IFRS adjusted effective tax rate of 19%, was lower than the mid-twenty-percent range previously anticipated, mainly due to favorable jurisdictional profit mix and tax items described in "Operating Results — Income Taxes" above. We generated \$114.8 million of non-IFRS free cash flow\*, delivering on our target of at least \$100 million in non-IFRS free cash flow\* for 2021.

\* These are non-IFRS financial measures without standardized meanings and may not be comparable to similar measures presented by other companies. A discussion of non-IFRS financial measures included herein, and a reconciliation of historical non-IFRS financial measures to the most directly-comparable IFRS financial measures, is set forth below.

Non-IFRS Financial Measures:

Management uses adjusted net earnings and the other non-IFRS financial measures (including ratios where applicable) described herein (i) to assess operating performance and the effective use and allocation of resources, (ii) to provide more meaningful period-to-period comparisons of operating results, (iii) to enhance investors' understanding of the core operating results of our business, and (iv) to set management incentive targets. We believe the non-IFRS financial measures we present herein are useful to investors, as they enable investors to evaluate and compare our results from operations in a more consistent manner (by excluding specific items that we do not consider to be reflective of our core operations), to evaluate cash resources that we generate from our business each period, and to provide an analysis of operating results using the same measures our chief operating decision makers use to measure performance. In addition, management believes that the use of a non-IFRS adjusted tax expense and a non-IFRS adjusted effective tax rate provide improved insight into the tax effects of our core operations, and are useful to management and investors for historical comparisons and forecasting. These non-IFRS financial measures result largely from management's determination that the facts and circumstances surrounding the excluded charges or recoveries are not indicative of our core operations.

We believe investors use both IFRS and non-IFRS financial measures to assess management's past, current and future decisions associated with our priorities and our allocation of capital, as well as to analyze how our business operates in, or responds to, swings in economic cycles or to other events that impact our core operations.

Non-IFRS financial measures do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies that report under IFRS, or who report under U.S. GAAP and use non-GAAP financial measures to describe similar financial metrics. Non-IFRS financial measures are not measures of performance under IFRS and should not be considered in isolation or as a substitute for any IFRS financial measure. The most significant limitation to management's use of non-IFRS financial measures is that the charges or credits excluded from the non-IFRS financial measures are nonetheless recognized under IFRS and have an economic impact on us. Management compensates for these limitations primarily by issuing IFRS results to show a complete picture of our performance, and reconciling non-IFRS financial measures back to the most directly comparable IFRS financial measures.

The following non-IFRS financial measures are included in this MD&A: adjusted gross profit, adjusted gross margin (adjusted gross profit as a percentage of revenue), adjusted SG&A, adjusted SG&A as a percentage of revenue, operating earnings (or adjusted EBIAT), operating margin (operating earnings or adjusted EBIAT as a percentage of revenue), adjusted net earnings, adjusted EPS, adjusted ROIC, free cash flow, adjusted tax expense and adjusted effective tax rate. Adjusted EBIAT, adjusted ROIC, free cash flow, adjusted tax expense and adjusted effective tax rate are further described in the tables below. In calculating these non-IFRS financial measures, management excludes the following items where indicated in the table below: employee SBC expense, amortization of intangible assets (excluding computer software), Other Charges, net of recoveries (defined below), Finance Costs (defined below) and acquisition inventory fair value adjustments, all net of the associated tax adjustments (quantified in the table below), and non-core tax impacts (tax adjustments related to acquisitions, and certain other tax costs or recoveries related to restructuring actions or restructured sites).

The economic substance of these exclusions (where applicable to the periods presented) and management's rationale for excluding them from non-IFRS financial measures is provided below:

Employee SBC expense, which represents the estimated fair value of stock options, RSUs and PSUs granted to employees, is excluded because grant activities vary significantly from quarter-to-quarter in both quantity and fair value. In addition, excluding this expense allows us to better compare core operating results with those of our competitors who also generally exclude employee SBC expense in assessing operating performance, who may have different granting patterns and types of equity awards, and who may use different valuation assumptions than we do.

Amortization charges (excluding computer software) consist of non-cash charges against intangible assets that are impacted by the timing and magnitude of acquired businesses. Amortization of intangible assets varies among our competitors, and we believe that excluding these charges permits a better comparison of core operating results with those of our competitors who also generally exclude amortization charges in assessing operating performance.

Other Charges, net of recoveries, consist of, when applicable: Restructuring Charges, net of recoveries (defined below); Transition Costs (defined below); net Impairment charges (defined below); Acquisition Costs (Recoveries); legal settlements (recoveries); specified credit facility-related charges (consisting primarily of the accelerated amortization of

unamortized deferred financing costs, and credit agreement-related waiver fees); and post-employment benefit plan losses. We exclude these charges, net of recoveries, because we believe that they are not directly related to ongoing operating results and do not reflect expected future operating expenses after completion of these activities or incurrence of the relevant costs. Our competitors may record similar charges at different times, and we believe these exclusions permit a better comparison of our core operating results with those of our competitors who also generally exclude these types of charges, net of recoveries, in assessing operating performance.

Restructuring Charges, net of recoveries, consist of costs relating to: employee severance, lease terminations, site closings and consolidations, write-downs of owned property and equipment which are no longer used and are available for sale, and reductions in infrastructure.

Transition Costs consist of: (i) costs recorded in connection with the relocation of our Toronto manufacturing operations, and the move of our corporate headquarters into and out of a temporary location during, and upon completion, of the construction of space in a new office building at our former location (all in connection with the 2019 sale of our Toronto real property) (collectively, Toronto Transition Costs) and (ii) costs recorded in connection with the transfer of manufacturing lines from closed sites to other sites within our global network (Internal Relocation Costs). Transition Costs consist of direct relocation and duplicate costs (such as rent expense, utility costs, depreciation charges, and personnel costs) incurred during the transition periods, as well as cease-use costs incurred in connection with idle or vacated portions of the relevant premises that we would not have incurred but for these relocations and transfers. We believe that excluding these costs permits a better comparison of our core operating results from period-to-period, as these costs will not reflect our ongoing operations once these relocations and manufacturing line transfers are complete.

Impairment charges, which consist of non-cash charges against goodwill, intangible assets, property, plant and equipment, and ROU assets, result primarily when the carrying value of these assets exceeds their recoverable amount.

Finance Costs consist of interest expense and fees related to our Credit Facility (including debt issuance and related amortization costs), our interest rate swap agreements, our A/R sales program and customers' SFPs, and interest expense on our lease obligations, net of interest income earned. We believe that excluding these costs provides useful insight for assessing the performance of our core operations.

Acquisition inventory fair value adjustments relate to the write-up of the inventory acquired in connection with our acquisitions, representing the difference between the cost and fair value of such inventory. We exclude the impact of the recognition of these adjustments, when incurred, because we believe such exclusion permits a better comparison of our core operating results from period-to-period, as their impact is not indicative of our ongoing operating performance.

Non-core tax impacts are excluded, as we believe that these costs or recoveries do not reflect core operating performance and vary significantly among those of our competitors who also generally exclude these costs or recoveries in assessing operating performance.

The following table sets forth, for the periods indicated, the various non-IFRS financial measures discussed above, and a reconciliation of non-IFRS financial measures to the most directly comparable IFRS financial measures (in millions, except percentages and per share amounts):

	Three months ended December 31						Year ended December 31					
	2020			2021			2020			2021		
		% of revenue			% of revenue		% of revenue		% of revenue			
<b>IFRS revenue</b>	\$	1,386.6		\$	1,512.1		\$	5,748.1		\$	5,688.1	
<b>IFRS gross profit</b>	\$	113.8	8.2 %	\$	142.1	9.4 %	\$	437.6	7.6 %	\$	404.0	
Employee SBC expense		2.2			3.6			11.1			11.1	
<b>Non-IFRS adjusted gross profit/adjusted gross margin</b>	\$	116.0	8.4 %	\$	145.7	9.6 %	\$	448.7	7.8 %	\$	412.9	
<b>IFRS SG&amp;A</b>	\$	59.4	4.3 %	\$	65.5	4.3 %	\$	230.7	4.0 %	\$	228.0	
Employee SBC expense		(2.9)			(5.6)			(14.7)			(14.7)	
<b>Non-IFRS adjusted SG&amp;A</b>	\$	56.5	4.1 %	\$	59.9	4.0 %	\$	216.0	3.8 %	\$	213.3	
<b>IFRS earnings before income taxes</b>	\$	26.4	1.9 %	\$	41.6	2.8 %	\$	90.2	1.6 %	\$	88.5	
Finance costs		9.1			8.3			37.7			37.7	
Employee SBC expense		5.1			9.2			25.8			25.8	
Amortization of intangible assets (excluding computer software)		4.9			7.8			21.8			21.8	
Other Charges		4.5			7.4			23.5			23.5	
<b>Non-IFRS operating earnings (adjusted EBIAT)/operating margin <sup>(1)</sup></b>	\$	50.0	3.6 %	\$	74.3	4.9 %	\$	199.0	3.5 %	\$	197.3	
<b>IFRS net earnings</b>	\$	20.1	1.4 %	\$	31.9	2.1 %	\$	60.6	1.1 %	\$	59.5	
Employee SBC expense		5.1			9.2			25.8			25.8	
Amortization of intangible assets (excluding computer software)		4.9			7.8			21.8			21.8	
Other Charges		4.5			7.4			23.5			23.5	
Adjustments for taxes <sup>(2)</sup>		(1.3)			(1.1)			(5.1)			(5.1)	
<b>Non-IFRS adjusted net earnings</b>	\$	33.3		\$	55.2		\$	126.6		\$	126.6	
<b>Diluted EPS</b>												
Weighted average # of shares (in millions)		129.1			124.8			129.1			124.8	
<b>IFRS earnings per share</b>	\$	0.16		\$	0.26		\$	0.47		\$	0.48	
<b>Non-IFRS adjusted earnings per share</b>	\$	0.26		\$	0.44		\$	0.98		\$	1.00	
# of shares outstanding at period end (in millions)		129.1			124.7			129.1			124.7	
<b>IFRS cash provided by operations</b>	\$	49.7		\$	65.8		\$	239.6		\$	239.6	
Purchase of property, plant and equipment, net of sales proceeds		(18.8)			(14.3)			(51.0)			(51.0)	
Lease payments <sup>(3)</sup>		(5.8)			(10.0)			(33.7)			(33.7)	
Finance Costs paid (excluding debt issuance costs paid) <sup>(3)</sup>		(6.6)			(5.9)			(28.9)			(28.9)	
<b>Non-IFRS free cash flow <sup>(3)</sup></b>	\$	18.5		\$	35.6		\$	126.0		\$	126.0	
<b>IFRS ROIC</b>		6.6 %			9.3 %			5.6 %			5.6 %	
<b>Non-IFRS adjusted ROIC <sup>(4)</sup></b>		12.4 %			16.6 %			12.4 %			12.4 %	

(1) Management uses non-IFRS operating earnings (adjusted EBIAT) as a measure to assess performance related to our core operations. Non-IFRS adjusted EBIAT is defined as earnings (loss) before income taxes, Finance Costs (defined above), employee SBC expense, amortization of intangible assets (excluding computer software), Other Charges (recoveries) (defined above), and in applicable periods, acquisition inventory fair value adjustments. See "Operating Results — Other charges (recoveries)" for separate quantification and discussion of the components of Other Charges (recoveries).

(2) The adjustments for taxes, as applicable, represent the tax effects of our non-IFRS adjustments and non-core tax impacts (see below).

The following table sets forth a reconciliation of our IFRS tax expense and IFRS effective tax rate to our non-IFRS adjusted tax expense and our non-IFRS adjusted effective tax rate for the periods indicated, in each case determined by excluding the tax benefits or costs associated with the listed items (in millions, except percentages) from our IFRS tax expense for such periods:

	Three months ended				Year ended			
	December 31				December 31			
	2020	Effective tax rate	2021	Effective tax rate	2020	Effective tax rate	2021	Effective tax rate
IFRS tax expense and IFRS effective tax rate	\$ 6.3	24 %	\$ 9.7	23 %	\$ 29.6	33 %	\$ 32.1	24 %
Tax costs (benefits) of the following items excluded from IFRS tax expense:								
Employee SBC expense	0.5		(0.1)		1.7		2.8	
Amortization of intangible assets (excluding computer software)	—		0.5		—		0.5	
Other Charges	0.2		0.7		2.4		1.4	
Non-core tax impacts related to tax uncertainties*	(1.1)		—		(0.7)		—	
Non-core tax impact related to prior acquisition**	1.7		—		1.7		—	
Non-core tax impact related to restructured sites***	—		—		—		1.1	
Non-IFRS adjusted tax expense and non-IFRS adjusted effective tax rate	<u>\$ 7.6</u>	19 %	<u>\$ 10.8</u>	16 %	<u>\$ 34.7</u>	22 %	<u>\$ 37.9</u>	19 %

\* Consists of the reversal of certain tax uncertainties related to a prior acquisition that became statute-barred in such periods and related settlements.

\*\* Consists of deferred tax adjustments attributable to our acquisition of Impakt.

\*\*\* Consists of the reversals of tax uncertainties related to one of our Asian subsidiaries that completed its liquidation and dissolution during Q1 2021.

- (3) Management uses non-IFRS free cash flow as a measure, in addition to IFRS cash provided by (used in) operations, to assess our operational cash flow performance. We believe non-IFRS free cash flow provides another level of transparency to our liquidity. Non-IFRS free cash flow is defined as cash provided by (used in) operations after the purchase of property, plant and equipment (net of proceeds from the sale of certain surplus equipment and property), lease payments and Finance Costs paid (excluding any debt issuance costs and when applicable, Waiver Fees paid). We do not consider debt issuance costs (\$3.6 million paid in Q4 2021 and the full year 2021; nil and \$0.6 million paid in Q4 2020 and the full year 2020, respectively) or such Waiver Fees (when applicable) to be part of our ongoing financing expenses. As a result, these costs are excluded from total Finance Costs paid in our determination of non-IFRS free cash flow. Note, however, that non-IFRS free cash flow does not represent residual cash flow available to Celestica for discretionary expenditures.
- (4) Management uses non-IFRS adjusted ROIC as a measure to assess the effectiveness of the invested capital we use to build products or provide services to our customers, by quantifying how well we generate earnings relative to the capital we have invested in our business. Non-IFRS adjusted ROIC is calculated by dividing non-IFRS adjusted EBIAT by average net invested capital. Net invested capital (calculated in the table below) is derived from IFRS measures, and is defined as total assets less: cash, ROU assets, accounts payable, accrued and other current liabilities, provisions, and income taxes payable. We use a two-point average to calculate average net invested capital for the quarter and a five-point average to calculate average net invested capital for the year. For example, the average net invested capital for Q4 2021 is calculated using the average of the net invested capital as at September 30, 2021 and December 31, 2021. A comparable measure under IFRS would be determined by dividing IFRS earnings (loss) before income taxes by average net invested capital.

The following table sets forth, for the periods indicated, our calculation of IFRS ROIC % and non-IFRS adjusted ROIC % (in millions, except IFRS ROIC % and non-IFRS adjusted ROIC %).

	Three months ended		Year ended		
	December 31		December 31		
	2020	2021	2020	2021	
IFRS earnings before income taxes	\$ 26.4	\$ 41.6	\$ 90.2	\$ 136.0	
Multiplier to annualize earnings	4	4	1	1	
Annualized IFRS earnings before income taxes	\$ 105.6	\$ 166.4	\$ 90.2	\$ 136.0	
Average net invested capital for the period	\$ 1,610.0	\$ 1,794.9	\$ 1,600.1	\$ 1,682.2	
IFRS ROIC % <sup>(1)</sup>	6.6 %	9.3 %	5.6 %	8.1 %	
	Three months ended		Year ended		
	December 31		December 31		
	2020	2021	2020	2021	
Non-IFRS operating earnings (adjusted EBIAT)	\$ 50.0	\$ 74.3	\$ 199.0	\$ 233.9	
Multiplier to annualize earnings	4	4	1	1	
Annualized non-IFRS adjusted EBIAT	\$ 200.0	\$ 297.2	\$ 199.0	\$ 233.9	
Average net invested capital for the period	\$ 1,610.0	\$ 1,794.9	\$ 1,600.1	\$ 1,682.2	
Non-IFRS adjusted ROIC % <sup>(1)</sup>	12.4 %	16.6 %	12.4 %	13.9 %	
	December 31	March 31	June 30	September 30	December 31
	2020	2021	2021	2021	2021
Net invested capital consists of:					
Total assets	\$ 3,664.1	\$ 3,553.4	\$ 3,745.4	\$ 4,026.1	\$ 4,666.9
Less: cash	463.8	449.4	467.2	477.2	394.0
Less: ROU assets	101.0	98.4	100.5	115.4	113.8
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable	1,478.4	1,407.0	1,575.8	1,800.8	2,202.0
Net invested capital at period end <sup>(1)</sup>	\$ 1,620.9	\$ 1,598.6	\$ 1,601.9	\$ 1,632.7	\$ 1,957.1
	December 31	March 31	June 30	September 30	December 31
	2019	2020	2020	2020	2020
Net invested capital consists of:					
Total assets	\$ 3,560.7	\$ 3,537.8	\$ 3,788.1	\$ 3,789.3	\$ 3,664.1
Less: cash	479.5	472.1	435.9	451.4	463.8
Less: ROU assets	104.1	96.9	94.4	101.2	101.0
Less: accounts payable, accrued and other current liabilities, provisions and income taxes payable	1,341.7	1,397.5	1,684.1	1,637.6	1,478.4
Net invested capital at period end <sup>(1)</sup>	\$ 1,635.4	\$ 1,571.3	\$ 1,573.7	\$ 1,599.1	\$ 1,620.9

(1) See footnote 4 on the previous page.

**Recently issued accounting pronouncements:**

See note 2 to the 2021 AFS for a discussion of the following: our adoption of IFRS 16, *Leases*, effective as of January 1, 2019, our adoption of Interest Rate Benchmark (IBOR) Reform (Phase 1 amendments to IFRS 9, IAS 39, and IFRS 7) effective January 1, 2020, and our adoption of IBOR Reform (Phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16) effective January 1, 2021. Upon initial adoption of IFRS 16, we recognized ROU assets of \$111.5 million and related lease obligations of \$112.0 million, and reduced our accrued liabilities by \$0.5 million on our consolidated balance sheet as of January 1, 2019. The Phase 1 IBOR Reform amendments did not have a significant impact on our disclosures or the amounts reported in our consolidated financial statements for the year ended December 31, 2020. The Phase 2 IBOR Reform amendments did not have a significant impact on our disclosures or the amounts reported in our consolidated financial statements for the year ended December 31, 2021. We will continue to monitor relevant developments, and will evaluate the impact of the Phase 2 amendments on our consolidated financial statements as IBOR reform progresses. We do not believe that there are any recently issued accounting pronouncements that are not yet effective that will have a material impact on our consolidated financial statements upon adoption.

**Research and development, patents and licenses, etc.**

The information required by this item is set forth above in Item 4(B) "Information on the Company — Business Overview — Research and Technology Development."

**Trend Information**

The information required by this item is set forth above in "Overview," "Operating Results," and "Liquidity and Capital Resources," in Item 3(D), Key Information — Risk Factors, and in Item 4(B), Information on the Company — Business Overview.

**Critical Accounting Estimates**

See "Critical Accounting Estimates" above.

**Off-Balance Sheet Arrangements**

Not applicable.

## Item 6. Directors, Senior Management and Employees

### A. Directors and Senior Management

Each director of Celestica is elected by the shareholders to serve until the close of the next annual meeting of shareholders or until a successor is elected or appointed, unless such office is earlier vacated in accordance with the Corporation's by-laws. The following table sets forth certain information regarding the current directors and executive officers of Celestica as of February 22, 2022.

<u>Name</u>	<u>Age</u>	<u>Director Since</u>	<u>Position with Celestica</u>	<u>Residence</u>
Michael M. Wilson <sup>(1)</sup>	70	2011	Chair of the Board	Alberta, Canada
Robert A. Cascella	67	2019	Director	Florida, U.S.
Deepak Chopra	58	2018	Director	Ontario, Canada
Daniel P. DiMaggio	71	2010	Director	Georgia, U.S.
Laurette T. Koellner	67	2009	Director	Florida, U.S.
Luis A. Müller <sup>(2)</sup>	52	2021	Director	California, U.S.
Carol S. Perry	71	2013	Director	Ontario, Canada
Tawfiq Popatia	47	2017	Director	Ontario, Canada
Eamon J. Ryan <sup>(3)</sup>	76	2008	Director	Ontario, Canada
Robert A. Mionis	59	2015	Director, President and Chief Executive Officer	New Hampshire, U.S.

<u>Name</u>	<u>Age</u>	<u>Executive Officer Since</u>	<u>Position with Celestica</u>	<u>Residence</u>
Mandeep Chawla	45	2017	Chief Financial Officer	Ontario, Canada
Yann Etienvre <sup>(4)</sup>	48	2022	Chief Operations Officer	Massachusetts, U.S.
Todd C. Cooper <sup>(4)</sup>	52	2018	President, ATS	Connecticut, U.S.
Jason Phillips	47	2019	President, CCS	North Carolina, U.S.

(1) Mr. Wilson was appointed Chair of the Board effective January 29, 2020.

(2) Appointed as a director effective August 31, 2021.

(3) Mr. Ryan is not standing for re-election to the Board of Directors at the Corporation's 2022 Annual Meeting of Shareholders.

(4) Effective January 1, 2022, Mr. Cooper was appointed President, ATS and Mr. Etienvre was appointed Chief Operations Officer. Mr. Lawless stepped down from his position as President, ATS effective December 31, 2021, but continues to serve as a special advisor to Mr. Mionis.

The following is a brief biography of each of Celestica's directors, director nominees and executive officers:

**Michael M. Wilson.** Mr. Wilson is Chair of the Board. He has served on the Board since 2011, and has been a corporate director since 2013. Until his retirement in December 2013, he was the President and Chief Executive Officer, and a director, of Agrium Inc. (a public agricultural crop inputs company that subsequently merged with Potash Corporation of Saskatchewan Inc. to form Nutrien Ltd.). He has over 30 years of international and executive management experience. Prior to joining Agrium Inc., Mr. Wilson served as President of Methanex Corporation (a public company), and held various senior positions in North America and Asia during his 18 years with The Dow Chemical Company (a public company). Mr. Wilson also currently serves (since 2014) on the board of directors of Air Canada and Suncor Energy Inc., and previously served on the board of directors of Finning International Inc. (each a public company), and was also the past Chair of the Calgary Prostate Cancer Centre. He holds a degree in Chemical Engineering from the University of Waterloo.



**Robert A. Cascella.** Mr. Cascella retired from Royal Philips, a public Dutch multinational healthcare company, in 2021, where he most recently served as Special Advisor and Strategic Business Development Leader. From 2015 to 2020, he served as Executive Vice President of Royal Philips and Chief Executive Officer of Philips' Diagnosis and Treatment businesses, including businesses serving Radiology, Cardiology and Oncology, as well as Enterprise Diagnostic Informatics. Mr. Cascella has also served on Philips' Executive Committee from 2016 to 2021. Since 2021, he has served on the board of directors of Neuronetics, Inc., a Nasdaq-listed medical device company, Mirion Technologies, a NYSE-listed provider of nuclear and radiation measurement and detection systems, and Metabolon Inc., a private company using metabolomics to assist in the discovery of biomarkers. Mr. Cascella served as the President and Chief Executive Officer of Hologic, Inc., a public medical device and diagnostics company, from 2003 to 2013. He has also held senior leadership positions at CFG Capital, NeoVision Corporation and Fischer Imaging Corporation. Mr. Cascella served on Hologic, Inc.'s board of directors from 2008 to 2013. He also previously served on the board of Tegra Medical and acted as chair of the boards of Dysis Medical and Mirada Medical. He holds a Bachelor's degree in Accounting from Fairfield University.

**Deepak Chopra.** Mr. Chopra most recently served as President and Chief Executive Officer of Canada Post Corporation from February 2011 to March 2018. He has more than 30 years of global experience in the financial services, technology, logistics and supply-chain industries. Mr. Chopra worked for Pitney Bowes Inc., an NYSE-traded technology company known for postage meters, mail automation and location intelligence services, for more than 20 years. He served as President of Pitney Bowes Canada and Latin America from 2006 to 2010. He held a number of increasingly senior executive roles internationally, including President of its new Asia Pacific and Middle East region from 2001 to 2006 and Chief Financial Officer for the Europe, Africa and Middle East (EAME) region from 1998 to 2001. He has previously served on the boards of Canada Post Corporation, Purolator Inc., SCI Group, the Canada Post Community Foundation, the Toronto Region Board of Trade and the Conference Board of Canada. He currently sits on the board of The North West Company Inc., a Toronto Stock Exchange (TSX)-traded retailer (since 2018), The Descartes Systems Group Inc. a TSX and Nasdaq-listed logistics company (since 2020), and Sun Life Financial Inc., a TSX and NYSE-listed international financial services organization (since 2021). Mr. Chopra is a Fellow of the Institute of Chartered Professional Accountants of Canada and has a Bachelor's degree in Commerce (Honours) and a Master's Degree in Business Management (PGDBM).

**Daniel P. DiMaggio.** Mr. DiMaggio is a corporate director. Prior to retiring in 2006, he spent 35 years with United Parcel Services (UPS) (a public company), most recently as Chief Executive Officer of the UPS Worldwide Logistics Group. Prior to leading UPS' Worldwide Logistics Group, Mr. DiMaggio held a number of positions at UPS with increasing responsibility, including leadership roles for the UPS International Marketing Group, as well as the Industrial Engineering function. In addition to his senior leadership roles at UPS, Mr. DiMaggio was a member of the board of directors of Greatwide Logistics Services, Inc. and CEVA Logistics (a public company). He holds a Bachelor of Science degree from the Lowell Technological Institute (now the University of Massachusetts Lowell).

**Laurette T. Koellner.** Ms. Koellner is a corporate director. She most recently served as Executive Chairman of International Lease Finance Corporation, an aircraft leasing subsidiary of American International Group, Inc. (AIG) from 2012 until its sale in 2014. Ms. Koellner retired as President of Boeing International, a division of The Boeing Company, in 2008. While at Boeing, she was a member of the Office of the Chairman and served as the Executive Vice President, Internal Services, Chief Human Resources and Administrative Officer, President of Shared Services, and Corporate Controller. Ms. Koellner currently serves on the board of directors of Papa John's International, Inc. (since 2014), The Goodyear Tire & Rubber Company (since 2015), and Nucor Corporation (since 2015), all public companies. Ms. Koellner previously served on the board of directors and was the Chair of the Audit Committee of Hillshire Brands Company (a public company, formerly Sara Lee Corporation and now merged with Tyson Foods, Inc.), and on the board of directors of AIG (a public company). She holds a Bachelor of Science degree in Business Management from the University of Central Florida and a Master of Business Administration from Stetson University, as well as a Certified Professional Contracts Manager designation from the National Contracts Management Association.

**Luis A. Müller.** Dr. Müller has 25 years of business and technical leadership in the semiconductor industry. In 2014, he assumed his current role as Chief Executive Officer and board member of Cohu, Inc. a Nasdaq-listed global leader in back-end semiconductor equipment and services. Prior to joining Cohu, Dr. Müller cofounded Kinetrix, Inc. and later joined Teradyne, a Nasdaq-listed advanced test solutions company, when it acquired Kinetrix. Dr. Müller has a PhD in mechanical engineering from the Massachusetts Institute of Technology and a BS and MS in mechanical engineering from Universidade Federal Santa Catarina.

**Carol S. Perry.** Ms. Perry is a corporate director. She most recently served on the Independent Review Committees of mutual funds managed by 1832 Asset Management L.P., a mutual fund manager and wholly-owned affiliate of The Bank of Nova Scotia (2011-2020), and of investment funds managed by Jarislowsky Fraser Limited and MD Financial Management Inc., which are subsidiaries of The Bank of Nova Scotia (2018-2020). Previously, she was a Commissioner of the Ontario Securities Commission, and has served on adjudicative panels and acted as a director and Chair of its Governance and Nominating Committee. With over 20 years of experience in the investment industry as an investment banker, Ms. Perry held senior positions with leading financial services companies including RBC Capital Markets, Richardson Greenshields of Canada Limited and CIBC World Markets and later founded MaxxCap Corporate Finance Inc., a financial advisory firm. She is a former director of Softchoice Corporation, Atomic Energy of Canada Limited and DALSA Corporation. Ms. Perry has a Bachelor of Engineering Science (Electrical) degree from the University of Western Ontario and a Master of Business Administration degree from the University of Toronto. She also holds the professional designation ICD.D from the Institute of Corporate Directors.

**Tawfiq Popatia.** Mr. Popatia has been a Senior Managing Director of Onex\* since 2020 and leads its efforts in automation, aerospace and defense, and other transportation-focused industries. He joined Onex in 2007, and has led several of Onex Partners' investments in these sectors. He previously served as a Managing Director of Onex from 2014 to 2020. Prior to joining Onex, Mr. Popatia worked at the private equity firm of Hellman & Friedman LLC and in the Investment Banking Division of Morgan Stanley & Co. Mr. Popatia currently serves on the boards of WestJet, a Canadian airline, Advanced Integration Technology, an aerospace automation company, and BBAM, a provider of commercial jet aircraft leasing, financing and management. He previously served on the board of Spirit AeroSystems (a public company), and is a former Employer Trustee of the International Association of Machinists National Pension Fund. Mr. Popatia holds a Bachelor of Science degree in Microbiology and a Bachelor of Commerce degree in Finance from the University of British Columbia.

\* Onex holds an 81.5% voting interest in Celestica. See "Controlling Shareholder Interest" under Item 4(B) above.

**Eamon J. Ryan.** Mr. Ryan is a corporate director. He is the former Vice President and General Manager, Europe, Middle East and Africa for Lexmark International Inc. (a public company). Prior to that, he was the Vice President and General Manager, Printing Services and Solutions Manager, Europe, Middle East and Africa. Mr. Ryan joined Lexmark International Inc. in 1991 as the President of Lexmark Canada. Prior to that, he spent 22 years at IBM Canada, where he held a number of sales and marketing roles in its Office Products and Large Systems divisions. Mr. Ryan's last role at IBM Canada was Director of Operations for its Public Sector, a role he held from 1986 to 1990. He holds a Bachelor of Arts degree from the University of Western Ontario.

**Robert A. Mionis.** Mr. Mionis has been President and CEO of the Corporation since August 1, 2015. Mr. Mionis is responsible for the Corporation's overall leadership, strategy and vision. In conjunction with the Board of Directors, he develops the Corporation's overall strategic plan, including the corporate goals and objectives as well as our approach to risk management. He is focused on positioning the Corporation for long-term profitable growth and ensuring the success of Celestica's customers around the world. From July 2013 until August 2015, he was an Operating Partner at Pamplona Capital Management (Pamplona), a global private equity firm, where he supported several companies across a broad range of industries, including the industrial, aerospace, healthcare and automotive industries. Before joining Pamplona, Mr. Mionis served as President and CEO of StandardAero, leading the company through a period of significant revenue and profitability growth. Over the course of his career, he has held a number of operational and service roles at companies in the aerospace, industrial and semiconductor markets, including General Electric and Axcelis Technologies (each a public company), AlliedSignal, and Honeywell. Mr. Mionis served on the board of directors of Shawcor Ltd., a TSX-listed energy services company, from 2018 through 2021. He holds a Bachelor of Science in Electrical Engineering from the University of Massachusetts.

**Mandeep Chawla.** Mr. Chawla has been Chief Financial Officer (CFO) of the Corporation since October 2017. Mr. Chawla is responsible for the planning and management of short and long-term financial performance and reporting activities. He assists the CEO in setting the strategic direction and financial goals of the Corporation, and manages overall capital allocation activities in order to maximize shareholder value. He provides oversight on risk management and governance matters, and leads the communication and relationship management activities with key financial stakeholders. Since joining Celestica in 2010, Mr. Chawla has held progressively senior roles in the Corporation before assuming the role of CFO in 2017. Prior to joining Celestica, he held senior financial management roles with MDS Inc., Tyco International, and General Electric. Mr. Chawla was appointed to the Board of Directors of Sleep Country Canada Holdings Inc., a TSX-listed mattress and bedding retailer, effective August 20, 2020. Mr. Chawla holds a Master of Finance degree from Queen's University and a Bachelor of Commerce degree from McMaster University. He is a CPA, CMA.

**Todd C. Cooper.** Mr. Cooper joined Celestica as Chief Operations Officer in 2018, and held that role until January 1, 2022, when he was appointed President, ATS. As Chief Operations Officer, Mr. Cooper was responsible for driving operational and supply chain excellence, quality and technology innovation throughout the Corporation, as well as for the enablement of processes that drive value creation. He also led the Corporation's operations, supply chain, quality, global business services and information technology teams. As President, ATS, Mr. Cooper is responsible for strategy development, deployment and execution of Celestica's A&D, Capital Equipment, HealthTech, Industrial and Energy businesses, as well as for PCI. Mr. Cooper has over 25 years of experience in operations leadership and advisory roles, including considerable experience in developing and implementing operational strategies to drive large-scale improvements for global organizations. Prior to joining Celestica, Mr. Cooper led supply chain, procurement, logistics, and sustainability value creation efforts at KKR, a global investment firm, from 2008 to 2018. Prior to that, he was the Vice President of Global Sourcing in Honeywell's Aerospace Division. He previously held various management roles at Storage Technology Corporation, McKinsey & Company, and served as a Captain in the U.S. Army. He holds a Bachelor of Science in Engineering from the U.S. Military Academy at West Point, a Master of Science in Mechanical Engineering from the Massachusetts Institute of Technology and an MBA from the MIT Sloan School of Management.

**Yann Etienvre.** Mr. Etienvre was appointed as Chief Operations Officer effective January 1, 2022 after serving as a special advisor upon joining Celestica on November 27, 2021. As Chief Operations Officer, he is responsible for driving operational and supply chain excellence, quality and technology innovation throughout the Corporation, as well as for the enablement of processes that drive value creation. As part of his role, he leads the operations, supply chain, quality, global business services and information technology teams. Prior to joining Celestica, he held various leadership roles with Sensata Technologies, an NYSE-listed global technology company, from 2013 to 2021. Most recently from 2019 to 2021, he served as Executive Vice-President where he was responsible for global operations, sourcing, logistics and compliance. Mr. Etienvre has held commercial and operational leadership roles throughout Asia, Europe and the Americas, and has worked in various business sectors, such as automotive, healthcare, industrial equipment and electrical controls. He holds an EMBA from Marquette University and Bachelor of Science in Mechanical Engineering from the National Institute of Applied Sciences in Lyon, France.

**Jason Phillips.** Mr. Phillips was appointed President, CCS, effective January 1, 2019. In this role, he is responsible for strategy and technology development, deployment and execution for Celestica's enterprise and communications businesses. His responsibilities include the strategic development of our HPS business (which includes firmware/software enablement across all primary IT infrastructure data center technologies and aftermarket services) and our new center of excellence in Richardson, Texas, which expands our HPS engineering network and increases our North America manufacturing capacity. Mr. Phillips joined Celestica in 2008 and held progressively senior roles within the Corporation's CCS business, most recently as Senior Vice President, Enterprise and Cloud Solutions. Prior to joining Celestica, he held the role of Vice President and General Manager, Personal Communications at Elcoteq, and spent five years at Solectron in senior roles spanning sales, global account management, business unit leadership, and operations. Mr. Phillips holds a Bachelor of Science in Business Administration from the University of North Carolina, Chapel Hill.

There are no family relationships among any of the foregoing persons, and there are no arrangements or understandings with any person pursuant to which any of our directors or executive officers were selected.

None of the directors of the Corporation during 2021, current directors or 2022 Meeting nominees serve together as directors of other corporations.

The following table identifies the functional competencies, expertise and qualifications of the Corporation's 2022 Meeting nominees pursuant to a skills matrix developed by the NCGC to identify functional competencies, expertise and qualifications that our Board would ideally possess:

	Robert A. Casella	Deepak Chopra	Daniel P. DiLuggio	Laurette T. Koeller	Robert A. Mironis	Luis A. Müller	Carol S. Pery	Tawfiq Popatia	Michael M. Wilson
<b>Skills</b>									
Service on Other Public (For-Profit) Company Boards	✓	✓		✓	✓	✓	✓	✓	✓
Senior Officer or CEO Experience	✓	✓	✓	✓	✓	✓	✓	✓	✓
Financial Literacy	✓	✓	✓	✓	✓	✓	✓	✓	✓
Europe and/or Asia Business Development	✓	✓	✓	✓	✓	✓	✓	✓	✓
Marketing and Sales	✓	✓	✓	✓	✓	✓	✓	✓	✓
Operations (supply chain management and manufacturing)	✓	✓	✓	✓	✓	✓	✓	✓	✓
Strategy Deployment / Business Transformation	✓	✓	✓	✓	✓	✓	✓	✓	✓
M&A / Business Integration	✓	✓	✓	✓	✓	✓	✓	✓	✓
Talent Development and Succession Planning	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk Management				✓	✓	✓			✓
IT and Cybersecurity		✓		✓	✓				
Finance and Treasury	✓	✓		✓			✓	✓	
ESG	Environmental and Social	✓	✓	✓	✓	✓	✓	✓	✓
	Governance	✓	✓	✓	✓	✓	✓	✓	✓
<b>Markets</b>									
Experience in Markets Served by the Corporation	✓	✓	✓	✓	✓	✓	✓	✓	✓

## B. Compensation

### Director Compensation

Director compensation is set by the Board on the recommendation of the Human Resources and Compensation Committee (HRCC) and in accordance with director compensation guidelines and principles established by the NCGC. Under these guidelines and principles, the Board seeks to maintain director compensation at a level that is competitive with director compensation at comparable companies, and requires a substantial portion of such compensation to be taken in the form of DSUs (or, at a director's election, RSUs, if the Director Share Ownership Guidelines described below have been met). The director fee structure for 2021 is set forth in Table 1 below.

**Table 1: Directors' Fees<sup>(1)</sup>**

Element	Director Fee Structure for 2021 <sup>(2)</sup>
Annual Board Retainer <sup>(3)</sup>	\$360,000 — Board Chair \$235,000 — Directors
Travel Fees <sup>(4)</sup>	\$2,500
Annual Retainer for the Audit Committee Chair	\$20,000
Annual Retainer for the HRCC Chair	\$15,000
Annual Retainer for the NCGC Chair <sup>(5)</sup>	—

<sup>(1)</sup> Does not include Mr. Mionis, President and CEO of the Corporation, whose compensation is set out in Table 16. Does not include fees payable to Onex for the service of Mr. Popatia as a director, which are described in footnote 9 to Table 2.

<sup>(2)</sup> Directors may also receive further retainers and meeting fees for participation on *ad hoc* committees. No incremental fees were paid to directors for their participation on the Director Search Committee during 2021. The Board has the discretion to grant supplemental equity awards to individual directors as deemed appropriate (no such discretion was exercised in 2021).

<sup>(3)</sup> Paid on a quarterly basis.

<sup>(4)</sup> Payable only to directors who travel outside of their home state or province to attend a Board or Committee meeting. Travel fees were suspended as of March 2020 as Board/Committees meetings had been held virtually due to COVID-19. However, travel fees were paid to directors who traveled outside of their home state or province to attend in person the October 2021 Board meetings, which were held as hybrid virtual and in-person meetings.

<sup>(5)</sup> The Chair of the Board also served as the Chair of the NCGC in 2021, for which no additional fee was paid.

### DSU/RSU Election

Each director must elect to receive 0%, 25% or 50% of their annual board fees, committee chair retainer fees and travel fees (collectively, Annual Fees) in cash, with the balance in DSUs, until such director has satisfied the requirements of the Director Share Ownership Guidelines described (and defined) under *Director Share Ownership Guidelines* below. Once a director has satisfied such requirements, the director may then elect to receive 0%, 25% or 50% of their Annual Fees in cash, with the balance either in DSUs or RSUs. If a director does not make an election, 100% of such director's Annual Fees will be paid in DSUs.

Annual Fee Election				
Prior to Satisfaction of Director Share Ownership Guidelines		After Satisfaction of Director Share Ownership Guidelines		
Option 1	Option 2	Option 1	Option 2	Option 3
100% DSUs	(i) 25% Cash + 75% DSUs or (ii) 50% Cash + 50% DSUs	(i) 100% DSUs or (ii) 100% RSUs	(i) 25% Cash + 75% DSUs or (ii) 50% Cash + 50% DSUs	(i) 25% Cash + 75% RSUs or (ii) 50% Cash + 50% RSUs

Subject to the terms of the Directors' Share Compensation Plan, each DSU represents the right to receive one SVS or an equivalent value in cash (at the Corporation's discretion) when the director (a) ceases to be a director of the Corporation and (b) is not an employee of the Corporation or a director or employee of any corporation that does not deal at arm's-length with the Corporation (collectively, Retires). RSUs granted to directors are governed by the terms of the Corporation's Long-Term Incentive Plan (LTIP). Each quarterly grant of RSUs will vest in installments of one-third per year on the first, second and third anniversary dates of the grant. Each vested RSU entitles the holder thereof to one SVS; however, if permitted by the Corporation under the terms of the grant, a director may elect to receive a payment of cash in lieu of SVS. Unvested RSUs will vest immediately on the date that the director Retires. DSUs that vest on retirement will be settled on the date that is 45 days following the date on which the director Retires, or the following business day if the 45th day is not a business day (Valuation Date), or as soon as practicable thereafter. The amount used to cash-settle DSUs (if applicable) will be based on the closing price of the SVS on the Valuation Date. DSUs will in all cases be redeemed and payable on or prior to the 90<sup>th</sup> day following the date on which the director Retires.

Grants of DSUs and RSUs to directors are credited quarterly in arrears. The number of DSUs and RSUs, as applicable, granted is calculated by multiplying the amount of such director's Annual Fees for the quarter by the percentage of the Annual Fees that the director elected to receive in the form of DSUs or RSUs, as applicable, and dividing the product by the closing price of the SVS on the New York Stock Exchange (NYSE) on the last business day of the quarter for DSUs and the closing price of the SVS on the NYSE on the trading day preceding the date of grant for RSUs.

#### Directors' Fees Earned in 2021

All compensation paid in 2021 by the Corporation to its directors is set out in Table 2, except for the compensation of Mr. Mionis, President and CEO of the Corporation, which is set out in Table 16. The Board earned \$1,888,587 in Total Annual Fees in respect of 2021, including total grants of \$897,707 in DSUs and \$482,473 in RSUs (excluding fees paid to Mr. Mionis, whose compensation is set out in Table 16, and fees payable to Onex for the service of Mr. Popatia as a director, which are described in footnote 9 to Table 2).

**Table 2: Director Fees Earned in Respect of 2021**

Name	Annual Fees Earned				Allocation of Annual Fees <sup>(1)(2)</sup>		
	Annual Board Retainer	Annual Committee Chair Retainer	Travel Fees	Total Fees	DSUs <sup>(3)</sup>	RSUs <sup>(3)</sup>	Cash <sup>(4)</sup>
Robert A. Cascella	\$235,000	\$10,096 <sup>(5)</sup>	\$2,500 <sup>(6)</sup>	\$247,596	\$123,798	—	\$123,798
Deepak Chopra	\$235,000	—	—	\$235,000	\$176,250	—	\$58,750
Daniel P. DiMaggio	\$235,000	—	—	\$235,000	\$176,250	—	\$58,750
Laurette T. Koellner	\$235,000	\$20,000 <sup>(7)</sup>	—	\$255,000	\$127,500	—	\$127,500
Luis A. Müller <sup>(8)</sup>	\$78,546	—	—	\$78,546	\$58,909	—	\$19,637
Carol S. Perry	\$235,000	—	—	\$235,000	\$235,000	—	—
Tawfiq Popatia <sup>(9)</sup>	—	—	—	—	—	—	—
Eamon J. Ryan	\$235,000	\$4,945 <sup>(5)</sup>	—	\$239,945	—	\$119,973 <sup>(10)</sup>	\$119,972
Michael M. Wilson	\$360,000	—	\$2,500 <sup>(6)</sup>	\$362,500	—	\$362,500	—

<sup>(1)</sup> Directors who had not satisfied the requirements of the Director Share Ownership Guidelines described below were required to elect to receive 0%, 25% or 50% of their 2021 Annual Fees (set forth in the "Total Fees" column above) in cash, with the balance in DSUs. Directors who had satisfied such requirements were required to elect to receive 0%, 25% or 50% of their 2021 Annual Fees in cash, with the balance either in DSUs or RSUs. The Annual Fees received by directors in DSUs for 2021 were credited quarterly, and the number of DSUs granted in respect of the amounts credited quarterly was determined using the closing price of the SVS on the NYSE on the last business day of each quarter, which was \$8.37 on March 31, 2021, \$7.85 on June 30, 2021, \$8.88 on September 30, 2021 and \$11.13 on December 31, 2021. The Annual Fees received by directors in RSUs for 2021 were credited quarterly, and the number of RSUs granted in respect of the amounts credited quarterly was determined using the closing price of the SVS on the NYSE on the last business day of each quarter for the first two quarters, which was \$8.37 on March 31, 2021 and \$7.85 on June 30, 2021, and was determined using the closing price of the SVS on the NYSE on the trading day preceding the day of the grant for the last two quarters, which was \$9.00 on September 29, 2021 and \$11.03 on December 30, 2021.

<sup>(2)</sup> For 2021, the directors elected to receive their Annual Fees as follows:

Director	Cash	DSUs	RSUs
Robert A. Cascella	50%	50%	—
Deepak Chopra	25%	75%	—
Daniel P. DiMaggio	25%	75%	—
Laurette T. Koellner	50%	50%	—
Luis A. Müller	25%	75%	—
Carol S. Perry	—	100%	—
Eamon J. Ryan	50%	—	50%
Michael M. Wilson	—	—	100%

<sup>(3)</sup> Amounts in this column represent the grant date fair value of the units issued in respect of 2021 Annual Fees which is the same as their accounting value.

<sup>(4)</sup> Amounts in this column represent the portion of 2021 Annual Fees paid in cash.

<sup>(5)</sup> Represents the annual retainer for the Chair of the HRCC. Mr. Ryan served as Chair of the HRCC from January 1 to April 29, 2021 and received a prorated annual Chair retainer as appropriate. Mr. Cascella was appointed Chair of the HRCC effective as of the close of the Annual Meeting of Shareholders held on April 29, 2021, and received a prorated annual Chair retainer as appropriate.

<sup>(6)</sup> Travel fees were suspended in March 2020 as Board/Committee meetings have been held virtually due to COVID-19; however, travel fees were paid to directors who traveled outside of their home state or province to attend in person the October 2021 Board meetings, which were held as hybrid virtual and in-person meetings.

<sup>(7)</sup> Represents the annual retainer for the Chair of the Audit Committee.

<sup>(8)</sup> Dr. Müller was appointed to the Board of Directors effective August 31, 2021. For August 31, 2021 to September 30, 2021, Dr. Müller received a prorated quarterly annual Board retainer.

<sup>(9)</sup> Mr. Popatia is an officer of Onex and did not receive any compensation in his capacity as a director of the Corporation in 2021; however, Onex received compensation for providing the services of Mr. Popatia as a director in 2021 pursuant to a Services Agreement between the Corporation and Onex, entered into on January 1, 2009 (as amended January 1, 2017, the Services Agreement). The Services Agreement automatically renews for successive one-year terms unless the Corporation or Onex provide notice of intent not to renew. The Services Agreement terminates automatically and the rights of Onex to receive compensation (other than accrued and unpaid compensation) will terminate (a) 30 days after the first day on which Onex ceases to hold at least one MVS of Celestica or any successor company or (b) the date Mr. Popatia ceases to be a director of Celestica, for any reason. Onex receives compensation under the Services Agreement in an amount equal to \$235,000 per year (consistent with current annual Board retainer fees) payable in DSUs in equal quarterly installments in arrears. The number of DSUs is determined using the closing price of the SVS on the NYSE on the last day of the fiscal quarter in respect of which the instalment is to be credited.

<sup>(10)</sup> In 2021, 12,770 of the RSUs previously issued to Mr. Ryan vested and were settled in SVS (on a one-for-one basis) at his election.

## Directors' Ownership of Securities

### Outstanding Share-Based Awards

Information concerning all outstanding share-based awards as of December 31, 2021 made by the Corporation to each director (other than Mr. Mionis, whose information is set out in Table 17), including awards granted prior to 2021, is set out in Table 3. Such awards consist of DSUs and RSUs. DSUs granted to the individuals set forth below may only be settled in SVS purchased in the open market or an equivalent value in cash (at the discretion of the Corporation). RSUs granted to directors are governed by the terms of the LTIP. Each vested RSU entitles the holder thereof to one SVS; however, if permitted by the Corporation under the terms of the grant, a director may elect to receive a payment of cash in lieu of SVS. No options to acquire SVS may currently be granted to directors under the LTIP, and no options previously granted to directors (or former directors) under the LTIP remain outstanding.

**Table 3: Outstanding Share-Based Awards**

Name	Number of Outstanding Securities		Market Value of Outstanding Securities <sup>(1)</sup>	
	DSUs (#)	RSUs (#)	DSUs (\$)	RSUs (\$)
Robert A. Cascella	50,883	—	\$566,328	—
Deepak Chopra	68,612	—	\$763,651	—
Daniel P. DiMaggio	262,270	—	\$2,919,065	—
Laurette T. Koellner	267,099	—	\$2,972,812	—
Luis A. Müller <sup>(2)</sup>	5,629	—	\$62,651	—
Carol S. Perry	222,127	—	\$2,472,274	—
Tawfiq Popatia <sup>(3)</sup>	—	—	—	—
Eamon J. Ryan	262,768	33,549	\$2,924,608	\$373,400
Michael M. Wilson	283,131	40,602	\$3,151,248	\$451,900

<sup>(1)</sup> The market value of DSUs and unvested RSUs was determined using a share price of \$11.13, which was the closing price of the SVS on the NYSE on December 31, 2021.

<sup>(2)</sup> Dr. Müller was appointed to the Board of Directors effective August 31, 2021.

<sup>(3)</sup> No share-based awards have been made to Mr. Popatia; however 317,564 DSUs have been issued to Onex (and are outstanding) pursuant to the Services Agreement since its inception, including 26,396 DSUs issued to Onex for the services of Mr. Popatia as a director of the Corporation in 2021. For further information see footnote 9 to Table 2.

**Director Share Ownership Guidelines**

All directors must meet our Director Share Ownership Guidelines within five years of joining the Board (unless they are employees or officers of the Corporation or Onex). The Director Share Ownership Guidelines require that a director hold SVS, DSUs and/or unvested RSUs with an aggregate value equal to 150% of the annual retainer and that the Chair of the Board hold SVS, DSUs and/or unvested RSUs with an aggregate value equal to 187.5% of the annual retainer of the Chair of the Board.

Each director's holdings of securities are reviewed annually as of December 31. The following table sets out whether each director standing for election at the next Annual Meeting of Shareholders was in compliance with the Director Share Ownership Guidelines as of December 31, 2021.

**Table 4: Shareholding Requirements**

Director <sup>(1)</sup>	Shareholding Requirements		
	Target Value as of December 31, 2021	Value as of December 31, 2021 <sup>(2)</sup>	Met Target as of December 31, 2021
Robert A. Cascella	\$352,500	\$566,328	Yes
Deepak Chopra	\$352,500	\$763,651	Yes
Daniel P. DiMaggio	\$352,500	\$2,919,065	Yes
Laurette T. Koellner	\$352,500	\$2,972,812	Yes
Luis A. Müller <sup>(3)</sup>	\$352,500	\$62,651	N/A
Carol S. Perry	\$352,500	\$2,472,274	Yes
Michael M. Wilson	\$675,000	\$3,825,748	Yes

<sup>(1)</sup> As President and CEO of the Corporation, Mr. Mionis is subject to the Executive Share Ownership Guidelines – see *Executive Share Ownership*. As an officer of Onex, Mr. Popatia is not subject to the Director Share Ownership Guidelines. Directors have five years from their appointment to comply with the Director Share Ownership Guidelines. Although applicable directors will not be deemed to have breached such Guidelines by reason of a decrease in the market value of the Corporation's securities, such directors are required to purchase further securities within a reasonable period of time after such occurrence to comply with the Director Share Ownership Guidelines.

<sup>(2)</sup> The value of the aggregate number of SVS, DSUs and/or unvested RSUs held by each director is determined using a share price of \$11.13, which was the closing price of the SVS on the NYSE on December 31, 2021.

<sup>(3)</sup> Dr. Müller was appointed to the Board of Directors effective August 31, 2021 and he is required to comply with the Director Share Ownership Guidelines within five years of his appointment.



## Director Attendance

Directors are expected to be prepared for and attend all Board and respective committee meetings. The following table sets forth the attendance of directors at Board meetings and at meetings of those standing committees of which they are members, from January 1, 2021 to February 22, 2022. All then-members of the Board attended the Corporation's 2021 Annual Meeting of Shareholders.

**Table 5: Directors' Attendance at Board and Committee Meetings**

Director	Board	Audit Committee	HRCC	NCGC	Meetings Attended %	
					Board	Committee
Robert A. Cascella	13 of 13	6 of 6	6 of 6	5 of 5	100%	100%
Deepak Chopra	12 of 13	6 of 6	6 of 6	5 of 5	92%	100%
Daniel P. DiMaggio	13 of 13	6 of 6	6 of 6	5 of 5	100%	100%
Laurette T. Koellner	13 of 13	6 of 6	6 of 6	5 of 5	100%	100%
Robert A. Mionis	13 of 13	—	—	—	100%	—
Luis A. Müller <sup>(1)</sup>	4 of 4	2 of 2	3 of 3	2 of 2	100%	100%
Carol S. Perry	12 of 13	6 of 6	6 of 6	5 of 5	92%	100%
Tawfiq Popatia	13 of 13	—	—	—	100%	—
Eamon J. Ryan	13 of 13	6 of 6	6 of 6	5 of 5	100%	100%
Michael M. Wilson	13 of 13	6 of 6	6 of 6	5 of 5	100%	100%

(1) Dr. Müller was appointed to the Board of Directors effective August 31, 2021.

In response to the COVID-19 pandemic, all Board and Committee meetings noted in the above table were held virtually by electronic means other than the October 2021 meetings which were held as hybrid in-person and virtual meetings.

## COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis sets out the policies of the Corporation for determining compensation paid to the Corporation's CEO, its CFO, and the three other most highly compensated executive officers (collectively, Named Executive Officers or NEOs). The NEOs who are the subject of this Compensation Discussion and Analysis are:



### **Robert A. Mionis — President and Chief Executive Officer**

Mr. Mionis is responsible for Celestica's overall leadership, strategy and vision. In conjunction with the Board of Directors, he develops the Corporation's overall strategic plan, including the corporate goals and objectives as well as our approach to risk management. He is focused on positioning the Corporation for long-term profitable growth and ensuring the success of Celestica's customers around the world.

Prior to joining Celestica, Mr. Mionis was an Operating Partner at Pamplona, a global private equity firm where he supported several companies across a broad range of industries, including the industrial, aerospace, healthcare and automotive industries. Before joining Pamplona, Mr. Mionis served as President and CEO of StandardAero, leading the company through a period of significant revenue and profitability growth. Over the course of his career he has held a number of operational and service roles at companies in the aerospace, industrial and semiconductor markets, including General Electric, Axcelis Technologies, AlliedSignal and Honeywell. From 2018 to 2021, Mr. Mionis served on the board of Shawcor Ltd., a Canadian oilfield services company listed on the TSX.

Mr. Mionis is a member of the Board of Directors. He holds a Bachelor of Science in Electrical Engineering from the University of Massachusetts.



**Mandeep Chawla — Chief Financial Officer**

Mr. Chawla is responsible for the planning and management of short and long-term financial performance and reporting activities. He assists the CEO in setting the strategic direction and financial goals of the Corporation, and manages overall capital allocation activities in order to maximize shareholder value. He provides oversight on risk management and governance matters, and leads the communication and relationship management activities with key financial stakeholders.

Mr. Chawla joined Celestica in 2010 and held progressively senior roles in the Corporation before assuming the role of CFO in 2017. Prior to joining Celestica, he held senior financial management roles with MDS Inc., Tyco International, and General Electric. Mr. Chawla was appointed to the Board of Directors of Sleep Country Canada Holdings Inc., a TSX-listed mattress and bedding retailer, effective August 20, 2020.

Mr. Chawla holds a Master of Finance degree from Queen's University and a Bachelor of Commerce degree from McMaster University. He is a CPA, CMA.



**Jason Phillips — President, CCS**

Mr. Phillips was appointed President, CCS, effective January 1, 2019. In this role, he is responsible for strategy and technology development, deployment and execution for Celestica's enterprise and communications businesses. His responsibilities include the strategic development of our HPS business (which includes firmware/software enablement across all primary IT infrastructure data center technologies and aftermarket services) and our new center of excellence in Richardson, Texas, which expands our HPS engineering network and increases our North America manufacturing capacity.

Mr. Phillips joined Celestica in 2008 and held progressively senior roles within the Corporation's CCS business, most recently as Senior Vice President, Enterprise and Cloud Solutions. Prior to joining Celestica, he held the role of Vice President and General Manager, Personal Communications at Elcoteq, and spent five years at Solectron in senior roles spanning sales, global account management, business unit leadership, and operations.

Mr. Phillips holds a Bachelor of Science in Business Administration from the University of North Carolina, Chapel Hill.



**John "Jack" J. Lawless — Former President, ATS**

Mr. Lawless was responsible for strategy development, deployment and execution of Celestica's A&D, Industrial, HealthTech, Energy and Capital Equipment businesses. Mr. Lawless stepped down from his position as President, ATS effective December 31, 2021 but continues to serve as a special advisor to Mr. Mionis.

Prior to joining Celestica, Mr. Lawless was the CEO of Associated Air Center, a subsidiary of StandardAero, where he was responsible for strategy, sales, marketing, human resources, information technology and operations. At the same time, he held the role of Chief Operating

Officer of StandardAero. Prior to StandardAero, Mr. Lawless held a number of Vice President-level roles with Honeywell. Before joining Honeywell, he held progressively senior positions with companies in the aerospace, industrial and semiconductor markets, including Axcelis Technologies, General Cable and AlliedSignal.



**Todd C. Cooper — Former Chief Operations Officer; current President, ATS**

During 2021, Mr. Cooper served as Chief Operations Officer and was responsible for driving operational and supply chain excellence, quality and technology innovation throughout the Corporation, as well as for the enablement of processes that drive value creation. As part of his role, he also led the operations, supply chain, quality, global business services and information technology teams. Effective January 1, 2022, Mr. Cooper was appointed President, ATS. As President, ATS, Mr. Cooper is responsible for strategy development, deployment and execution of Celestica's A&D, Capital Equipment, HealthTech, Industrial and Energy businesses, as well as for PCI.

Mr. Cooper has over 25 years' experience in operations leadership and advisory roles, including considerable experience in developing and implementing operational strategies to drive large-scale improvements for global organizations. Prior to joining Celestica, Mr. Cooper led supply chain, procurement, logistics, and sustainability value creation efforts at KKR, a global investment firm. Prior to that, he was the Vice President of Global Sourcing in Honeywell's Aerospace Division. He previously held various management roles at Storage Technology Corporation, McKinsey & Company, and served as a Captain in the U.S. Army.

He holds a Bachelor of Science in Engineering from the U.S. Military Academy at West Point, a Master of Science in Mechanical Engineering from the Massachusetts Institute of Technology and an MBA from the MIT Sloan School of Management.

**Note Regarding Non-IFRS Financial Measures**

This Compensation Discussion and Analysis contains references to operating margin and adjusted return on invested capital (ROIC), each of which is a non-IFRS financial measure (*i.e.*, a ratio based on a non-IFRS financial measure). With respect to all references to these measures (wherever used herein), please note the following:

- Non-IFRS operating margin is defined as non-IFRS operating earnings divided by revenue. Non-IFRS operating earnings is defined as earnings (loss) before income taxes, Finance Costs (defined below), employee stock-based compensation expense, amortization of intangible assets (excluding computer software) and Other Charges (recoveries) (as defined below).
- Non-IFRS adjusted ROIC is determined by dividing non-IFRS operating earnings by average net invested capital, which is derived from IFRS financial measures and is defined as total assets less: cash, right-of-use assets, accounts payable, accrued and other current liabilities and provisions, and income taxes payable, using a five-point average to calculate average net invested capital for the year.
- Finance Costs consist of interest expense and fees related to our credit facility (including debt issuance and related amortization costs), our interest rate swap agreements, our accounts receivable sales program and customer supplier financing programs, and interest expense on our lease obligations, net of interest income earned.
- Other Charges (recoveries) consist of restructuring charges, net of recoveries, transition costs (costs related to, when applicable: the relocation of our Toronto manufacturing operations and the move of our corporate headquarters into and out of a temporary location; and manufacturing line transfers from closed sites); net impairment charges; Acquisition Costs (as defined below); legal settlements (recoveries); and specified credit facility-related charges.
- Acquisition Costs consist of acquisition-related consulting, transaction and integration costs, and charges or releases related to the remeasurement of indemnification assets or the release of indemnification or other liabilities recorded in connection with acquisitions.

See "Non-IFRS Financial Measures" in Item 5 of this Annual Report for, among other things, a discussion of the exclusions used to determine these non-IFRS financial measures, how these non-IFRS financial measures are used, and a reconciliation of historical non-IFRS operating margin and non-IFRS adjusted ROIC to the most directly comparable IFRS financial measures, which reconciliations are incorporated herein by reference. These non-IFRS financial measures do not have any standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

A description and explanation of the significant elements of compensation awarded to the foregoing NEOs during 2021 is set forth below under *2021 Compensation Decisions*.

### Compensation Objectives

The Corporation's executive compensation philosophy is to attract, motivate and retain the leaders who drive the success of the Corporation. In light of this philosophy, we have designed our executive compensation programs and practices to pay for performance, adhere to the Corporation's risk profile, align the interests of executives and shareholders, incentivize executives to work as a team to achieve our strategic objectives, ensure direct accountability for annual and long-term operating results, and to reflect both business strategy and market norms. The HRCC reviews compensation policies and practices regularly, considers related risks, and makes any adjustments it deems necessary to ensure our compensation policies are not reasonably likely to have a material adverse effect on the Corporation.

A substantial portion of the compensation of our executives is linked to the Corporation's performance. The HRCC establishes total target compensation and certain elements of compensation (base salary, short-term incentives and long-term incentives) for the NEOs with reference to the median compensation of the Comparator Group, and other factors including experience, internal pay equity, work location, tenure, and role. Rather than setting pay formulaically to match the median exactly, the Comparator Group is primarily used for setting an anchor point by which to test the reasonableness of compensation. NEOs have the opportunity for higher compensation for performance that exceeds target performance goals, and will receive lower compensation for performance that is below target performance goals.

What We Do	What We Don't Do
Pay for performance	No repricing of options
Focus on long-term compensation using a balanced mix of compensation elements	No hedging or pledging by executives of Celestica securities
Ensure the mix of executive compensation balances long-term success, annual performance, and adequate fixed compensation	No steep payout cliffs at certain performance levels that may encourage short-term business decisions to meet payout thresholds
Consider market norms and competitive pay practices	No multi-year guarantees
Mitigate undue risk in compensation programs	No uncapped incentive plans
Retain an independent advisor to the HRCC	
Stress-test compensation plan designs	
Apply stringent share ownership policies and post-employment hold period for the CEO's shares	
Clawback incentive-based compensation under specified circumstances	
Maintain equity plans that provide for change of control treatment for outstanding equity based on a "double trigger" requirement	
Set minimum corporate profitability requirement for CTI payments	
Establish caps on PSU payout factors	
Provide annual shareholder "say-on-pay" advisory vote	

The 2021 compensation package was designed to:

- ensure executives are compensated fairly and in a way that does not result in the Corporation incurring undue risk or encouraging executives to take inappropriate risks;
- provide competitive fixed compensation (*i.e.*, base salary and benefits), as well as a substantial amount of at-risk pay through our annual and equity-based incentive plans;
- reward executives for: achieving short-term operational and financial results through annual cash incentives based on the Corporation's Annual Operating Plan (AOP); achieving long-term operational and financial results as well as superior share price performance relative to a group of technology hardware and equipment companies (through PSUs); and sustained, long-term leadership (through RSUs);
- align the interests of executives and shareholders through long-term equity-based compensation;
- recognize tenure and utilize a multi-year approach for setting and transitioning target compensation for executives who are new in their role;
- reflect internal equity, recognize fair and appropriate compensation levels relative to differing roles and responsibilities, and encourage executives to work as a team to achieve corporate results; and
- ensure direct accountability for the annual operating results and the long-term financial performance of the Corporation.

#### **Independent Advice**

The HRCC, which has the sole authority to retain and terminate an executive compensation consultant to the HRCC, has engaged Willis Towers Watson (Compensation Consultant) since 2006 as its independent compensation consultant to assist in identifying appropriate comparator companies against which to evaluate the Corporation's compensation levels, to provide data about those companies, and to provide observations and advice with respect to the Corporation's compensation practices versus those of chosen comparator companies and the market in general.

The Compensation Consultant also provides advice (upon request) to the HRCC on the policy recommendations prepared by management and keeps the HRCC apprised of market trends in executive compensation. The Compensation Consultant attended portions of all HRCC meetings held in 2021, in person, by telephone or virtually, as requested by the Chair of the HRCC. At each of its meetings, the HRCC held an *in camera* session with the Compensation Consultant without any member of management being present. Decisions made by the HRCC, however, are the responsibility of the HRCC and may reflect factors and considerations supplementary to the information and advice provided by the Compensation Consultant.

Each year, the HRCC reviews the scope of activities of the Compensation Consultant and, if it deems appropriate, approves the corresponding budget. During such review, the HRCC also considers the independence factors required to be considered by the NYSE prior to the selection or receipt of advice from a compensation consultant. After consideration of such independence factors and prior to engaging the Compensation Consultant in 2021, the HRCC determined that the Compensation Consultant was independent. The Compensation Consultant meets with the Chair of the HRCC and management at least annually to identify any initiatives requiring external support and agenda items for each HRCC meeting throughout the year. The Compensation Consultant reports directly to the Chair of the HRCC and is not engaged by management. The Compensation Consultant may, with the approval of the HRCC, assist management in reviewing and, where appropriate, developing and recommending compensation programs to align the Corporation's practices with competitive practices. Any such service in excess of \$25,000 provided by the Compensation Consultant relating to executive compensation must be pre-approved by the Chair of the HRCC. In addition, any non-executive compensation consulting service in excess of \$25,000 must be submitted by management to the HRCC for pre-approval, and any services that will cause total non-executive compensation consulting fees to exceed \$25,000 in aggregate in a calendar year must also be pre-approved by the HRCC.

The following table sets out the fees paid by the Corporation to the Compensation Consultant in each of the past two years:

**Table 6: Fees of the Compensation Consultant**

	Year Ended December 31	
	2021	2020
Executive Compensation-Related Fees <sup>(1)</sup>	C\$272,238	C\$299,264
All Other Fees <sup>(2)</sup>	C\$14,980	C\$11,626

<sup>(1)</sup> Services for 2021 and 2020 included support on executive compensation matters that are part of the HRCCs annual agenda (e.g., executive compensation competitive market analysis, review of trends in executive compensation, peer group review, pay for performance analysis and assistance with executive compensation-related disclosure, annual valuation of PSUs for accounting purposes, attendance at all HRCC meetings, and support with ad-hoc executive compensation issues that arose throughout the year). Services for 2020 also included the comprehensive Comparator Group review, market benchmark data for certain executives, and PSU valuation and estimated fair values.

<sup>(2)</sup> Other fees for 2021 included a competitive market analysis for certain of our businesses. Other fees for 2020 included an abridged director compensation review.

#### Compensation Process

Executive compensation is determined as part of an annual process followed by the HRCC, supported by the Compensation Consultant. The HRCC reviews and approves compensation for the CEO and the other NEOs, including base salaries, target annual incentive awards under the CTI and equity-based incentive grants. The HRCC evaluates the performance of the CEO relative to financial and business goals and objectives approved by the Board from time to time for such purpose. The HRCC reviews data for the Comparator Group and other competitive market data, and consults with the Compensation Consultant before exercising its independent judgment to determine appropriate compensation levels. The CEO reviews the performance evaluations of the other NEOs with the HRCC and provides compensation recommendations. The HRCC considers these recommendations, reviews market compensation information, consults with the Compensation Consultant, and then exercises its independent judgment to determine if any adjustments are required prior to approval of the compensation of such other NEOs. The CEO and the other NEOs are not present at the HRCC meetings when their respective compensation is discussed.

The HRCC generally meets five times a year, in January, April, July, October and December. The annual executive compensation process typically follows the calendar outlined below:

<b>January</b>	<ul style="list-style-type: none"> <li>• Determine achievement of the corporate performance factor (based on the Corporation's year end results as approved by the Audit Committee) and the individual performance factors for CTI payments for the previous year</li> <li>• Determine achievement of performance for the PSUs that vest in the current year based on the applicable performance period</li> <li>• Approve corporate performance objectives for the CTI for the current year</li> <li>• Approve performance goals for PSUs granted in the current year</li> <li>• Review individual target compensation levels and approve base salary, target under the CTI and long-term incentives for the current year</li> <li>• Conduct risk assessment of compensation programs</li> <li>• Review scope of activity of Compensation Consultant and approve fees for the current year</li> <li>• Review executive compensation disclosure</li> <li>• Review the corporate goals and objectives relevant to CEO compensation and evaluate CEO performance in light of the financial and business goals and objectives approved by the Board for the previous year</li> <li>• Review and approve total compensation package for CEO for the current year, including stress-test of performance-based compensation</li> </ul>
<b>April</b>	<ul style="list-style-type: none"> <li>• Annual compensation policy review and pension plan review</li> <li>• Assess performance of Compensation Consultant</li> <li>• Diversity and inclusion update</li> </ul>
<b>July</b>	<ul style="list-style-type: none"> <li>• Review and consider shareholder feedback from say-on-pay vote</li> <li>• Review trends and "hot topics" in compensation governance</li> <li>• Review and approve Comparator Group for the following year (based on the recommendation of the Compensation Consultant)</li> <li>• Review talent management strategy and succession plans</li> <li>• Conduct pay for performance alignment review</li> </ul>
<b>October</b>	<ul style="list-style-type: none"> <li>• Review market benchmark reports for the CEO and other NEOs</li> <li>• Review and evaluate interim performance relative to corporate goals and objectives for the current year</li> <li>• Conduct risk assessment of compensation programs</li> </ul>
<b>December</b>	<ul style="list-style-type: none"> <li>• Review and evaluate updated interim performance relative to corporate goals and objectives for the current year</li> <li>• Review preliminary compensation recommendations and performance objectives for the following year, including base salary recommendations and the value and mix of equity-based incentives (NEO compensation recommendations are developed by the CEO. The CEO's compensation recommendations are determined by the HRCC in consultation with the Compensation Consultant and the CHRO).</li> <li>• By reviewing the compensation proposals in advance, the HRCC is afforded sufficient time to discuss and provide input regarding proposed compensation changes prior to the January meeting at which time the HRCC approves the compensation proposals, revised as they deem appropriate, based on input provided at the December meeting.</li> <li>• Preliminary evaluation of individual performance relative to objectives</li> </ul>

#### **HRCC Discretion**

The HRCC may exercise its discretion to either award compensation absent attainment of a relevant performance goal or similar condition, or to reduce or increase the size of any award or payout to any NEO. The HRCC did not exercise such discretion for 2021 compensation with respect to any NEO.

#### **Compensation Risk Assessment and Governance Analysis**

The HRCC, in performing its duties and exercising its powers under its mandate, considers the implications of the risks associated with the Corporation's compensation policies and practices. This includes: identifying any such policies or practices that encourage executive officers to take inappropriate or excessive risks; identifying risks arising from such policies and practices that are reasonably likely to have a material adverse effect on the Corporation; and considering the risk implications of the Corporation's compensation policies and practices and any proposed changes to them.

The Corporation's compensation programs are designed with a balanced approach aligned with its business strategy and risk profile. A number of compensation practices have been implemented to mitigate potential compensation policy risk. It is the HRCC's view that the Corporation's 2021 compensation policies and practices did not promote excessive risk-taking that would be reasonably likely to have a material adverse effect on the Corporation, and that appropriate risk mitigation

features are in place within the Corporation's compensation program. In reaching its opinion, the HRCC reviewed key risk-mitigating features in the Corporation's compensation governance processes and compensation structure including the following:

<b>Governance</b>	
<b>Corporate Strategy Alignment</b>	<ul style="list-style-type: none"> <li>Our executive compensation program is designed to link executive compensation outcomes with the execution of business strategy and align with shareholder interests.</li> </ul>
<b>Compensation Decision-Making Process</b>	<ul style="list-style-type: none"> <li>We have formalized compensation objectives to help guide compensation decisions and incentive design and to effectively support our pay for performance policy (see <i>Compensation Objectives</i>).</li> </ul>
<b>Shareholder Engagement</b>	<ul style="list-style-type: none"> <li>We have a shareholder outreach program through which we solicit feedback on our corporate governance, executive compensation program, and other matters.</li> </ul>
<b>Non-binding Shareholder Advisory Vote on Executive Compensation</b>	<ul style="list-style-type: none"> <li>We annually hold an advisory vote on executive compensation, allowing shareholders to express approval or disapproval of our approach to executive compensation.</li> </ul>
<b>Annual Review of Incentive Programs</b>	<ul style="list-style-type: none"> <li>Each year, we review and set performance measures and targets for the CTI and for PSU grants under the long-term incentive plans that are aligned with the business plan and our risk profile to ensure continued relevance and applicability.</li> <li>When new compensation programs are considered, they are stress-tested to ensure potential payouts would be reasonable within the context of the full range of performance outcomes. CEO compensation is stress-tested annually in addition to any stress-tests for new compensation programs.</li> </ul>
<b>External Independent Compensation Advisor</b>	<ul style="list-style-type: none"> <li>On an ongoing basis, the HRCC retains the services of an independent compensation advisor to provide an external perspective as to marketplace changes and best practices related to compensation design, governance and compensation risk management.</li> </ul>
<b>Overlapping Committee Membership</b>	<ul style="list-style-type: none"> <li>All of our independent directors sit on the HRCC to provide continuity and to facilitate coordination between the Committee's and the Board's respective oversight responsibilities.</li> </ul>
<b>Compensation Program Design</b>	
<b>Review of Incentive Programs</b>	<ul style="list-style-type: none"> <li>At appropriate intervals, we conduct a review of our compensation strategy, including pay philosophy and program design, in light of business requirements, shareholder views, market practice and governance considerations.</li> </ul>
<b>Fixed versus Variable Compensation</b>	<ul style="list-style-type: none"> <li>For the NEOs, a significant portion of target total direct compensation is delivered through variable compensation (CTI and long-term, equity-based incentive plans).</li> <li>The majority of the value of target variable compensation is delivered through grants under long-term, equity-based incentive plans which are subject to time and/or performance vesting requirements.</li> <li>The mix of variable compensation provides a strong pay for performance relationship.</li> <li>The NEO compensation package provides a competitive base level of compensation through salary, and mitigates the risk of encouraging the achievement of short-term goals at the expense of creating and sustaining long-term shareholder value, as NEOs benefit if shareholder value increases over the long-term.</li> </ul>
<b>"One-company" Annual Incentive Plan</b>	<ul style="list-style-type: none"> <li>Celestica's "one-company" annual incentive plan (CTI) helps to mitigate risk-taking by tempering the results of any one business unit on Celestica's overall corporate performance, and aligning executives and employees in the various business units and regions with corporate goals.</li> </ul>
<b>Balance of Financial Performance Metrics as well as Absolute and Relative Performance Metrics</b>	<ul style="list-style-type: none"> <li>The CTI ensures a balanced assessment of performance with ultimate payout tied to measurable corporate financial metrics.</li> <li>Individual performance is assessed based on business results, teamwork and key accomplishments, and market performance is captured through RSUs as well as PSUs (which vest based on performance relative to both absolute and relative financial targets).</li> </ul>
<b>Minimum Performance Requirements and Maximum Payout Caps</b>	<ul style="list-style-type: none"> <li>A corporate profitability requirement must be met for any payout to occur under the CTI.</li> <li>Additionally, target performance on a second performance measure must be achieved for payment above target on any other performance measure.</li> <li>Each of the CTI and PSU payouts have a maximum payout of two times target.</li> </ul>



<b>Share Ownership Requirement</b>	<ul style="list-style-type: none"> <li>• Our share ownership guidelines require executives to hold a significant amount of our securities to help align their interests with those of shareholders' and our long-term performance.</li> <li>• This practice also mitigates against executives taking inappropriate or excessive risks to improve short-term performance at the expense of longer-term objectives.</li> <li>• In the event of the cessation of Mr. Mionis' employment with us for any reason, he will be required to retain the share ownership level set out in the Executive Share Ownership Guidelines on his termination date for the 12 month period immediately following his termination date as set out in Mr. Mionis' amended CEO employment agreement effective August 1, 2016 (CEO Employment Agreement).</li> </ul>
<b>Anti-hedging and Anti-pledging Policy</b>	<ul style="list-style-type: none"> <li>• Executives and directors are prohibited from: entering into speculative transactions and transactions designed to hedge or offset a decrease in the market value of our securities; purchasing our securities on margin; borrowing against our securities held in a margin account; and pledging our securities as collateral for a loan.</li> </ul>
<b>Clawback Policy and Provisions</b>	<ul style="list-style-type: none"> <li>• The Clawback Policy provides for recoupment of incentive compensation from the NEOs if the Corporation is required to restate financial statements due to, directly or indirectly, one or more NEOs having engaged in fraud, intentional misconduct or gross negligence or committed a material breach of the BCG Policy. Additionally, incentive compensation is subject to clawback if an executive has committed a material breach of certain post-employment provisions. See <i>Clawback Policy and Provisions</i> below.</li> </ul>
<b>"Double Trigger"</b>	<ul style="list-style-type: none"> <li>• The LTIP and Celestica Share Unit Plan (CSUP) provide for change-of-control treatment for outstanding equity based on a "double trigger" requirement.</li> </ul>
<b>Severance Protection</b>	<ul style="list-style-type: none"> <li>• NEOs' entitlements on termination without cause are in part contingent on complying with confidentiality, non-solicitation and non-competition obligations.</li> </ul>
<b>Pay For Performance Analysis</b>	<ul style="list-style-type: none"> <li>• Periodic scenario-testing of the executive compensation programs is conducted, including a pay for performance analysis.</li> </ul>

## Comparator Group

### Global Presence

While the Corporation is incorporated and headquartered in Canada, we have a global business strategy and we compete for executive talent worldwide. We operate a network of sites and centers of excellence strategically located in North America, Europe and Asia, with specialized end-to-end supply chain capabilities tailored to meet specific market and customer product lifecycle requirements.

The EMS industry is highly competitive, and certain of our businesses are extensively technical and highly specialized requiring a highly skilled leadership team.



**Broadly diversified footprint operating globally across 40+ sites**

### 2021 Comparator Group

Celestica's approach to executive pay benchmarking has evolved over time and reflects the changes in Corporation's strategic direction. The evolution of our business model, as well as external market conditions, led us to reconsider the companies comprising the Comparator Group. Specifically, it is important to Celestica that the Comparator Group reflect the global scale of executive talent required to drive our strategic vision. We therefore undertook a comprehensive review during 2020 of our approach to the companies comprising our Comparator Group to ensure that it properly reflected our market for executive talent and the financial characteristics and highly specialized and diversified operations of the Corporation as it progressed from a transformative phase to an anticipated growth phase.

A majority of our current executive officers were not recruited from the Canadian market. Our three most recent CEOs (including Mr. Mionis) and three of the four other NEOs have come from the U.S. We have no EMS competitors in Canada, and non-EMS companies of similar size, that are based exclusively within Canada do not provide the desired EMS business and operational knowledge required for the complexity of our business.

The Compensation Consultant prepared an in-depth review of potential changes to the Comparator Group, which was presented to the HRCC, with consideration for the following criteria:

Financial performance	<ul style="list-style-type: none"> <li>revenue is the driver of relative scope/complexity and is the financial measure that is most strongly correlated with executive pay</li> <li>the range of revenue of the Comparator Group is provided below; Celestica's 2020 revenue was above the median:</li> </ul> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Percentile</th> <th>Revenue (\$ millions)</th> </tr> </thead> <tbody> <tr> <td>25<sup>th</sup></td> <td>\$3,330</td> </tr> <tr> <td>50<sup>th</sup></td> <td>\$4,333</td> </tr> <tr> <td>75<sup>th</sup></td> <td>\$6,395</td> </tr> <tr> <td>Celestica</td> <td>\$5,748</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>other financial indicators were used in addition to revenue, such as market capitalization, earnings before interest and taxes (EBIT) margin and other financial indicators which align with our strategic direction</li> <li>these financial attributes ensure the alignment of executive pay with that of companies with similar financial characteristics as well as affordability of incentive plans</li> </ul>	Percentile	Revenue (\$ millions)	25 <sup>th</sup>	\$3,330	50 <sup>th</sup>	\$4,333	75 <sup>th</sup>	\$6,395	Celestica	\$5,748
Percentile	Revenue (\$ millions)										
25 <sup>th</sup>	\$3,330										
50 <sup>th</sup>	\$4,333										
75 <sup>th</sup>	\$6,395										
Celestica	\$5,748										
Company size and complexity	<ul style="list-style-type: none"> <li>companies with similar size and complexity recruit from the same executive talent pool</li> </ul>										
Industry	<ul style="list-style-type: none"> <li>similarly sized industry comparables were further refined based on other financial indicators</li> <li>review of technology companies associated with the EMS industry</li> </ul>										
Peers of peers	<ul style="list-style-type: none"> <li>analysis of the comparator groups of certain peer companies within the EMS industry</li> </ul>										
Input from management	<ul style="list-style-type: none"> <li>perspectives of management regarding which organizations were most relevant from a business operations and talent competitor perspective</li> </ul>										

Based on these criteria, the Compensation Consultant recommended and the HRCC approved the following Comparator Group, which is comprised of U.S.-based technology companies, to be used in the determination of 2021 executive compensation:

**Table 7: Comparator Group**

Benchmark Electronics Inc.	NetApp, Inc.
Ciena Corp.	ON Semiconductor Corporation
CommScope Holdings Company, Inc.	Plexus Inc.
Curtiss-Wright Corporation	Sanmina Corporation
Diebold Nixdorf, Incorporated	ScanSource Inc.
Juniper Networks, Inc.	Seagate Technology PLC
Keysight Technologies Inc.	Trimble Inc.
NCR Corporation	Xerox Holdings Corporation

During 2021, the HRCC reviewed the Comparator Group for 2022 executive compensation, and no changes were made.

Additionally, broader market compensation survey data for other similarly-sized organizations as well as U.S. technology companies and Canadian general industry companies with global operations provided by the Compensation Consultant is analyzed in accordance with a process approved by the HRCC. The HRCC also considered proxy disclosure for companies in the Comparator Group, as well as survey data, among other factors, in making compensation decisions for the CEO and the other NEOs.

### Anti-Hedging and Anti-Pledging Policy

Our Insider Trading Policy prohibits executives from, among other things, entering into speculative transactions and transactions designed to hedge or offset a decrease in the market value of securities of the Corporation. Accordingly, executive officers may not sell short the Corporation's securities, buy or sell put or call options on the Corporation's securities, or purchase financial instruments (including prepaid variable contracts, equity swaps, collars or units of exchange funds) which are designed to hedge or offset a decrease in the market value of the Corporation's securities. Executive officers are also prohibited from purchasing the Corporation's securities on margin, borrowing against the Corporation's securities held in a margin account, or pledging the Corporation's securities as collateral for a loan. The directors of the Corporation also must comply with the provisions of the Insider Trading policy which prohibit hedging and/or pledging of the Corporation's securities.

### Clawback Policy and Provisions

In 2021, the HRCC approved a new Clawback Policy applicable to the NEOs which provides that if the Corporation is required to restate financial statements due to, directly or indirectly, one or more NEOs having (a) engaged in fraud, intentional misconduct or gross negligence or (b) committed a material breach of the BCG Policy, the following clawbacks will apply: (i) reduction of the number or value of, or cancellation or termination of, all or any portion of *incentive compensation* awarded or granted to the breaching NEO in the 12 months prior to date of breach; and (ii) disgorgement or reimbursement of all or any portion of any *incentive compensation* paid, awarded or granted to such executive, as well as proceeds realized from any such award or grant in the 12 months prior to the date of breach.

Additionally, the Executive Policy Guidelines were updated in 2021 to include provisions that all *incentive compensation* paid or awarded to executives (including the NEOs) may be subject to clawback in the event an executive has committed a material breach of certain post-employment provisions (non-competition, non-solicitation or disclosure of confidential information). The clawbacks include reduction of the number or value of, or cancellation and termination, of all or any portion of any *incentive compensation* that was awarded or granted to the executive or vested, in each case in the two-year period prior to the date of breach and/or disgorgement or reimbursement of all or any portion of any *incentive compensation* paid, awarded or granted to such executive, as well as proceeds realized from any such award or grant, in each case in the two year period prior to the date of breach.

For the purposes of these clawbacks and recoupment, *incentive compensation* means, without limitation, short-term cash incentives, equity-based incentives and any other incentive-based compensation.

In addition, under the terms of all equity grants made to employees (including the NEOs) under the LTIP and the CSUP, an amount equal to the market value of the shares (or in the case of options, the intrinsic value realized by the executive) at the time of release, net of taxes, is required to be repaid to the Corporation if, within 12 months of the release date, there was a breach of certain post-employment provisions (non-competition, non-solicitation or disclosure of confidential information).

Executives who are terminated for cause also forfeit all unvested RSUs, PSUs and stock options as well as all vested and unexercised stock options.

### Executive Share Ownership

The Corporation has executive share ownership guidelines (Executive Share Ownership Guidelines) which require specified executives to hold a multiple of their base salary in specified securities of the Corporation as shown in Table 8. Executives subject to the Executive Share Ownership Guidelines are expected to achieve the specified ownership within a period of five years following the later of: (i) the date of hire, or (ii) the date of promotion to a level subject to the ownership guidelines. Compliance is reviewed annually as of December 31 of each year. The HRCC reviewed the Executive Share Ownership Guidelines in July 2021 and no policy changes were made. The table below sets forth the compliance status of the applicable NEOs with the Executive Share Ownership Guidelines as of December 31, 2021:

**Table 8: Executive Share Ownership Guidelines**

Name	Executive Share Ownership Guidelines	Share and Share Unit Ownership (Value) <sup>(1)</sup>	Share and Share Unit Ownership (Multiple of Salary)
Robert A. Mionis <sup>(2)</sup>	\$4,750,000 (5 × salary)	\$20,193,237	21.3x
Mandeep Chawla	\$1,650,000 (3 × salary)	\$3,973,477	7.2x
Jason Phillips	\$1,455,000 (3 × salary)	\$3,217,561	6.6x
Jack J. Lawless	\$1,380,000 (3 × salary)	\$4,846,392	10.5x
Todd C. Cooper	\$1,455,000 (3 × salary)	\$5,291,491	10.9x

<sup>(1)</sup> Consists of: (i) SVS beneficially owned as of December 31, 2021, (ii) all unvested RSUs held as of December 31, 2021, and (iii) PSUs that settled on February 6, 2022 at 74% of target, which, on December 31, 2021, was the Corporation's anticipated payout and at vesting was the actual payout; the value of which was determined using a share price of \$11.13, the closing price of SVS on the NYSE on December 31, 2021.

<sup>(2)</sup> For additional details regarding Mr. Mionis' share and share unit ownership, see Table 17 and Item 6.E. of this Annual Report.

The CEO Employment Agreement provides that, in the event of the cessation of Mr. Mionis' employment with the Corporation for any reason, he will be required to retain the share ownership level set out in the Executive Share Ownership Guidelines on his termination date for the 12-month period immediately following his termination date.

#### Compensation Elements for the Named Executive Officers

Our executive compensation program is comprised of the following elements:

Elements	Rationale
Base Salary	Provides a fixed level of compensation intended to reflect the scope of an executive's responsibilities and level of experience and to reward sustained performance over time, as well as to approximate competitive base salary levels
Annual Cash Incentives	Aligns executive performance with the Corporation's annual goals and objectives
Equity-Based Incentives	
• RSUs	Provides a strong incentive for long-term executive retention
• PSUs	Aligns executives' interests with shareholder interests and provides incentives for long-term performance
Benefits	Designed to help ensure the health and wellness of executives
Pension	Designed to assist executives in saving for their retirement
Perquisites	Perquisites are provided to executives on a case-by-case basis as considered appropriate and in the interests of the Corporation

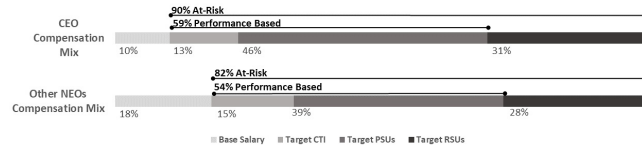
#### Compensation Element Mix

In order to ensure that our executive compensation program is market competitive, we annually review the program design and pay levels of companies in the Comparator Group and other competitive market data. We assess total target direct compensation (base salary, annual cash incentive and equity grants) as well as specific elements of compensation when reviewing market information relative to our executive compensation program. The HRCC uses the median of the Comparator Group as a guideline when determining total target direct compensation but is not bound to any target percentile for any specific element of compensation. In addition to competitive market data, we also consider executive compensation in the context of an executive's level of responsibility, experience, performance relative to their internal peers and succession planning. In determining appropriate positioning relative to the Comparator Group and internal peers, we utilize a multi-year approach for setting and transitioning target compensation for executives who are new in their role.

The at-risk portion of total compensation varies by role and executive level, but has the highest weighting at the most senior levels of management. CTI awards and certain equity-based incentive plan awards are contingent upon the Corporation's financial and operational performance and are therefore at-risk. By making a significant portion of total target direct compensation variable, the Corporation intends to continue to align NEO compensation with shareholder interests.

### At-Risk Compensation

The vast majority of compensation paid to the NEOs is in the form of compensation that is variable and at-risk based on performance. A significant component of our executive at-risk pay is equity-based incentives, whose value is linked directly to the value of our SVS, ensuring alignment with the interests of shareholders. Further, CTI awards are contingent upon the Corporation's financial and operational performance and are therefore also at-risk.



### Base Salary

The objective of base salary is to attract, reward and retain top talent. Base salaries for executive positions are determined with consideration given to the market median of the Comparator Group. Base salaries are reviewed annually and adjusted if appropriate, to reflect individual performance, relevant knowledge, experience and the executive's level of responsibility within the Corporation.

### Celestica Team Incentive Plan

The CTI is a broad-based annual incentive program for all eligible employees, including the NEOs. The objective of the CTI is to motivate employees to achieve our short-term corporate goals, and to reward them accordingly. The payout amount for each participant in the CTI is based on actual achievement levels with respect to: (i) a corporate performance factor (CPF), which is based on the achievement of specified corporate goals; and (ii) an individual performance factor (IPF), which is based on achievement of individual performance goals. Payouts can vary from 0% to 200% of the Target Award (as defined below) depending on performance.

Payments under the CTI are made in cash and are determined in accordance with the following formula:

$$\boxed{\text{CPF}} \times \boxed{\text{IPF}} \times \underbrace{\boxed{\text{Target Incentive}} \times \boxed{\text{Base Salary}}}_{\text{Target Award}} = \boxed{\text{CTI Payment}}$$

<b>CPF</b>	<p>At the beginning of the performance period, management sets certain corporate financial targets in alignment with the Board-approved AOP. The HRCC approves such targets once finalized, and the Corporation's results relative to the approved targets are measured to determine the CPF at the end of the performance period.</p> <p>The CPF can vary from 0% to 200%, depending on the level of achievement of the corporate financial targets, subject to the following two parameters (CTI Parameters):</p> <p>(1) a separate minimum corporate profitability requirement must be achieved for the CPF to exceed zero; and</p> <p>(2) target non-IFRS operating margin must be achieved for any other measures under the CPF to pay above target.</p> <p>The CTI Parameters are set in addition to the achievement of CPF corporate financial targets in order to ensure challenging goals are reflective of our current business environment and that CTI aligns with our pay for performance philosophy.</p> <p>The CPF must be greater than zero for an executive to receive any CTI payment.</p>
<b>IPF</b>	<p>Individual contribution is recognized through the IPF component of the CTI. At the beginning of the performance period, eligible employees, including the NEOs, set individual specific goals and objectives to be achieved in the year which include both quantitative and qualitative objectives. NEOs also review their goals and objectives with the CEO in order to align the goals and objectives of the executive leadership team, and once finalized are approved by the CEO. The goals and criteria may include, for example, individual performance relative to segment or company business results, ESG metrics, teamwork, leadership, execution of responsibilities and key accomplishments.</p> <p>At the end of the year, an NEO's IPF is determined through the annual performance review process which is based on an evaluation of the NEO's performance measured against the NEO's specific goals and criteria and is approved by the HRCC as recommended by the CEO.</p> <p>The IPF can increase an NEO's CTI award by a factor of up to 1.5x, subject to an overall CTI award cap of two times the Target Award, or reduce an NEO's CTI award to zero depending on individual performance. An IPF of less than 1.0 will result in a reduction of the CTI award payment otherwise payable, and an IPF of zero will result in no CTI Payment.</p>
<b>Target Incentive</b>	The Target Incentive is a percentage of a NEO's base salary and is determined based on competitive market data.
<b>Target Award</b>	The Target Award is a NEO's Target Incentive multiplied by their base salary.
<b>Maximum Award</b>	Although the combination of a CPF of 200% and an IPF of 1.5x may mathematically result in an amount in excess of two times the Target Award, all CTI awards are capped at two times the Target Award.

#### Equity-Based Incentives

The Corporation's equity-based incentives for the NEOs consist of RSUs, PSUs and/or stock options. The objectives of equity-based compensation are to:

- align the NEOs' interests with those of shareholders and incent appropriate behaviour for long-term performance;
- reward the NEOs' contributions to the Corporation's long-term success; and
- enable the Corporation to attract, motivate and retain qualified and experienced employees.

At the January meeting, the HRCC determines the dollar value and mix of the equity-based grants to be awarded to the NEOs, if any. On the grant date, the dollar value is converted into the number of units that will be granted using the closing price of the SVS on the trading day prior to the grant date. The annual grants are made following the blackout period that ends not less than 48 hours after the Corporation's year-end results have been released. The mix of equity-based incentives is reviewed and approved by the HRCC each year, and is based on factors including competitive grant practices, balance between performance incentive and retention value, and the effectiveness of each equity vehicle for motivating and retaining critical leaders.

Target equity-based incentives are determined using a variety of factors, including, the median awards of the Comparator Group as well as individual performance, experience and anticipated contribution to the Corporation's strategy. In establishing the grant value of the annual equity awards for each of the NEOs, we start by assessing the median total target direct compensation of the equivalent position at companies in the Comparator Group. This data is then compared over a number of years for additional context and market trends. The HRCC also considers individual performance, the need to retain experienced and talented leaders to execute the Corporation's business strategies and the executive's potential to

contribute to long-term shareholder value. Also considered are the executive's role and responsibilities, internal equity and the level of previous long-term incentive awards. Once all of these factors are taken into consideration, the grant value of the annual equity-based awards for the NEOs is set.

In addition to the annual equity grants, management may award equity-based incentives in order to attract new executive hires and to retain current executives in special circumstances. Such grants are reviewed in advance with the Chairs of the Board and HRCC, and are subject to ratification by the HRCC. No such grants were made to NEOs in 2021, with the exception of an additional grant to Mr. Cooper of 24,691 RSUs – see 2021 *Compensation Decisions* below for a description of this award.

#### **RSUs**

NEOs may be granted RSUs under either the LTIP or the CSUP as part of the Corporation's annual equity grant. Such awards may be subject to vesting requirements, including time-based or other conditions as may be determined by the HRCC in its discretion. RSUs granted by the Corporation generally vest in instalments of one-third per year, over three years, based on continued employment with the Corporation. The payout value of the award is based on the number of RSUs being released and the market price of the SVS at the time of release. The Corporation has the right under the CSUP to settle RSUs in either cash or SVS. Under the LTIP, the Corporation may, at the time of grant, authorize grantees to settle vested RSUs either in cash or in SVS (on a one-for-one basis). Absent such permitted election, grants under the LTIP will be settled in SVS. If the Corporation has authorized a settlement in SVS or cash, the holder can choose which of these the holder receives. See *Executive Compensation — Equity Compensation Plans*.

#### **PSUs**

NEOs may be granted PSUs under the LTIP or the CSUP as part of the Corporation's annual equity grant. The vesting of such awards requires the achievement of specified performance-based conditions over a specified time period, as determined by the HRCC in its discretion. PSUs granted by the Corporation generally vest at the end of a three-year performance period subject to pre-determined performance criteria. The payout value of the award is based on the number of PSUs that vest (which ranges from 0% to 200% of the target amount granted) and the market price of the SVS at the time of release. The Corporation has the right under the CSUP to settle vested PSUs in either cash or SVS (on a one-for-one basis). Under the LTIP, the Corporation may, at the time of grant, authorize grantees to settle PSUs either in cash or in SVS. Absent such permitted election, grants under the LTIP will be settled in SVS. If the Corporation has authorized a settlement in SVS or cash, the holder can choose which of these the holder receives. See *Executive Compensation — Equity Compensation Plans*.

#### **Stock Options**

NEOs may be granted stock options under the LTIP (no stock options have been granted to the NEOs after 2015). The exercise price of a stock option is the closing market price on the business day prior to the date of the grant. Stock options granted by the Corporation generally vest at a rate of 25% annually on each of the first four anniversaries of the date of grant and expire after a ten-year term. The LTIP is not an evergreen plan and no stock options have been re-priced.

#### **Other Compensation**

##### **Benefits**

NEOs participate in the Corporation's health, dental, pension, life insurance and long-term disability programs. Benefit programs are determined with consideration given to market median levels in the local geographic region.

##### **Perquisites**

Perquisites are provided to executives on a case-by-case basis as considered appropriate in the interests of the Corporation. NEOs are entitled to an annual comprehensive medical examination at a private health clinic. Where applicable, tax equalization is provided to all NEOs as an integral part of the Corporation's Short-Term Business Travel Program and is designed to maintain an individual's tax burden at approximately the same level it would have otherwise been had they remained in their home country. Due largely to variables such as timing and tax rate differences between Canada and the U.S., tax equalization amounts may vary from year to year. While the Corporation is incorporated and headquartered in Canada, our business is global and we compete for executive talent worldwide. In addition, our executives are often required to travel extensively. As a result, we believe it is appropriate to make tax equalization payments in order to attract and retain non-Canadian executive officers with specific capabilities as well as to ensure that our executives do not incur any additional tax burden as a result of the business travel necessitated by the global nature of our business. Although we also cover housing



expenses for Mr. Mionis while in Canada, we are re-evaluating his housing requirements in light of changes to business travel requirements.

**2021 Compensation Decisions**

Each element of compensation is considered independently of the other elements. However, the total package is reviewed to ensure that the achievement of target levels of corporate and individual performance will result in total compensation that is generally comparable to the median total compensation of the Comparator Group.

**Base Salary**

The base salaries for the NEOs were reviewed during 2021, taking into account individual performance and experience, level of responsibility and median competitive data. The HRCC approved the increases shown in the following table for Messrs. Chawla, Phillips and Cooper in 2021 in order to align their respective base salaries with the median base salary of executives with similar roles within the Comparator Group.

The following table sets forth the annual base salary for the NEOs for the years ended December 31, 2019 through December 31, 2021:

**Table 9: NEO Base Salary Changes**

NEO	Year	Salary (\$)	% Increase
Robert A. Mionis	2021	\$950,000	—
	2020	\$950,000	—
	2019	\$950,000	—
Mandeep Chawla	2021	\$550,000	10%
	2020	\$500,000	9%
	2019	\$460,000	2%
Jason Phillips	2021	\$485,000	5%
	2020	\$460,000	—
	2019	\$460,000	8%
Jack J. Lawless	2021	\$460,000	—
	2020	\$460,000	—
	2019	\$460,000	—
Todd C. Cooper	2021	\$485,000	5%
	2020	\$460,000	—
	2019	\$460,000	—

## Annual Incentive Award (CTI)

### 2021 Company Performance Factor

The CPF component of the CTI for 2021 was based on the achievement of specified corporate financial targets for the year (2021 Targets). The 2021 Targets were revenue (Revenue Target) and non-IFRS operating margin (OM Target), as these measures were determined to be aligned with the Corporation's continuing key objectives of driving profitable growth on both a "top line" and "bottom line" basis. As both measures were deemed to be equally important, the same weight was given to each target. The same measures and associated weight were used in 2020.

Targets were initially considered in January 2021 in conjunction with the establishment of the 2021 AOP and in the context of the continued uncertainty regarding the impacts of COVID-19 on our business. As the year progressed, actions were taken to enhance the resiliency of our supply chain, while simultaneously sharpening its focus on investments in our value-added businesses to grow the business. The executive team took proactive steps to improve the organization's focus in this regard. In determining the final targets, the HRCC considered the positive impact of these actions on the 2021 AOP as well as shareholder expectations that were expressed in our shareholder engagement initiatives with respect to the need to ensure alignment of executive pay with company performance. As a result, the final 2021 Revenue Target was set higher than the corresponding revenue target in 2020 and actual 2020 revenue, and at a level that was determined to be both challenging, yet attainable. The 2021 OM Target was finalized as originally considered since it was determined to satisfactorily represent achievement of the expected value in 2021, and demonstrate growth from the prior year's results. The 2021 Revenue Target and the 2021 OM Target were approved by the HRCC and used to determine the CPF for 2021 CTI awards.

The CTI Parameters that specifically indicate that no minimum CTI payments are guaranteed, and there is a maximum CTI payout of two times the Target Award for which the CTI cannot exceed. Under the first CTI Parameter, a minimum corporate profitability requirement must be achieved in order for any CTI award to be payable at all. That requirement was achieved in 2021 and therefore CTI awards were payable. Under the second CTI Parameter, a cap applies such that, in order for the revenue component of the CPF to pay above target (regardless of the actual revenue achievement level), target non-IFRS operating margin must be achieved, which it was. The percentage achievement for each measure was then determined by interpolating between the factor that corresponds to threshold, target and maximum, as applicable. Each achievement factor was then multiplied by its weight (50%) in order to determine the weighted achievement.

The CPF for 2021 was based on 116% based on the results in the following table:

**Table 10: Company Performance Factor**

Measure	Weight	Threshold	Target	Maximum	Achieved Results	Weighted Achievement
Non-IFRS operating margin	50%	2.95%	3.7%	4.45%	4.2%	159%
IFRS revenue	50%	\$5,336M	\$5,800M	\$6,264M	\$5,635M	73%
<b>CPF</b>						<b>116%</b>

### 2021 Individual Performance Factor

The IPF can increase an executive's CTI award by a factor of up to 1.5x or reduce the CTI award to zero depending on individual performance (an IPF of less than 1.0 will result in a reduction of the CTI award otherwise payable). Notwithstanding the foregoing, CTI payments are subject to an overall maximum cap of 200% of the Target Award. The IPF is determined through the annual performance review process.

At the beginning of each year, the HRCC and the CEO agree on performance goals for the CEO that are then approved by the Board. Goals for the other NEOs that align with the CEO's goals are then established and agreed to between the CEO and the respective NEOs. The performance of the CEO and the other NEOs is measured against the established goals and also contains qualitative elements, such that criteria for, and the amount of, the IPF remains at the discretion of the HRCC. However, the CPF must be greater than zero for an executive to be entitled to any CTI payment.

In 2021, the HRCC approved an increase in Mr. Chawla's Target Incentive from 80% (initially established upon his appointment as CFO in 2017) to 100%. As part of our multi-year approach for setting target compensation and to better align his target short-term incentives with those of CFOs within the Comparator Group, the HRCC approved this increase.

#### CEO

In assessing Mr. Mionis' individual performance, the HRCC considers the Corporation's objectives and results achieved, personal performance objectives as determined annually, as well as other factors the Committee considers relevant to the role of CEO. Key results that were considered in determining Mr. Mionis' IPF for 2021 are included below:

Objective	2021 Performance Results
Meet Our Commitments	<ul style="list-style-type: none"> <li>Met or exceeded a number of financial performance goals for 2021</li> <li>Focused on operational cost productivity and continued to drive improved and more predictable ramp performance</li> <li>Realized robust bookings aligned with growth aspirations in both of our ATS and CCS segments</li> </ul>
Return to Growth	<ul style="list-style-type: none"> <li>Completed long-term strategic objective of transitioning to higher value markets</li> <li>Achieved a return to top-line year-over-year revenue growth in Q4 2021</li> <li>Non-IFRS operating margin of 4.2% was up 70 basis points compared to 2020</li> <li>HPS business achieved a record \$1.15 billion in revenue in 2021</li> </ul>
Optimize Operations	<ul style="list-style-type: none"> <li>Celestica Operating System continued to drive optimization of operations through standardized best practices</li> <li>Advanced planning processes, supply chain management, and collaboration with our customers and suppliers helped to partially mitigate the impact of materials constraints</li> <li>While inventory performance fell below expectations (due to carrying higher inventory levels to mitigate the impact of supply chain constraints), achieved cash cycle days in line with plan</li> </ul>
Enable the Enterprise	<ul style="list-style-type: none"> <li>Enhanced talent practices and improved succession readiness</li> <li>Made significant progress on our three-year roadmap to entrench diversity and inclusion into our culture</li> <li>Development of specific actions in response to D&amp;I Survey and Employee Engagement survey</li> <li>Embedded ESG strategy and oversight into our management system</li> <li>Created operational plans and reporting mechanisms to achieve our target of 30% reduction in GHG emissions by 2025</li> <li>Successfully completed enterprise-enablement initiatives, including mitigating compliance risks and improving connectivity and data analytics platforms</li> <li>Continued to prioritize the health and safety of employees during the pandemic while meeting customer commitments</li> <li>As a result of operational resilience and safety measures, operated at near pre-COVID-19 production capacity at most of our sites during 2021</li> </ul>

Despite a number of significant challenges in 2021, including materials constraints and the ongoing impacts from COVID-19 in select locations, the Corporation achieved strong financial results led by year-over-year improvements in our ATS segment and another solid year in our CCS segment driven by strength in HPS business. Our bookings continued to outperform our expectations, our quality and productivity performance was further strengthened, and we expanded our technology capabilities, people practices, and focus on ESG matters. In addition, the HRCC and the Board believe that the growth initiatives undertaken in both segments, led by the PCI acquisition in our ATS segment and HPS roadmap in our CCS segment, have placed the Corporation into an even better position to drive profitable growth in 2022 and beyond. As a result, the HRCC and the Board determined that Mr. Mionis exceeded expectations for the year, and approved an IPF of 1.3 for 2021.

#### Other NEOs

The performance of the NEOs other than the CEO is assessed at year-end relative to objective measures that align with the targets for the CEO. The CEO assesses each other NEO's contributions to the Corporation's results, including such NEO's contributions as a part of the senior leadership team. Based on the CEO's assessment, the HRCC considered each NEO to have met or exceeded expectations for 2021 based on each of their individual performance and contribution to corporate goals and objectives. Factors considered in the evaluation of each NEO's IPF included the following:

Mandeep Chawla	<ul style="list-style-type: none"> <li>Rigorously evaluated financial liquidity needs during the strategic transformation and led the enhancements to our current credit facility, including an expansion of our borrowing capacity with improved terms</li> <li>Effectively managed the negotiation and closing of the PCI acquisition</li> <li>Partnered with the CEO and business leaders to successfully complete the Corporation's strategic transformation in pursuit of profitable growth, shareholder value creation and enhanced transparency to stakeholders</li> </ul>
Jason Phillips	<ul style="list-style-type: none"> <li>Drove record HPS revenue of \$1.15 billion, representing growth of 34% compared to 2020, led by demand strength and new program ramps with service providers and supported by continuing data center growth</li> <li>Achieved CCS segment margin of 4.4% in Q4 2021 (highest since 2015) driven by strength in HPS business</li> <li>Established a center of excellence in Richardson, Texas, expanding our HPS engineering network and increasing our North America manufacturing capacity</li> </ul>
Jack J. Lawless	<ul style="list-style-type: none"> <li>ATS segment saw strong revenue growth in 2021, driven by continued strength in our Capital Equipment business and organic growth in our Industrial business</li> <li>Successfully contributed to our portfolio diversification efforts by supporting the PCI acquisition</li> <li>Expanded our engineering services business and grew engineering led bookings compared to 2020</li> </ul>
Todd C. Cooper	<ul style="list-style-type: none"> <li>Successfully led advanced planning processes, supply chain management, and collaboration with our customers and suppliers to mitigate the impact of global supply chain constraints on our revenue</li> <li>Achieved meaningful progress in the integration of the Celestica Operating System to drive continuous improvements and consistent processes across the Celestica network to increase operational efficiencies</li> <li>Led Celestica's robust COVID-19 business continuity management program to minimize disruptions during the pandemic and to minimize impacts to employee health and well-being across our global network</li> </ul>

#### 2021 CTI Awards

The following table sets forth information with respect to the potential and actual awards under the CTI for the NEOs during 2021:

**Table 11: 2021 CTI Awards**

Name	Target Incentive % <sup>(1)</sup>	Potential Award for Below Threshold Performance	Potential Award for Threshold Performance <sup>(2)</sup>	Potential Award for Target Performance <sup>(2)</sup>	Potential Maximum Award <sup>(2)</sup>	Amount Awarded	Amount Awarded as a % of Base Salary
Robert A. Mionis	125%	\$0	\$296,875	\$1,187,500	\$2,375,000	\$1,790,750	189%
Mandeep Chawla	100%	\$0	\$134,589	\$538,356	\$1,076,712	\$736,902	134%
Jason Phillips	80%	\$0	\$95,836	\$383,342	\$766,685	\$569,187	117%
Jack J. Lawless	80%	\$0	\$92,000	\$368,000	\$736,000	\$426,880	93%
Todd C. Cooper	80%	\$0	\$95,836	\$383,342	\$766,685	\$511,379	105%

<sup>(1)</sup> The Target Incentive for each NEO was not changed from 2021 except for Mr. Chawla whose Target Incentive was increased from 80% to 100%.

<sup>(2)</sup> Award amounts in these columns are calculated based on an IPF of 1.0.

#### NEO Equity Awards and Mix

Target equity-based incentives were determined for the NEOs with reference to the median awards of the Comparator Group. Consideration was also given to individual performance, the roles and responsibilities of the NEOs, retention value and market trends. The mix of equity in respect of 2021 compensation was comprised of 40% RSUs and 60% PSUs (in accordance with executive compensation program design changes implemented in 2018). See *Compensation Elements for the Named Executive Officers — Equity-Based Incentives* for a general description of the process for determining the amounts of these awards.

In addition to the annual grant to the NEOs, Mr. Cooper received a grant of 24,691 RSUs on February 2, 2021 based on a share price of \$8.10, which was the closing price of the SVS on the NYSE on February 1, 2021. The RSUs will vest in their entirety on the second anniversary of the grant. This award was made to Mr. Cooper in order to recognize his leadership through unprecedented, prolonged conditions within our operations as a result of COVID-19.

The following table sets forth equity awards granted to the NEOs on February 2, 2021 as part of their 2021 compensation as well as the additional RSU award granted to Mr. Cooper:

**Table 12: NEO Equity Awards**

Name	RSUs (#) <sup>(1)</sup>	PSUs (#) <sup>(2)</sup>	Stock Options (#)	Value of Equity Award <sup>(3)</sup>
Robert A. Mionis	355,555	533,333	—	\$7,200,000
Mandeep Chawla	96,296	144,444	—	\$1,950,000
Jason Phillips	83,950	125,925	—	\$1,700,000
Jack J. Lawless	86,419	129,629	—	\$1,750,000
Todd C. Cooper	108,641	125,925	—	\$1,900,000

<sup>(1)</sup> Grants were based on a share price of \$8.10, which was the closing price of the SVS on the NYSE on February 1, 2021 (the last business day before the date of grant).

<sup>(2)</sup> Assumes achievement of 100% of target level performance.

<sup>(3)</sup> Represents the aggregate grant date fair value of the RSUs and PSUs.

The RSUs granted in 2021 vest rateably over a three-year period, commencing on the first anniversary of the date of grant (other than the additional award of RSUs granted to Mr. Cooper in February 2021). The value of the RSUs granted on February 2, 2021 was determined at the January 2021 meeting of the HRCC. The number of RSUs granted was determined using the closing price of the SVS on February 1, 2021 (the day prior to the date of grant) on the NYSE of \$8.10.

PSUs set forth in the table above vest at the end of a three-year period subject to pre-determined performance criteria. For such awards, each NEO was granted a target number of PSUs (Target Grant). The number of PSUs that will actually vest ranges from 0% to 200% of the Target Grant and will be primarily based on the Corporation's non-IFRS operating margin in the final year of the three-year performance period (OM Result), subject to modification by the Corporation's average annual non-IFRS adjusted ROIC achievement over the performance period (ROIC Factor) and relative TSR achievement (TSR Factor) over the performance period in accordance with the following:

Formula	Description								
Preliminary Vesting % based on OM Result	The percentage of PSUs that will vest based on the OM Result (Preliminary Vesting %) can range between 0% and 200% of the Target Grant. The Preliminary Vesting % will be subject to initial adjustment based on the ROIC Factor and further adjustment based on the TSR Factor, as described below, provided that the maximum number of PSUs that may vest will not exceed 200% of the Target Grant.								
Preliminary Vesting % subject to modification by a factor of either -25%, 0% or +25% based on ROIC Factor	The Corporation's ROIC Factor will be measured relative to a pre-determined non-IFRS adjusted ROIC range approved by the Board. The Preliminary Vesting % will not be modified if the ROIC Factor is within that pre-determined range. The Preliminary Vesting % will be increased or decreased by 25% if the ROIC Factor is above or below that predetermined range, respectively (as so adjusted, the Secondary Vesting %). The ROIC Factor cannot increase the actual number of PSUs that vest to more than 200% of the Target Grant.								
Secondary Vesting % subject to modification by a factor ranging from -25% to +25% based on TSR Factor	<p>TSR measures the performance of a company's shares over time. It combines share price appreciation and dividends, if any, paid over the relevant period to determine the total return to the shareholder expressed as a percentage of the share price at the beginning of the performance period. With respect to each TSR Comparator (as defined below), TSR is calculated as the change in share price over the three-year performance period (plus any dividends) divided by the share price at the beginning of the period, where the average daily closing share price for the month of December 2020 is the beginning share price and the average daily closing price for the month of December 2023 will be the ending share price. The TSR of the Corporation is calculated in the same manner in respect of the SVS (the Corporation does not currently pay dividends).</p> <p>For purposes of determining modifications to the Secondary Vesting % based on the TSR Factor, the HRCC determined that for PSUs granted in 2021, the Corporation's TSR will be measured relative to the S&amp;P Americas BMI Technology Hardware &amp; Equipment Index as of January 1, 2021 (BMI Index), with the addition of Flex Ltd. (the only EMS-peer company not already included in the BMI Index), that remain publicly traded on an established U.S. stock exchange for the entire performance period (TSR Comparators). The BMI Index is comprised of technology hardware and equipment subsector companies with business diversification. The HRCC determined that the attributes of the BMI Index, including its alignment with both the U.S. technology peers used for overall executive compensation benchmarking and Celestica's business models made it appropriate for PSU vesting determinations. The Corporation's market capitalization is positioned around the median of the TSR Comparators.</p> <p>After calculating the percentile rank for each TSR Comparator (by arranging the TSR results from highest to lowest), the Corporation's TSR will be ranked against that of each of the TSR Comparators. The Secondary Vesting % will then be subject to modification (ranging from a decrease of 25% to an increase of 25%) by interpolating between the corresponding percentages immediately above and immediately below Celestica's percentile position as set out in the table below, provided that the Corporation's TSR performance cannot increase the actual number of PSUs that will vest to more than 200% of the Target Grant.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Celestica's TSR Positioning</th> <th>TSR Modification Factor</th> </tr> </thead> <tbody> <tr> <td>90<sup>th</sup> Percentile</td> <td>25%</td> </tr> <tr> <td>50<sup>th</sup> Percentile</td> <td>0%</td> </tr> <tr> <td>10<sup>th</sup> Percentile</td> <td>-25%</td> </tr> </tbody> </table>	Celestica's TSR Positioning	TSR Modification Factor	90 <sup>th</sup> Percentile	25%	50 <sup>th</sup> Percentile	0%	10 <sup>th</sup> Percentile	-25%
Celestica's TSR Positioning	TSR Modification Factor								
90 <sup>th</sup> Percentile	25%								
50 <sup>th</sup> Percentile	0%								
10 <sup>th</sup> Percentile	-25%								
Summary	<p>Total PSU Vesting Percentage =</p> <p>(1) Preliminary Vesting % based on OM Result;</p> <p>(2) Preliminary Vesting % is subject to modification by a factor of either -25%, 0% or +25%, based on ROIC Factor (Secondary Vesting %); and</p> <p>(3) Secondary Vesting % is subject to modification by a factor ranging from -25% to +25% based on TSR Factor.</p>								

**Note Regarding the Use of Non-IFRS Operating Margin**

Non-IFRS operating margin is utilized as a performance measure in both the CPF of the CTI and for PSU performance as we believe it closely aligns with both our short-term and long-term profitability goals and is a key metric to measure the value we deliver to shareholders. In the CTI, annual non-IFRS operating margin is used (together with revenue) to measure short-term profitable growth. For PSUs, the non-IFRS operating margin target is based on the Corporation's long-term strategic plan, as it is not measured until the last year of the performance period, and vesting is subject to modification based on other measures (including TSR). As a result, the non-IFRS operating margin target and the relevant time-period for achievement, are different under the CTI and PSUs (one year for CTI and three years for PSUs), and therefore we do not consider the use of non-IFRS operating margin to be duplicative.

**Realized and Realizable Compensation**

**CEO Realized and Realizable Compensation**

The following table is a look back at CEO compensation that compares the total target direct compensation awarded to Mr. Mionis for the years ended December 31, 2017 through December 31, 2021 to his realized and realizable compensation for each such year.

**Table 13: CEO Realized and Realizable Compensation**

	Fully Realized			Not Fully Realized	
	2017	2018	2019	2020	2021
Total Target Direct Compensation <sup>(1)</sup>	\$7,582,021	\$9,337,500	\$9,337,500	\$9,337,500	\$9,337,500
Realized and Realizable Compensation <sup>(2)</sup>	\$4,433,564 <sup>(3)</sup>	\$5,090,158 <sup>(3)</sup>	\$ 9,340,985 <sup>(3)</sup>	\$12,075,427 <sup>(4)</sup>	\$12,634,073 <sup>(4)</sup>
Realized and Realizable Compensation as a % of Total Target Direct Compensation	58%	55%	100%	129%	135%

<sup>(1)</sup> The total target direct compensation value represents Mr. Mionis' salary, target CTI award and the target value of share-based awards (i.e., 100% for PSUs).

<sup>(2)</sup> The realized and realizable value for 2017 - 2019 represents actual salary paid, actual CTI award paid and share based awards at vest date value (and demonstrates fully-realized compensation, as the vesting or performance period for all equity grants in such years has ended). The realized and realizable value for 2020 and 2021 represents actual salary paid, actual CTI award paid, vest-date value for the portion of RSU grants which had vested by December 31, 2021, and for the portion of share-based awards which had not vested by such date, an assumed value of \$11.13 per share (the closing price of the SVS on the NYSE on December 31, 2021) and assumed vesting of PSUs at target performance of 100%, which may not be the ultimate amount earned.

Compensation for 2020 and 2021 has only been partially realized, such that a significant portion remains realizable and is "at-risk" as described in footnote 4 below.

<sup>(3)</sup> The following table includes the CPF for CTI awards actually paid and the vesting percentage of PSUs granted in each year:

Year	CPF under CTI	PSUs as % of Target
2017	83%	40%
2018	80%	26%
2019	34%	74%
2020	182%	
2021	116%	

<sup>(4)</sup> Mr. Mionis' 2020 and 2021 compensation has not been fully realized and a significant portion remains "at-risk" as follows (representing the December 31, 2021 value of: PSUs whose performance period does not conclude until the end of 2022 and 2023, respectively, and RSUs granted in each such year that remain unvested):

Year	Amount Still "At-Risk"
2020	\$7,812,281
2021	\$9,893,323

**NEO Realized and Realizable Compensation**

The following table is a look back at compensation for all NEOs that compares the total target direct compensation awarded to the NEOs for the years ended December 31, 2017 through December 31, 2021 to their realized and realizable compensation for each such year.

**Table 14: NEO Realized and Realizable Compensation**

	Fully Realized			Not Fully Realized	
	2017	2018	2019	2020	2021
Total Target Direct Compensation <sup>(1)</sup>	\$16,088,075	\$19,049,426	\$19,155,708	\$19,904,386	\$20,267,253
Realized and Realizable Compensation <sup>(2)</sup>	\$10,113,460 <sup>(3)</sup>	\$10,972,171 <sup>(3)</sup>	\$18,973,951 <sup>(3)</sup>	\$25,698,446 <sup>(4)</sup>	\$26,865,812 <sup>(4)</sup>
Realized and Realizable Compensation as a % of Total Target Direct Compensation	63%	58%	99%	129%	133%

<sup>(1)</sup> The total target direct compensation value represents the NEOs' salary, target CTI award and the target value of share-based awards (i.e., 100% for PSUs).

<sup>(2)</sup> The realized and realizable value for 2017 - 2019 represents actual salary paid, actual CTI award paid and share based awards at vest date value (and demonstrates fully-realized compensation, as the vesting or performance period for all equity grants in such years has ended). The realized and realizable value for 2020 and 2021 represents actual salary paid, actual CTI award paid, vest-date value for the portion of RSU grants which had vested by December 31, 2021, and for the portion of share-based awards which had not vested by such date, an assumed value of \$11.13 per share (the closing price of the SVS on the NYSE on December 31, 2021) and assumed vesting of PSUs at target performance of 100%, which may not be the ultimate amount earned. Compensation for 2020 and 2021 has only been partially realized, such that a significant portion remains realizable and is "at-risk" as described in footnote 4 below.

<sup>(3)</sup> The following table includes the CPF for CTI awards actually paid and the vesting percentage of PSUs granted in each year:

Year	CPF under CTI	PSUs as % of Target
2017	83%	40%
2018	80%	26%
2019	34%	74%
2020	182%	
2021	116%	

<sup>(4)</sup> The NEOs' 2020 and 2021 compensation has not been fully realized and a significant portion remains "at-risk" as follows (representing the December 31, 2021 value of: PSUs whose performance period does not conclude until the end of 2022 and 2023, respectively, and RSUs granted in each such year that remain unvested):

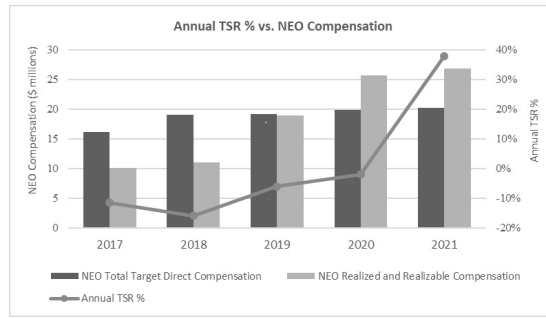
Year	Amount Still "At-Risk"
2020	\$15,528,303
2021	\$19,924,002



**Total Shareholder Return**

**Table 15: TSR vs. NEO Compensation<sup>(1)</sup>**

The following graph compares the five-year trend in the Corporation's TSR to both total target direct compensation and the realized and realizable compensation for the NEOs for each year. This look back at compensation demonstrates the comparison between actual pay and total target compensation intended at the time of grant. The difference between total target direct compensation and realized and realizable compensation was driven by the performance of the SVS and achievement relative to CTI and PSU performance measures, as well as changes in the reported NEOs in applicable years.



<sup>(1)</sup> NEO total target direct compensation value represents salary, target CTI award and the target value of share-based awards (i.e., 100% for PSUs) and option awards (if applicable) for all NEOs reported in the Corporation's Annual Report on Form 20-F each year. NEO realized and realizable value represents actual salary paid, actual CTI award paid and share-based awards at vest date value (and for the portion of share-based awards that had not vested as of December 31, 2021, at an assumed value of \$11.13 per share, the closing price of the SVS on the NYSE on December 31, 2021, and assumed vesting of PSUs at target performance of 100%, which may not be the ultimate amount earned).

A significant portion of NEO compensation is at-risk to support our pay for performance culture. We believe the realized value of the long-term incentives granted to NEOs, and the performance of the PSUs in particular (the value of which will not be realized, if at all, until the end of the relevant three-year performance period), more closely mirror the trend in share price movement and serve to better demonstrate the alignment of the interests of management with those of our shareholders than total target direct compensation.

## EXECUTIVE COMPENSATION

This section contains references to operating margin and adjusted ROIC, which are non-IFRS financial measures (i.e., ratios based on non-IFRS financial measures). See *Compensation Discussion and Analysis — Note Regarding Non-IFRS Measures* for definitions of such non-IFRS financial measures, and where to find a discussion of the exclusions used to determine such measures, how they are used, as well as a reconciliation of historical non-IFRS operating margin and non-IFRS adjusted ROIC to the most directly comparable IFRS financial measures.

### Summary Compensation Table

The following table sets forth the compensation of the NEOs for the years ended December 31, 2019 through December 31, 2021.

**Table 16: Summary Compensation Table**

Name & Principal Position	Year	Salary (\$)	Share-based Awards (\$) <sup>(1)</sup>	Option-based Awards (\$) <sup>(1)</sup>	Non-equity Incentive Plan Compensation	Pension Value (\$) <sup>(1)</sup>	All Other Compensation (\$) <sup>(1)</sup>	Total Compensation (\$)
					Annual Incentive Plans (\$) <sup>(1)</sup>			
Robert A. Mionis <i>President and Chief Executive Officer</i>	2021	\$950,000	\$7,200,000	—	\$1,790,750	\$249,200	\$292,382	\$10,482,332
	2020	\$950,000	\$7,200,000	—	\$2,375,000	\$89,735	\$500,220	\$11,114,955
	2019	\$950,000	\$7,200,000	—	\$383,562	\$131,850	\$691,354	\$9,356,766
Mandeep Chawla <sup>(2)</sup> <i>Chief Financial Officer</i>	2021	\$538,356	\$1,950,000	—	\$736,902	\$110,942	\$3,901	\$3,340,101
	2020	\$490,492	\$1,850,000	—	\$784,787	\$46,876	\$4,399	\$3,176,554
	2019	\$457,534	\$1,600,000	—	\$118,227	\$61,346	\$1,462	\$2,238,569
Jason Phillips <sup>(2)</sup> <i>President, CCS</i>	2021	\$479,178	\$1,700,000	—	\$569,187	\$80,342	\$26,925	\$2,855,632
	2020	\$460,000	\$2,000,000	—	\$736,000	\$29,057	\$27,594	\$3,252,651
	2019	\$438,137	\$1,600,000	—	\$113,215	\$31,828	\$58,826	\$2,242,006
Jack J. Lawless <sup>(2)</sup> <i>President, ATS</i>	2021	\$460,000	\$1,750,000	—	\$426,880	\$70,902	\$21,432	\$2,729,214
	2020	\$460,000	\$1,750,000	—	\$636,272	\$29,509	\$16,512	\$2,892,293
	2019	\$460,000	\$1,750,000	—	\$118,864	\$46,357	\$19,247	\$2,394,468
Todd C. Cooper <sup>(2)</sup> <i>Chief Operations Officer</i>	2020	\$479,178	\$1,900,000	—	\$511,379	\$80,342	\$48,664	\$3,019,563
	2020	\$460,000	\$1,600,000	—	\$736,000	\$29,509	\$17,100	\$2,842,609
	2019	\$460,000	\$1,600,000	—	\$118,864	\$52,058	\$16,800	\$2,247,722

<sup>(1)</sup> All amounts in this column represent the grant date fair value of share-based awards. Amounts in this column for 2021 represent RSU and PSU grants to all NEOs, and the additional RSU grant (with a grant date fair value of \$200,000) to Mr. Cooper, all made on February 2, 2021, which was made to Mr. Cooper in order to recognize his leadership through unprecedented, prolonged conditions within our operations as a result of COVID-19. Grants were based on a share price of \$8.10, which was the closing price of the SVS on the NYSE on February 1, 2021 (the day prior to the date of the grant). Amounts in this column for 2020 represent RSU and PSU grants to all NEOs, and the additional grant to Mr. Phillips' of a performance award of \$400,000 in PSUs, all made on February 4, 2020. The 2020 grants were based on a share price of \$8.89, which was the closing price of the SVS on the NYSE on February 3, 2020 (the day prior to the date of the grant). Amounts in this column for 2019 represent RSU and PSU grants made on February 6, 2019 to all NEOs and an additional grant of 22,124 RSUs made to Mr. Phillips on August 6, 2019 in recognition of his expanded responsibilities. The February 2019 grants were based on a share price of \$8.04, which was the closing price of the SVS on the NYSE on February 5, 2019 (the day prior to the date of the grant) and the August 2019 grant to Mr. Phillips was based on a share price of \$6.78, which was the closing price of the SVS on the NYSE on August 5, 2019 (the day prior to the date of the grant). See *Compensation Discussion and Analysis — Compensation Elements for the Named Executive Officers — Equity-Based Incentives* for a description of the process followed in determining the grants for 2021, and see *Compensation Discussion and Analysis — 2021 Compensation Decisions — Equity-Based Incentives* for a description of the vesting terms of the RSU and PSU awards. Grants made in-year are reported for such year.

<sup>(2)</sup> The estimated accounting fair value of the share based awards is calculated using the market price of SVS as defined under each of the plans and in the case of PSUs, various fair value pricing models may apply. The accounting fair values for the PSU portion of the share based awards in Table 16 reflect various assumptions as to estimated vesting for such awards in accordance with applicable accounting standards. The grant date fair value of the RSU portion of the share based awards in Table 16 is the same as their accounting fair value. The grant date fair value for the PSU portion of the share based awards reflects the dollar amount of the award intended for compensation purposes, based on the market value of the underlying shares on the grant dates based on an assumption of the vesting of 100% of the target number of PSUs granted. The accounting fair value for all share based awards in the table assumed a zero forfeiture rate. The number of PSUs granted in 2019 – 2021 that will actually vest will range from 0% to 200% of the target number granted and will be primarily based on the Corporation's OM Result in the final year of the three-year performance period, subject to

modification by the Corporation's ROIC Factor and TSR Factor over the performance period, as described in detail under NEO Equity Awards and Mix above. 74% of the target amount of PSUs granted in 2019 settled in February 2022. For PSUs granted in 2019 – 2021, the Corporation's TSR was measured relative to that of companies in the BMI Index, with the addition of Flex Ltd, that remain publicly traded on an established U.S. stock exchange for the entire performance period. The Corporation estimated the grant date fair value of the TSR Factor using a Monte Carlo simulation model. The number of awards expected to be earned was factored into the grant date Monte Carlo valuation for the award. The accounting grant date fair value is not subsequently adjusted regardless of the eventual number of awards that are earned based on TSR. The grant date fair value for the non-TSR based performance measurement and modifier was based on the market value of our SVS at the time of grant and may be adjusted in subsequent periods to reflect a change in the estimated level of achievement related to the applicable performance condition. The accounting grant date fair value is not subsequently adjusted regardless of the eventual number of awards that were earned based on the market performance condition.

<sup>(3)</sup> There were no stock options granted to the NEOs in 2019, 2020 or 2021.

<sup>(4)</sup> Amounts in this column represent CTI incentive payments made to NEOs. See *Compensation Discussion and Analysis — Compensation Elements for the Named Executive Officers — Celestica Team Incentive Plan* for a description of the CTI.

<sup>(5)</sup> Amounts in this column represent Celestica's contributions to defined contribution pension plans (other than 401(k) plans) on behalf of the NEOs — see *Pension Plans* for a full description of the plans. Contributions for Messrs. Mionis, Phillips, Lawless and Cooper are reported in U.S. dollars. Contributions for Mr. Chawla are reported in U.S. dollars, having been converted from Canadian dollars at the average exchange rate for 2021 of \$1.00 equals C\$1.2533.

<sup>(6)</sup> Amounts in this column for Mr. Mionis include amounts for items provided for under the CEO Employment Agreement, which for 2021 consisted of tax equalization payments of \$189,260, housing expenses of \$75,080 while in Canada, group life insurance premiums of \$7,482 and a 401(k) contribution of \$17,400. For 2020, the amount in this column for Mr. Mionis consisted of tax equalization payments of \$400,602, housing expenses of \$72,196 while in Canada, group life insurance premiums of \$7,482 and a 401(k) contribution of \$17,100. For 2019, the amount in this column for Mr. Mionis consisted of tax equalization payments of \$578,947, housing expenses of \$72,569 while in Canada, group life insurance premiums of \$8,105 and a 401(k) contribution of \$16,800. Amounts in this column for Mr. Chawla for 2021 include a tax equalization payment of \$2,311. Amounts in this column for Mr. Chawla for 2020 include a tax equalization payment of \$2,582. Amounts in this column for Mr. Phillips for 2021 include a tax equalization payment of \$9,340 and a 401(k) contribution of \$17,085. Amounts in this column for Mr. Phillips for 2020 consisted of a tax equalization payment of \$10,121 and a 401(k) contribution of \$16,973. For 2019, the amount in this column for Mr. Phillips include a tax equalization payment of \$41,719 and a 401(k) contribution of \$16,607. Amounts in this column for Mr. Lawless for 2021 consisted of a tax equalization payment of \$4,770 and a 401(k) contribution of \$16,662. Amounts in this column for Mr. Lawless for 2020 consisted of a 401(k) contribution of \$16,512. For 2019, the amount in this column for Mr. Lawless include tax equalization payments of \$3,451 and a 401(k) contribution of \$15,796. Amounts in this column for Mr. Cooper for 2021 consisted of a tax equalization payment of \$31,264 and a 401(k) contribution of \$17,400. Amounts in this column for Mr. Cooper for 2020 consisted of a 401(k) contribution of \$17,100. For 2019, the amount in this column for Mr. Cooper include a 401(k) contribution of \$16,800. In accordance with the Corporation's Short-Term Business Travel Program, tax equalization payments for all NEOs were made to maintain each NEO's tax burden at approximately the same level it would have otherwise been had they remained in their home country. Due largely to variables such as timing and tax rate differences between Canada and the U.S., tax equalization amounts may vary from one year to the next and the net benefit may be positive or negative in the year. While the Corporation is incorporated and headquartered in Canada, our business is global, and we compete for executive talent worldwide. As a result, we believe it is appropriate to make tax equalization payments under certain circumstances in order to attract and retain non-Canadian executive officers with specific capabilities and to ensure that our executives do not incur any additional tax burden as a result of the business travel necessitated by the global nature of our business.

<sup>(7)</sup> In 2021, the HRCC approved increases to the base salaries of Messrs. Chawla, Phillips and Cooper in order to align their respective base salaries with the median base salary of executives with similar roles within the Comparator Group. In April 2020, Mr. Chawla's base salary was increased to better align it with the median base salary of CFOs within the Comparator Group, and to reflect the expanded scope of his responsibilities to include additional functional areas. In 2019, the HRCC approved an increase in Mr. Chawla's base salary. Mr. Phillips was appointed President, CCS effective January 1, 2019 and his base salary increased as a result. In August 2019, Mr. Phillips' base salary was increased to reflect his significantly expanded responsibilities.

<sup>(8)</sup> Mr. Lawless stepped down from his position as President, ATS Celestica effective December 31, 2021, but continues to serve as a special advisor to Mr. Mionis.

<sup>(9)</sup> Mr. Cooper was appointed President, ATS effective January 1, 2022.

**Option-Based and Share-Based Awards**

The following table provides details of each stock option grant outstanding (vested and unvested) and the aggregate number of unvested share-based awards for each of the NEOs as of December 31, 2021.

**Table 17: Outstanding Option-Based and Share-Based Awards<sup>(1)</sup>**

Name	Option-Based Awards				Share-Based Awards				
	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-Money Options (\$)	Number of Shares or Units that have not Vested (#) <sup>(2)</sup>	Payout Value of Share-Based Awards that have not Vested at Minimum (\$) <sup>(3)</sup>	Payout Value of Share-Based Awards that have not Vested at Target (\$) <sup>(3)</sup>	Payout Value of Share-Based Awards that have not Vested at Maximum (\$) <sup>(3)</sup>	Payout Value of Vested Share-Based Awards Not Paid Out or Distributed (\$)
<b>Robert A. Mionis</b>									
Aug. 1, 2015	298,954	CS17.52	Aug. 1, 2025	—	—	—	—	—	—
Feb. 6, 2019	—	—	—	—	537,313	—	\$5,980,294	\$11,960,587	—
Feb. 4, 2020	—	—	—	—	701,912	\$2,403,779	\$7,812,281	\$13,220,782	—
Feb. 2, 2021	—	—	—	—	888,888	\$3,957,327	\$9,893,323	\$15,829,319	—
<b>Total</b>	<b>298,954</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,128,113</b>	<b>\$6,361,106</b>	<b>\$23,685,898</b>	<b>\$41,010,688</b>	<b>—</b>
<b>Mandeep Chawla</b>									
Feb. 6, 2019	—	—	—	—	119,402	—	\$1,343,308	\$2,686,616	—
Feb. 4, 2020	—	—	—	—	180,352	\$624,313	\$2,029,014	\$3,433,715	—
Feb. 2, 2021	—	—	—	—	240,740	\$1,083,359	\$2,708,397	\$4,333,435	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>540,494</b>	<b>\$1,707,672</b>	<b>\$6,080,719</b>	<b>\$10,453,766</b>	<b>—</b>
<b>Jason Phillips</b>									
Feb. 6, 2019	—	—	—	—	108,208	—	\$1,204,355	\$2,408,710	—
Aug. 6, 2019	—	—	—	—	14,749	\$164,156	\$164,156	\$164,156	—
Feb. 4, 2020	—	—	—	—	186,328	\$534,173	\$2,073,831	\$3,275,715	—
Feb. 2, 2021	—	—	—	—	209,875	\$934,364	\$2,335,909	\$3,737,454	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>519,160</b>	<b>\$1,632,693</b>	<b>\$5,778,251</b>	<b>\$9,586,035</b>	<b>—</b>
<b>Jack J. Lawless</b>									
Feb. 6, 2019	—	—	—	—	130,597	—	\$1,453,545	\$2,907,089	—
Feb. 4, 2020	—	—	—	—	170,603	\$584,247	\$1,898,811	\$3,213,376	—
Feb. 2, 2021	—	—	—	—	216,048	\$961,843	\$2,404,614	\$3,847,385	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>517,248</b>	<b>\$1,546,090</b>	<b>\$5,756,970</b>	<b>\$9,967,850</b>	<b>—</b>
<b>Todd C. Cooper</b>									
Feb. 6, 2019	—	—	—	—	119,402	—	\$1,328,944	\$2,657,889	—
Feb. 4, 2020	—	—	—	—	155,980	\$534,173	\$1,736,057	\$2,937,942	—
Feb. 2, 2021	—	—	—	—	234,566	\$1,209,174	\$2,610,720	\$4,012,265	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>509,948</b>	<b>\$1,743,347</b>	<b>\$5,675,721</b>	<b>\$9,608,096</b>	<b>—</b>

<sup>(1)</sup> See *Compensation Discussion and Analysis — 2021 Compensation Decisions — Equity-Based Incentives* for a discussion of the equity-based grants.

<sup>(2)</sup> Includes unvested RSUs, as well as PSUs assuming achievement of 100% of target level performance.

<sup>(3)</sup> Payout values at minimum vesting include the value of RSUs only, as the minimum value of PSUs would be \$0.00 if the minimum performance condition is not met. Payout value at target vesting is determined assuming vesting of 100% of the target number of PSUs granted and payout values at maximum vesting is determined assuming vesting of 200% of the target number of PSUs granted. Payout values for Mr. Chawla were determined using a share price of CS14.10, which was the closing price of the SVS on the TSX on December 31, 2021, converted to U.S. dollars at the average exchange rate for 2021 of \$1.00 equals CS1.2533. Payout values for Messrs. Mionis, Phillips, Lawless and Cooper were determined using a share price of \$11.13, which was the closing price of the SVS on the NYSE on December 31, 2021.

The following table provides details for each NEO of the value of option-based and share-based awards that vested during 2021 and the value of annual incentive awards earned in respect of 2021 performance.

**Table 18: Incentive Plan Awards — Value Vested or Earned in 2021**

Name	Option-based Awards — Value Vested During the Year (\$)	Share-based Awards — Value Vested During the Year (\$) <sup>(1)</sup>	Non-equity Incentive Plan Compensation — Value Earned During the Year (\$) <sup>(2)</sup>
Robert A. Mionis	—	\$4,097,987	\$1,790,750
Mandeep Chawla	—	\$944,908	\$736,902
Jason Phillips	—	\$1,457,901	\$569,187
Jack J. Lawless	—	\$984,218	\$426,880
Todd C. Cooper	—	\$910,652	\$511,379

<sup>(1)</sup> Amounts in this column reflect: (i) share-based awards released in 2021 for Messrs. Mionis, Lawless, Phillips and Cooper based on the price of the SVS on the NYSE as follows:

Type of Award	Vesting Date	Price
PSU	February 1, 2021	\$7.96
RSU	February 4, 2021	\$8.69
RSU	February 5, 2021	\$8.99
RSU	February 8, 2021	\$9.14
PSU	April 1, 2021	\$8.48
RSU	December 1, 2021	\$10.20

and (ii) share-based awards released in 2021 for Mr. Chawla based on the price of the SVS on the TSX as follows:

Type of Award	Vesting Date	Price
PSU	February 1, 2021	CS10.23
RSU	February 4, 2021	CS11.15
RSU	February 8, 2021	CS11.60
RSU	December 1, 2021	CS13.08

Certain values in this column were converted to U.S. dollars from Canadian dollars at the average exchange rate for 2021 of \$1.00 equals CS1.2533. With respect to previously-issued PSUs that vested in 2021, the overall vesting percentage was 26% based on the Corporation's non-IFRS operating margin, non-IFRS adjusted ROIC and TSR performance.

<sup>(2)</sup> Consists of payments under the CTI made on February 18, 2022 in respect of 2021 performance. See *Compensation Discussion and Analysis — 2021 Compensation Decisions — Annual Incentive Award — Target Award*. These are the same amounts as disclosed in Table 16 under the column "Non-equity Incentive Plan Compensation — Annual Incentive Plans".

No gains were realized by NEOs from exercising stock options in 2021.

Securities Authorized for Issuance Under Equity Compensation Plans

Table 19: Equity Compensation Plans as at December 31, 2021<sup>(1)</sup>

Plan Category	Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (#)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (\$)	Securities Remaining Available for Future Issuance Under Equity Compensation Plans <sup>(2)</sup> (#)
Equity Compensation Plans Approved by Securityholders	LTIP (Options)	C\$16.05	N/A <sup>(3)</sup>
	LTIP (RSUs)	N/A	N/A <sup>(3)</sup>
	LTIP (PSUs)	N/A	N/A <sup>(3)</sup>
	<b>Total<sup>(4)</sup></b>	C\$16.05	9,519,069

<sup>(1)</sup> This table sets forth information, as of December 31, 2021, with respect to SVS authorized for issuance under the LTIP, and does not include SVS purchased (or to be purchased) in the open market to settle equity awards under the LTIP or the Corporation's other equity compensation plans. The LTIP, which was approved by the Corporation's shareholders, is the only equity compensation plan pursuant to which the Corporation may issue new SVS to settle equity awards.

<sup>(2)</sup> Excluding securities that may be issued upon exercise of outstanding stock options, warrants and rights.

<sup>(3)</sup> The LTIP provides for a maximum number of securities that may be issued from treasury, but does not provide separate maximums for each type of award thereunder.

<sup>(4)</sup> The total number of securities issuable upon the exercise/settlement of outstanding grants under all equity compensation plans approved by shareholders represents 0.394% of the total number of outstanding shares at December 31, 2021 (LTIP (Options) — 0.335%; LTIP (RSUs) — 0.059%; and LTIP (PSUs) — 0.00%).

Equity Compensation Plans

Long-Term Incentive Plan

The LTIP (which was approved by the Corporation's shareholders) is the only securities-based compensation plan providing for the issuance of securities from treasury under which grants have been made and continue to be made by the Corporation since it was listed on the TSX and the NYSE. Under the LTIP, the Board of Directors may in its discretion from time to time grant stock options, share units (in the form of RSUs and PSUs) and stock appreciation rights (SARs) to employees and consultants of the Corporation and affiliated entities.

Up to 29,000,000 SVS may be issued from treasury pursuant to the LTIP. The number of SVS that may be issued from treasury under the LTIP to directors is limited to 2,000,000; however, the Corporation decided in 2004 that stock option grants under the LTIP would no longer be made to directors. Under the LTIP, as of February 22, 2022, 19,231,148 SVS have been issued from treasury, 404,353 SVS are issuable under outstanding stock options, 74,151 SVS are issuable under outstanding RSUs, and no SVS are issuable under outstanding PSUs. Accordingly, as of February 22, 2022, 9,768,852 SVS are reserved for issuance from treasury pursuant to current and potential future grants of securities-based compensation under the LTIP. In addition, the Corporation may satisfy obligations under the LTIP by acquiring SVS in the open market.

As of February 22, 2022, the Corporation had a "gross overhang" of 7.3% under the LTIP. "Gross overhang" refers to the total number of shares reserved for issuance from treasury under equity plans at any given time relative to the total number of shares outstanding, including shares reserved for outstanding equity-based awards under the LTIP. The Corporation's "net overhang" (i.e. the total number of shares that have been reserved for issuance from treasury to satisfy outstanding equity grants to employees and outstanding RSU grants to directors relative to the total number of shares outstanding) was 0.4%.

As of December 31, 2021, the Corporation had an "overhang" for stock options of 8.0%, representing the number of shares reserved for issuance from treasury for outstanding stock options as at such date, together with shares reserved for potential future grants of stock options, relative to the total number of shares outstanding as at such date.

The Corporation had a "burn rate" for the LTIP for each of the years 2021, 2020 and 2019, of 0.1%, 0.0% and 0.0%, respectively. "Burn rate" is calculated by dividing the number of awards granted during the applicable year (including the target amount of PSUs granted), by the weighted average number of securities outstanding for the applicable year.

The LTIP limits the number of SVS that may be (a) reserved for issuance to insiders (as defined under TSX rules for this purpose), and (b) issued within a one-year period to insiders pursuant to stock options, rights or share units granted pursuant to the LTIP, together with SVS reserved for issuance under any other employee-related plan of the Corporation or stock options for services granted by the Corporation, in each case to 10% of the aggregate issued and outstanding SVS and MVS of the Corporation. The LTIP also limits the number of SVS that may be reserved for issuance to any one participant pursuant to stock options, SARs or share units granted pursuant to the LTIP, together with SVS reserved for issuance under any other employee-related equity plan of the Corporation or stock options for services granted by the Corporation, to 5% of the aggregate issued and outstanding SVS and MVS.

Vested stock options issued under the LTIP may be exercised during a period determined as provided in the LTIP, which may not exceed ten years. The LTIP also provides that, unless otherwise determined by the Board of Directors, stock options will terminate within specified time periods following the termination of employment of an eligible participant with the Corporation or affiliated entities, including in connection with a change of control. The exercise price for stock options issued under the LTIP is the closing price for SVS on the last business day prior to the grant date. The TSX closing price is used for Canadian employees and the NYSE closing price is used for all other employees. The exercise of stock options may be subject to vesting conditions, including specific time schedules for vesting and performance-based conditions such as share price and financial results. The grant of stock options to, or exercise of stock options by, an eligible participant may also be subject to certain share ownership requirements.

The interest of any participant under the LTIP is generally not transferable or assignable. However, the LTIP does provide that a participant may assign his or her rights to a spouse, or a personal holding company or family trust controlled by the participant, of which any combination of the participant, the participant's spouse, minor children or grandchildren are shareholders or beneficiaries, as applicable.

Under the LTIP, eligible participants may be granted SARs, a right to receive a cash amount equal to the amount, if any, by which the market price of the SVS at the time of exercise of the SAR exceeds the market price of the SVS at the time of the grant. The market price used for this purpose is the weighted average price for SVS during the five trading days preceding the date of determination. The TSX market price is used for Canadian employees and the NYSE market price is used for all other employees. Such amounts may also be payable by the issuance of SVS (at the discretion of the Corporation). The exercise of SARs may also be subject to conditions similar to those which may be imposed on the exercise of stock options. To date, the Corporation has not granted any SARs under the LTIP.

Under the LTIP, eligible participants may be allocated share units in the form of PSUs or RSUs. Each vested RSU and PSU entitles the holder to receive one SVS on the applicable release date (however, the number of PSUs that may vest range from 0% to 200% of a target amount). The issuance of such shares may be subject to vesting requirements similar to those described above with respect to the exercisability of stock options and SARs, including such time or performance-based conditions as may be determined by the Board of Directors in its discretion. Under the LTIP, the Corporation may authorize grantees to settle vested RSUs or PSUs either in cash or SVS. Absent such permitted election, RSUs and PSUs will be settled in SVS. The number of SVS that may be issued to any one person pursuant to the share unit program shall not exceed 1% of the aggregate issued and outstanding SVS and MVS. The number of SVS that may be issued under share units in the event of termination of employment without cause, death or long-term disability is subject to pro-ration, unless otherwise determined by the Corporation. The LTIP provides for the express designation of share units as either RSUs, which have time-based vesting conditions or PSUs, which have performance-based vesting conditions over a specified period. In the event a holder of PSUs retires, unless otherwise determined by the Corporation, the pro-rated vesting of such PSUs shall be determined based on the actual performance achieved during the period specified for the grant by the Corporation.

The following types of amendments to the LTIP or the entitlements granted under it require the approval of the holders of the voting securities by a majority of votes cast by shareholders present or represented by proxy at a meeting:

- (a) increasing the maximum number of SVS that may be issued under the LTIP;
- (b) reducing the exercise price of an outstanding stock option (including cancelling and, in conjunction therewith, regranting a stock option at a reduced exercise price);
- (c) extending the term of any outstanding stock option or SAR;
- (d) expanding the rights of participants to assign or transfer a stock option, SAR or share unit beyond that currently contemplated by the LTIP;

- (e) amending the LTIP to provide for other types of security-based compensation through equity issuance;
- (f) permitting a stock option to have a term of more than ten years from the grant date;
- (g) increasing or deleting the percentage limit on SVS issuable or issued to insiders under the LTIP;
- (h) increasing or deleting the percentage limit on SVS reserved for issuance to any one person under the LTIP (being 5% of the Corporation's total issued and outstanding SVS and MVS);
- (i) adding to the categories of participants who may be eligible to participate in the LTIP; and
- (j) amending the amendment provision,

subject to the application of the anti-dilution or re-organization provisions of the LTIP.

The Board may approve amendments to the LTIP or the entitlements granted under it without shareholder approval, other than those specified above as requiring approval of the shareholders, including, without limitation:

- (a) clerical changes (such as a change to correct an inconsistency or omission or a change to update an administrative provision);
- (b) a change to the termination provisions for the LTIP or for a stock option as long as the change does not permit the Corporation to grant a stock option with a termination date of more than ten years from the date of grant or extend an outstanding stock option's termination date beyond such date; and
- (c) a change deemed necessary or desirable to comply with applicable law or regulatory requirements.

#### Celestica Share Unit Plan

The CSUP provides for the issuance of RSUs and PSUs in the same manner as provided in the LTIP, except that the Corporation may not issue shares from treasury to satisfy its obligations under the CSUP and there is no limit on the number of share units that may be issued as RSUs and PSUs under the terms of the CSUP. Issuances under the CSUP may be settled in cash or SVS at the discretion of the Corporation. The share units may be subject to vesting requirements, including any time-based conditions established by the Board of Directors at its discretion. The vesting of PSUs also requires the achievement of specified performance-based conditions as determined by the HRCC. There is no "burn rate" for the CSUP because issuances under the CSUP are not from treasury and are therefore non-dilutive.

#### Pension Plans

The following table provides details of the amount of Celestica's contributions to its defined contribution pension plans on behalf of the NEOs, and the accumulated value thereunder as of December 31, 2021 for each NEO.

**Table 20: Defined Contribution Pension Plan**

Name	Accumulated Value at Start of Year (\$)	Compensatory (\$)	Accumulated Value at End of Year <sup>(1)</sup> (\$)
Robert A. Mionis <sup>(2)</sup>	\$1,064,437	\$249,200	\$1,530,246
Mandeep Chawla <sup>(2)</sup>	\$410,949	\$110,942	\$570,771
Jason Phillips	\$409,841	\$80,342	\$583,149
Jack J. Lawless	\$344,590	\$70,902	\$495,480
Todd C. Cooper	\$122,376	\$80,342	\$224,811

<sup>(1)</sup> The difference between (i) the sum of the Accumulated Value at Start of Year column plus the Compensatory column and (ii) the Accumulated Value at End of Year column is attributable to non-compensatory changes in the Corporation's accrued obligations during the year ended December 31, 2021.

<sup>(2)</sup> The difference between the Accumulated Value at Start of Year reported here and the Accumulated Value at End of Year reported in our 2020 Annual Report on Form 20-F for Messrs. Mionis and Chawla is attributable to different exchange rates used in our 2020 Annual Report on Form 20-F and in this Annual Report. The exchange rate used in our 2020 Annual Report on Form 20-F was \$1.00 = C\$1.3422.



### **Canadian Pension Plans**

Mr. Chawla participates in the Corporation's registered pension plan for Canadian employees (Canadian Pension Plan) which is a defined contribution plan. The Canadian Pension Plan allows employees to choose how the Corporation's contributions are invested on their behalf within a range of investment options provided by third-party fund managers. Retirement benefits depend upon the performance of the investment options chosen. Mr. Chawla also participates in an unregistered supplementary pension plan (Canadian Supplementary Plan). This is also a defined contribution plan through which the Corporation provides an annual contribution of an amount equal to the difference between (i) the maximum annual contribution limit as determined in accordance with the formula set out in the Canadian Pension Plan and with Canada Revenue Agency rules and (ii) 8% of the total base salary and paid annual incentives. Notional accounts are maintained for each participant in the Canadian Supplementary Plan. Participants are entitled to select from among the investment options available in the Canadian Pension Plan for the purpose of determining the return on their Canadian Supplementary Plan notional accounts.

### **U.S. Pension Plans**

Messrs. Mionis, Phillips, Lawless and Cooper participate in the Corporation's U.S. pension plans comprised of two defined contribution retirement programs, one of which qualifies as a deferred salary arrangement under section 401(k) of the U.S. Internal Revenue Code (401(k) Plan). Under the 401(k) Plan, participating employees may defer 100% of their pre-tax earnings subject to any statutory limitations. The Corporation may make contributions for the benefit of eligible employees. The 401(k) Plan allows employees to choose how their account balances are invested on their behalf within a range of investment options provided by third-party fund managers. The Corporation contributes: (i) 3% of eligible compensation for the participant, and (ii) up to an additional 3% of eligible compensation by matching 50% of the first 6% contributed by the participant. The maximum contribution of the Corporation to the 401(k) Plan, based on the Internal Revenue Code rules and the 401(k) Plan formula for 2021 was \$19,500 (plus an additional \$6,500 for an individual over the age of 50). Messrs. Mionis, Phillips, Lawless and Cooper also participate in a supplementary retirement plan that is also a defined contribution plan (U.S. Supplementary Plan). Under the U.S. Supplementary Plan, the Corporation contributes to the participant an annual amount equal to the difference between 8% of the participant's salary and paid incentive and the amount that Celestica would contribute to the 401(k) Plan assuming the participant contributes the amount required to receive the matching 50% contribution by Celestica. A notional account is maintained for Messrs. Mionis, Lawless and Cooper, and they are entitled to select from among the investment options available in the 401(k) Plan for the purpose of determining the return on their notional accounts.

### **Termination of Employment and Change in Control Arrangements with Named Executive Officers**

The Corporation has entered into employment agreements with certain of its NEOs in order to provide certainty to the Corporation and such NEOs with respect to issues such as obligations of confidentiality, non-solicitation and non-competition after termination of employment, the amount of severance to be paid in the event of termination of the NEO's employment, and to provide a retention incentive in the event of a change in control scenario.

#### **Mr. Mionis**

The CEO Employment Agreement provides that Mr. Mionis is entitled to certain severance benefits if, during a change of control period or a potential change of control period at the Corporation, he is terminated without cause or resigns for good reason as defined in his agreement (a "double trigger" provision) where good reason includes, without limitation, a material adverse change in position or duties or a specified reduction(s) in total compensation (including base salary, equity and CTI award). A change of control period is defined in his agreement as the 12-month period following a change of control. A potential change of control period is defined in his agreement as the period beginning upon the occurrence of a potential change of control and ending on the earlier of: (i) the end of the 6-month period following a potential change of control; and (ii) a change of control.

The amount of the severance payment for Mr. Mionis is equal to: (i) base salary up to and including the termination date; (ii) a lump sum amount equal to his target payment under the CTI prorated to the date of termination; (iii) a lump sum amount equal to any payments accrued under the CTI in respect of the fiscal year preceding the fiscal year during which his termination occurs, if any; (iv) a lump sum amount equal to two times his eligible earnings (such as eligible earnings calculated as his annual base salary plus the lesser of (a) his target payment under the CTI for the fiscal year during which his termination occurs based on target achievement of the CPF of 1.0 and an IPF of 1.0, and (b) payment received under the CTI for the fiscal year preceding the fiscal year during which termination occurs); (v) vacation pay earned but unpaid up to and including the date of termination; (vi) a lump sum cash settlement of contributions to, or continuation of his pension and retirement plans for a two-year period; and (vii) a one-time lump sum payment of \$100,000 in lieu of all future benefits and perquisites. In addition, upon a change of control and termination without cause or for good reason (a) the stock options granted to him vest immediately, (b) the unvested PSUs granted to him vest immediately at the target level of performance specified in the terms of the PSU grant, and (c) the RSUs granted to him shall vest immediately.

Outside a change in control period, upon termination without cause or resignation for good reason as defined in his agreement, the amount of the severance payment for Mr. Mionis is equal to: (a) base salary up to and including the termination date; (b) a lump sum amount equal to any payments accrued under the CTI in respect of the fiscal year preceding the fiscal year during which his termination occurs; (c) a lump sum amount equal to two times his eligible earnings (as calculated in the paragraph above); (d) vacation pay earned but unpaid up to and including the date of termination; (e) a one-time lump sum payment of \$100,000 in lieu of all future benefits and perquisites; and (f) a lump sum cash settlement of contributions to, or continuation of his pension and retirement plans for a two-year period. In addition, (a) vested stock options may be exercised for a period of 30 days and unvested stock options are forfeited on the termination date, (b) RSUs shall vest immediately on a *pro rata* basis based on the ratio of (i) the number of full years of employment completed between the date of grant and termination of employment, to (ii) the number of years between the date of grant and the vesting date, and (c) PSUs vest based on actual performance on a *pro rata* basis based on the ratio of (i) the number of full years of employment completed between the date of grant and the termination of employment, to (ii) the number of years between the date of grant and the vesting date.

The foregoing entitlements are conferred on Mr. Mionis in part upon his fulfillment of certain confidentiality, non-solicitation and non-competition obligations for a period of two years following termination of employment. In the event of a breach of such obligations, the Corporation is entitled to seek appropriate legal, equitable and other remedies, including injunctive relief.

The following table summarizes the incremental payments and benefits to which Mr. Mionis would have been entitled upon a change in control occurring on December 31, 2021, or if his employment had been terminated on December 31, 2021 as a result of a change in control, retirement or termination without cause (or with good reason).

**Table 21: Mr. Mionis' Benefits**

	<b>Cash Portion</b>	<b>Value of Option-Based and Share-Based Awards<sup>(1)</sup></b>	<b>Other Benefits<sup>(2)</sup></b>	<b>Total</b>
Termination without Cause/with Good Reason or Change in Control with Termination	\$4,275,000	—	\$633,200	\$4,908,200
Change in Control with no Termination or Retirement	—	—	—	—

<sup>(1)</sup> No incremental amount would be received in respect of accelerated vesting of options, RSUs and PSUs, if any, on the assumption that the discount rate applied to calculate the net present value of the accelerated entitlements is not greater than the rate at which the SVS would otherwise be expected to appreciate over the period of acceleration.

<sup>(2)</sup> Other benefits consist of group health benefits and pension plan contributions.

**Messrs. Chawla, Phillips, Lawless and Cooper**

Messrs. Chawla, Phillips, Lawless and Cooper are subject to the Executive Policy Guidelines which provide the following:

Termination without cause	<ul style="list-style-type: none"> <li>eligible to receive a severance payment up to two times annual base salary and the lower of target or actual annual incentive for the previous year (Eligible Earnings), subject to adjustment for factors including length of service, together with a portion of their annual incentive for the year, prorated to the date of termination</li> <li>(a) vested stock options may be exercised for a period of 30 days and unvested stock options are forfeited on the termination date, (b) RSUs shall vest immediately on a <i>pro rata</i> basis based on the ratio of (i) the number of full years of employment completed between the date of grant and termination of employment, to (ii) the number of years between the date of grant and the vesting date, and (c) PSUs vest based on actual performance on a <i>pro rata</i> basis based on the ratio of (i) the number of full years of employment completed between the date of grant and the termination of employment, to (ii) the number of years between the date of grant and the vesting date</li> </ul>
Termination without cause within two years following a change in control of the Corporation ("double trigger" provision)	<ul style="list-style-type: none"> <li>eligible to receive a severance payment up to two times Eligible Earnings, subject to adjustment for factors including length of service, together with a portion of their annual incentive for the year, prorated to the date of termination</li> <li>(a) all unvested stock options vest on the date of change in control, (b) all unvested RSUs vest on the date of change in control, and (c) all unvested PSUs vest on the date of change in control at target level of performance unless the terms of a PSU grant provide otherwise, or on such other more favourable terms as the Board may in its discretion provide</li> </ul>
Termination with cause	<ul style="list-style-type: none"> <li>no severance benefit is payable</li> <li>all unvested equity is forfeited on the termination date</li> </ul>
Retirement	<ul style="list-style-type: none"> <li>(a) stock options continue to vest and are exercisable until the earlier of three years following retirement and the original expiry date, (b) RSUs will continue to vest on their vesting dates, and (c) PSUs vest based on actual performance on a <i>pro rata</i> basis based on the percentage represented by the number of days between the date of grant and the date of retirement as compared to the total number of days from the date of grant to the scheduled release date for the issuance of shares in respect of vested PSUs</li> </ul>
Resignation	<ul style="list-style-type: none"> <li>no severance benefit is payable</li> <li>(a) vested stock options may be exercised for a period of 30 days and unvested stock options are forfeited on the resignation date and (b) all unvested RSUs and PSUs are forfeited on the resignation date</li> </ul>

Additionally, the Executive Policy Guidelines provide that executives whose employment has been terminated will have their pension and benefits coverage treated according to the terms of the plans in which they participate.

The entitlements described in the above table are only conferred on eligible executives who fulfill certain confidentiality, non-solicitation and non-competition obligations for a period of two years following termination of their employment.

The following tables summarize the incremental payments to which Messrs. Chawla, Phillips, Lawless and Cooper would have been entitled upon a change in control occurring on December 31, 2021, or if their employment had been terminated on December 31, 2021 as a result of a change in control, retirement or termination without cause.

**Table 22: Mr. Chawla's Benefits**

	Cash Portion <sup>(1)</sup>	Value of Option-Based and Share-Based Awards <sup>(2)</sup>	Other Benefits	Total
Termination without Cause or Change in Control with Termination	\$2,200,000	—	—	\$2,200,000
Change in Control with no Termination or Retirement	—	—	—	—

<sup>(1)</sup> Amounts in this column assume a maximum severance payment of two times Eligible Earnings but the actual amounts payable could be less.

<sup>(2)</sup> No incremental amount would be received in respect of accelerated vesting of options, RSUs and PSUs, if any, on the assumption that the discount rate applied to calculate the net present value of the accelerated entitlements is not greater than the rate at which the SVS would otherwise be expected to appreciate over the period of acceleration.

**Table 23: Mr. Phillips' Benefits**

	Cash Portion <sup>(1)</sup>	Value of Option-Based and Share-Based Awards <sup>(2)</sup>	Other Benefits	Total
Termination without Cause or Change in Control with Termination	\$1,746,000	—	—	\$1,746,000
Change in Control with no Termination or Retirement	—	—	—	—

<sup>(1)</sup> Amounts in this column assume a maximum severance payment of two times Eligible Earnings but the actual amounts payable could be less.

<sup>(2)</sup> No incremental amount would be received in respect of accelerated vesting of options, RSUs and PSUs, if any, on the assumption that the discount rate applied to calculate the net present value of the accelerated entitlements is not greater than the rate at which the SVS would otherwise be expected to appreciate over the period of acceleration.

**Table 24: Mr. Lawless' Benefits**

	Cash Portion <sup>(1)</sup>	Value of Option-Based and Share-Based Awards <sup>(2)</sup>	Other Benefits	Total
Termination without Cause or Change in Control with Termination	\$1,656,000	—	—	\$1,656,000
Change in Control with no Termination or Retirement	—	—	—	—

<sup>(1)</sup> Amounts in this column assume a maximum severance payment of two times Eligible Earnings but the actual amounts payable could be less.

<sup>(2)</sup> No incremental amount would be received in respect of accelerated vesting of options, RSUs and PSUs, if any, on the assumption that the discount rate applied to calculate the net present value of the accelerated entitlements is not greater than the rate at which the SVS would otherwise be expected to appreciate over the period of acceleration.

**Table 25: Mr. Cooper's Benefits**

	Cash Portion <sup>(1)</sup>	Value of Option-Based and Share-Based Awards <sup>(2)</sup>	Other Benefits	Total
Termination without Cause or Change in Control with Termination	\$1,746,000	—	—	\$1,746,000
Change in Control with no Termination or Retirement	—	—	—	—

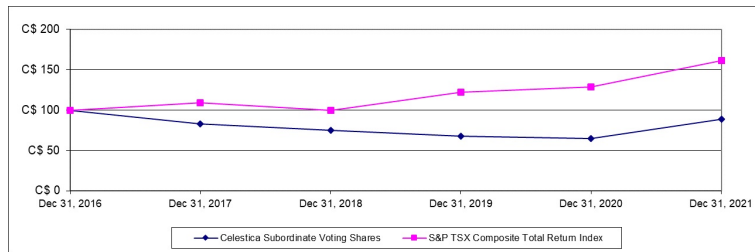
<sup>(1)</sup> Amounts in this column assume a maximum severance payment of two times Eligible Earnings but the actual amounts payable could be less.

<sup>(2)</sup> No incremental amount would be received in respect of accelerated vesting of options, RSUs and PSUs, if any, on the assumption that the discount rate applied to calculate the net present value of the accelerated entitlements is not greater than the rate at which the SVS would otherwise be expected to appreciate over the period of acceleration.

**Performance Graph**

The following chart compares the cumulative TSR of C\$100 invested in SVS with the cumulative TSR of the S&P/TSX Composite Total Return Index for the period from December 31, 2016 to December 31, 2021.

**Table 26: Performance Graph**



An investment in the Corporation on December 31, 2016 would have resulted in an 11% decrease in value over the five-year period ended December 31, 2021 compared with a 61% increase that would have resulted from an investment in the S&P/TSX Composite Total Return Index over the same period. Over the same period, annual total direct compensation for NEOs (actual salary paid, actual CTI awards paid and the value of long-term incentive awards (at target in the case of PSUs) granted in the respective years) increased by 27%.

In 2021, we met or exceeded a number of our financial performance goals, realized a 38% increase in our share price (from \$8.07 on December 31, 2020 to \$11.13 on December 31, 2021 on the NYSE), and our TSR outperformed the S&P/TSX Composite Total Return Index by 13% and the Global Industry Classification (GICS) 4520 – Technology Hardware and Equipment TSR by 22%. We believe that these 2021 results validate the successful execution of our strategic transformation, and that the Corporation is now positioned for profitable growth. We further believe that the Corporation's strategic transformation, in addition to materials constraints, and demand reductions and other adverse impacts on our business related to COVID-19 resulted in significant price and volume fluctuations in the market price of our SVS, and negatively impacted our TSR in recent years.

In the medium to long-term, compensation of the NEOs is directly impacted by the market value of the SVS, as a significant portion of such NEO compensation is comprised of RSUs and PSUs with realized compensation tied to the market value of the SVS (and in the case of PSUs, tied to other financial performance metrics of the Corporation over a three-year performance period). We believe the realized value of the long-term incentives granted to NEOs, and the performance of the PSUs in particular, serve to better demonstrate the alignment of pay for performance. In addition to share performance, the achievement of the Corporation's strategic objectives and other financial measures (such as revenue and non-IFRS operating margin) are used to assess the alignment our executive pay with the Corporation's performance. See *Realized and Realizable Compensation* above.

### C. Board Practices

Members of the Board are elected until the close of the next annual meeting of shareholders or until their successors are elected or appointed (unless such position is earlier vacated in accordance with the Corporation's by-laws). Each member of our senior management is appointed to serve at the discretion of our Board (subject to the terms and conditions of their respective employment agreements, if any). See Item 6(A), "Directors and Senior Management" for details for the period during which each director and executive officer has served in such capacity. Our independent directors (as defined under Canadian rules and NYSE listing standards) meet separately *in camera* (and without our CEO, CFO or other members of management present) as part of every Board meeting to consider such matters as they deem appropriate. The presiding director at these *in camera* sessions is the Chair of the Board, or in the absence of the Chair of the Board, another independent director selected by those in attendance. The independent directors can set their own agenda, maintain minutes, and report back to the Board as a whole. Among the items that the independent directors meet privately *in camera* to review is the performance of the CEO. Each of our standing Board committees, which consist solely of independent directors (as defined under applicable Canadian and SEC rules, and NYSE listing standards), also meet separately (without our CEO, CFO or other members of management present) as part of each committee meeting.

The Board has determined that Mr. Cascella, Mr. Chopra, Mr. DiMaggio, Ms. Koellner, Dr. Müller, Ms. Perry, Mr. Ryan and Mr. Wilson (constituting a majority of the Board) are independent directors under applicable independence standards in Canada and under NYSE listing standards.

Except for the right to receive deferred compensation, no director is entitled to benefits from Celestica under any service contracts when they cease to serve as a director. See Item 6(B), "Compensation."

#### *Communications with the Board*

Shareholders and other interested parties may confidentially communicate directly with the Chair of the Board, or all non-management directors (directors who are not executive officers of the Company) or independent directors individually or as a group, by writing to any of the foregoing c/o Investor Relations, Celestica Inc., 5140 Yonge Street, Suite 1900, Toronto, Ontario, Canada M2N 6L7; phone 416-448-2211. Any such letters will be delivered unopened to the Chair of the Board or to the appropriate addressee(s) or their designees.

Shareholders and other interested parties who have concerns or complaints relating to accounting, internal accounting controls or other matters may also contact the Audit Committee by writing to the address set out above or by reporting the matter through our Ethics Hotline toll free at 1-888-312-2689. Callers outside the U.S. or Canada can place a collect call to 1-503-726-2457. Alternatively, concerns or complaints can be reported using a secure on-line web-based tool at [www.ethics.celestica.com](http://www.ethics.celestica.com).

All communications will be handled in a confidential manner, to the degree that applicable laws allow. Communications may be made on an anonymous basis; however, in these cases the reporting individual must provide sufficient details for the matter to be reviewed and resolved. The Corporation will not tolerate any retaliation against an employee who makes a good faith report.

#### **Board Committees**

The Board has three standing committees, each with a specific mandate (charter): the Audit Committee, the Human Resources and Compensation Committee (HRCC), and the Nominating and Corporate Governance Committee (NCGC). All of these committees are composed solely of independent directors (as that term is defined by applicable Canadian and SEC rules and in the NYSE listing standards, as applicable).

##### *Audit Committee*

The Audit Committee in 2021 consisted of Ms. Koellner (Chair), Mr. Cascella, Mr. Chopra, Mr. DiMaggio, Dr. Müller (commencing upon his appointment to the committee effective August 31, 2021), Ms. Perry, Mr. Ryan and Mr. Wilson, all of whom the Board determined to be independent directors for audit committee purposes (as that term is defined by applicable Canadian and SEC rules and in the NYSE listing standards) and financially literate. All of the audit committee members have held executive positions with large corporations or financial services companies. The Audit Committee has a well-defined mandate which, among other things, sets out its relationship with, and expectations of, the external auditors, including the determination of the independence of the external auditors and approval of any non-audit services of the external auditor; the engagement, evaluation, remuneration and termination of the external auditor; its relationship with, and expectations of, the internal auditor function and its oversight of internal control; and the disclosure of financial and related information. In addition to fulfilling the responsibilities as set forth in its mandate, the Audit Committee has established procedures to review the qualifications, expertise, resources and the overall performance of the Corporation's external auditor. The Audit Committee has direct communication channels with the internal and external auditors to discuss and review specific issues and has the authority to retain and fund such independent legal, accounting, or other advisors as it may consider appropriate. The Audit Committee reviews and approves the mandate and plan of the internal audit department on an annual basis. The Audit Committee's duties include responsibility for reviewing financial statements with management and the auditors, monitoring the adequacy of Celestica's internal control procedures, and reviewing the adequacy of Celestica's processes for identifying and managing risk.

The Audit Committee has established procedures for: (i) receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters and (ii) confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. A copy of the Audit Committee Mandate is available on our website at [www.celestica.com](http://www.celestica.com).

Members of the Audit Committee do not serve on more than three audit committees of public companies, including that of Celestica. See Item 16A "Audit Committee Financial Expert" for a discussion of the Corporation's Audit Committee Financial Experts.

##### **Audit Committee Report:**

The Audit Committee has reviewed and discussed the audited financial statements with management;

The Audit Committee has discussed with the independent auditors the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (PCAOB) and the SEC;

The Audit Committee has received the written disclosures and the letter from the independent accountant as required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence; and

Based on such review and discussions, the Audit Committee recommended to the Board that the audited financial statements be included in this Annual Report for the year ended December 31, 2021 for filing with the SEC.

The Audit Committee:

Mr. Cascella  
Mr. Chopra  
Mr. DiMaggio  
Ms. Koellner  
Dr. Müller  
Ms. Perry  
Mr. Ryan  
Mr. Wilson

*Human Resources and Compensation Committee*

The HRCC in 2021 consisted of Mr. Cascella (Chair as of April 29, 2021), Mr. Ryan (Chair through April 29, 2021), Mr. Chopra, Mr. DiMaggio, Dr. Müller (commencing upon his appointment to the committee effective August 31, 2021), Ms. Koellner, Ms. Perry and Mr. Wilson, all of whom the Board determined to be independent directors for compensation committee purposes pursuant to the applicable Canadian and SEC rules and the NYSE listing standards. It is the responsibility of the HRCC to define and communicate compensation policies and principles that reflect and support our strategic direction, business goals and desired culture. Pursuant to its mandate, the HRCC: reviews and approves Celestica's overall reward/compensation policy, including an executive compensation policy that is consistent with competitive practice and supports organizational objectives and shareholder interests; reviews the corporate goals and objectives relevant to the compensation of the CEO, as approved by the Board, evaluates the CEO's performance in light of these goals and objectives, and sets the compensation of the CEO based on this evaluation; reviews and approves the appointment and terms of employment (or any material changes to terms of employment) and, upon recommendation of the CEO, any changes to the base salary for all senior executive positions that report to the CEO and certain other senior executive positions, as well as any separation agreement or compensation arrangement for any such executive whose employment has been terminated; reviews, modifies, and approves the elements of the Corporation's incentive-based plans and equity-based plans, including plan design, performance targets, administration and total funds/shares reserved for payment; makes recommendations to the Board regarding director compensation in accordance with principles and guidelines established by the NCGC; maintains and reviews succession plans for the CEO, all positions that report to the CEO, and certain other executive positions; reviews and approves, in conjunction with management, public disclosure relating to executive compensation in accordance with applicable rules and regulations and prepares any report required by any applicable securities regulatory authority or stock exchange requirement to be included in applicable public disclosure documents; reviews the Corporation's talent management strategy and practices; reviews and approves insider trading and share ownership policies; regularly reviews the risks associated with the Corporation's compensation policies and practices; and performs any other activities consistent with the HRCC's mandate. See Item 6(B), "Compensation" for details regarding our processes and procedures for the consideration and determination of executive and director compensation and the role of our Compensation Consultant in making recommendations to the HRCC regarding executive officer and director compensation.

A copy of the HRCC Mandate is available on our website at [www.celestica.com](http://www.celestica.com).

**Human Resources and Compensation Committee Report:**

The HRCC has reviewed and discussed the Compensation Discussion and Analysis with management and based on such review and discussions, the HRCC recommended to the Board that the Compensation Discussion and Analysis be included in this Annual Report for the year ended December 31, 2021.

The Human Resources and Compensation Committee:

Mr. Cascella  
Mr. Chopra  
Mr. DiMaggio  
Ms. Koellner  
Dr. Müller  
Ms. Perry  
Mr. Ryan  
Mr. Wilson

#### Nominating and Corporate Governance Committee

The NCGC in 2021 consisted of Mr. Wilson (Chair), Mr. Cascella, Mr. Chopra, Mr. DiMaggio, Ms. Koellner, Dr. Müller (commencing upon his appointment to the committee effective August 31, 2021), Ms. Perry, and Mr. Ryan, all of whom were determined by the Board to be independent directors pursuant to applicable Canadian rules and NYSE listing standards. The NCGC is responsible for developing and recommending governance guidelines for the Corporation (and recommending changes to those guidelines), identifying individuals qualified to become members of the Board, and recommending director nominees to be put before the shareholders at each annual meeting. The duties and responsibilities of the NCGC include: reviewing the Corporation's Corporate Governance Guidelines; creating a formal, rigorous and transparent procedure for the appointment of new directors to the Board; identifying and recommending new director nominees; annually assessing the effectiveness of the Board's Diversity Policy and its effectiveness in promoting a diverse Board, and monitoring compliance with disclosure and any other requirements under applicable corporate and securities laws and regulations, as well as any applicable stock exchange requirements, regarding diversity; developing a director orientation program; developing a director continuing education program; developing position descriptions for the Chair, the CEO and the chair of each committee; developing and overseeing annual director evaluations, including assessing the performance of the Board, the committees, and individual directors and through peer review; reviewing director compensation guidelines; overseeing the Corporation's general strategy, policies and initiatives relating to ESG matters, including, among other things, sustainability, and reviewing the risks related to ESG matters; and annual director independence reviews.

A copy of the NCGC Mandate is available on our website at [www.celestica.com](http://www.celestica.com).

#### D. Employees

As of December 31, 2021, we employed 23,915 permanent and temporary (contract) employees worldwide (December 31, 2020 — 20,550; December 31, 2019 — approximately 24,600). Some of our employees in China, Japan, Mexico, Romania, Singapore and Spain are represented by unions or are covered by collective bargaining agreements. We believe we have a productive and collaborative working relationship between management and the relevant unions. We believe that our employee relationships are generally positive and stable.

The following table sets forth information concerning our employees (permanent and temporary) by geographic location for the past three financial years:

Date	Number of Employees			
	Americas	Europe	Asia	Total
December 31, 2019	5,500	3,100	16,000	24,600
December 31, 2020	4,998	2,361	13,191	20,550
December 31, 2021	5,243	2,347	16,325	23,915

Given the variable nature of our project flow and the quick response time required by our customers, it is critical that we quickly adjust our production up or down to maximize efficiency. To achieve this, our approach has been to employ a skilled temporary labor force, as required. As at December 31, 2021, 5,272 temporary (contract) employees (December 31, 2020 — 2,324; December 31, 2019 — approximately 3,100) were engaged by us worldwide. We employed, on average for the year, 3,053 temporary (contract) employees in 2021. The total number of employees (permanent and temporary) decreased by 4,050 from December 31, 2019 to December 31, 2020 and increased by 3,365 from December 31, 2020 to December 31, 2021. The increase in total number of employees (permanent and temporary) in 2021 is primarily due to our PCI acquisition.

See Item 4(B), "Business Overview" under the following captions: "Diversity and Inclusion," "COVID-19 Response," "Employee Engagement," "Community Engagement," and "Ethical Labor Practices" for information on our approach to those topics.



## E. Share Ownership

The following table sets forth certain information concerning the direct and beneficial ownership of shares of Celestica at February 22, 2022 by each director, each NEO, each non-NEO executive officer, and all directors and executive officers of Celestica as a group as of such date. The address of each shareholder named below is Celestica's principal executive office.

Name of Beneficial Owner <sup>(1)(2)</sup>	Number of Shares <sup>(3)</sup>	Percentage of Class	Percentage of All Equity Shares <sup>(4)</sup>	Percentage of Voting Power
Robert A. Cascella	0 SVS	—	—	—
Deepak Chopra	0 SVS	—	—	—
Daniel P. DiMaggio	0 SVS	—	—	—
Laurette T. Koellner	0 SVS	—	—	—
Luis A. Müller	0 SVS	—	—	—
Carol S. Perry	0 SVS	—	—	—
Tawfiq Popatia	0 SVS	—	—	—
Eamon J. Ryan	18,240 SVS	*	*	*
Michael M. Wilson	20,000 SVS	*	*	*
Robert A. Mionis	1,044,121 SVS	1%	*	*
Mandeep Chawla	92,003 SVS	*	*	*
Todd C. Cooper	257,853 SVS	*	*	*
Yann Etievre	0 SVS	—	—	—
John ("Jack") J. Lawless	271,900 SVS	*	*	*
Jason Phillips	139,010 SVS	*	*	*
All directors and executive officers as a group (14 persons)	1,571,227 SVS	1.5%	1.3%	*

\* Less than 1%.

(1) As used in this table, beneficial ownership means sole or shared power to vote or direct the voting of the security, or the sole or shared investment power with respect to a security (*i.e.*, the power to dispose, or direct a disposition, of a security). A person is deemed at any date to have beneficial ownership of any security that such person has a right to acquire within 60 days of such date. More than one person may be deemed to have beneficial ownership of the same securities. Information with respect to stock options held by each executive officer, including exercise price and expiration date, is included in footnote 3 below.

(2) Information as to shares beneficially owned or shares over which control or direction is exercised is not within Celestica's knowledge. Except as otherwise disclosed, such information has been provided by each individual.

(3) With respect to Mr. Mionis, includes SVS subject to a total of 298,954 vested stock options issued on August 1 2015, all of which have an exercise price of C\$17.52 and an expiration date of August 1, 2025.

(4) Represents the percentage beneficial ownership of the Company's SVS and MVS in the aggregate.

MVS and SVS have different voting rights. MVS entitle the holder to 25 votes per share and SVS entitle the holder to one vote per share. SVS represent 18.5% of the aggregate voting rights attached to Celestica's shares. MVS represent 81.5% of the voting rights attached to Celestica's shares. See Item 10(B), "Additional Information — Memorandum and Articles of Incorporation."

At February 22, 2022, 3 persons (Mr. Mionis, one retired executive officer, and one employee) held stock options to acquire an aggregate of 404,353 SVS. The options held by Mr. Mionis are described in footnote (3) to the table above. Elizabeth DelBianco, a former executive officer of the Company who retired as of December 31, 2020, holds 10,881 vested stock options, which have an exercise price of C\$8.29 and an expiration date of January 28, 2023. Another Celestica employee was granted 94,518 stock options with an exercise price of \$10.58 on November 5, 2021. These options vest ratably over a four-year period commencing on the first anniversary of the date of grant and expire on November 5, 2031. All stock options were issued under the LTIP. No other stock options issued by the Company to employees are outstanding as of February 22, 2022. See Item 6(B), "Compensation" and note 12(b) to the Consolidated Financial Statements in Item 18 for a discussion of the different types of equity awards, including stock options, RSUs and PSUs, issued and issuable to our employees.

## Item 7. Major Shareholders and Related Party Transactions

### A. Major Shareholders

The following table sets forth certain information concerning the direct and beneficial ownership of the shares of Celestica as of February 22, 2022 by each person known to Celestica to own beneficially, directly or indirectly, 5% or more of the SVS or MVS. MVS and SVS have different voting rights (see Item 6(E) above). SVS represent 18.5% of the aggregate voting rights attached to Celestica's shares, and MVS represent 81.5% of the aggregate voting rights attached to Celestica's shares. See footnotes (2) and (3) below and Item 4(B) "Information on the Company — Business Overview — Controlling Shareholder Interest" above for additional information regarding our controlling shareholder, and Item 10(B), "Additional Information — Memorandum and Articles of Incorporation" for additional information regarding our share capital.

Name of Beneficial Owner <sup>(1)</sup>	Number of Shares	Percentage of Class	Percentage of All Equity Shares	Percentage of Voting Power
Onex Corporation <sup>(2)</sup>	18,600,193 MVS	100%	14.9%	81.5%
	397,045 SVS	*	*	*
Gerald W. Schwartz <sup>(3)</sup>	18,600,193 MVS	100%	14.9%	81.5%
	517,702 SVS	*	*	*
Letko, Brosseau & Associates Inc. <sup>(4)</sup>	13,251,527	12.5%	10.6%	2.3%
Pzena Investment Management, LLC <sup>(5)</sup>	7,593,324 SVS	7.2%	6.1%	1.0%
Total percentage of all equity shares and total percentage of voting power			32.0%	84.9%

\* Less than 1%.

(1) As used in this table, beneficial ownership means sole or shared power to vote or direct the voting of the security, or the sole or shared investment power with respect to a security (*i.e.*, the power to dispose, or direct a disposition, of a security). A person is deemed at any date to have beneficial ownership of any security that such person has a right to acquire within 60 days of such date. More than one person may be deemed to have beneficial ownership of the same securities.

(2) Includes 945,010 MVS held by a wholly-owned subsidiary of Onex. 814,546 of the MVS beneficially owned by Onex are subject to options granted to certain officers of Onex pursuant to certain Onex management investment plans, which options may be exercised upon specified dispositions by Onex (directly or indirectly) of Celestica's securities, with respect to which Onex has the right to vote or direct the vote ("MIP Options"), including 688,807 MIP Options granted to Mr. Schwartz (each of which MVS will, upon exercise of such options, be automatically converted into an SVS). The percentage ownership of SVS beneficially owned by Onex (assuming conversion of all MVS) was 14.7% as of February 19, 2020, 14.7% as of February 22, 2021, and 15.2% as of February 22, 2022.

The Corporation's Restated Articles of Incorporation (Articles) provide "coat-tail" protection to the holders of the SVS by providing that the MVS will be converted automatically into SVS upon any transfer thereof, except (i) a transfer to Onex or any affiliate of Onex or (ii) a transfer of 100% of the outstanding MVS to a purchaser who also has offered to purchase all of the outstanding SVS for a per share consideration identical to, and otherwise on the same terms as, that offered for the MVS, and the MVS held by such purchaser thereafter shall be subject to the share provisions relating to conversion (including with respect to the provisions described herein) as if all references to Onex were references to such purchaser. In addition, if (i) any holder of any MVS ceases to be an affiliate of Onex, or (ii) Onex and its affiliates, collectively, cease to have the right, in all cases, to exercise the votes attached to, or to direct the voting of, any of the MVS held by Onex and its affiliates, such MVS shall convert automatically into SVS on a one-for-one basis. For these purposes, (i) Onex includes any successor corporation resulting from an amalgamation, merger, arrangement, sale of all or substantially all of its assets, or other business combination or reorganization involving Onex, provided that such successor corporation beneficially owns directly or indirectly all MVS beneficially owned directly or indirectly by Onex immediately prior to such transaction and is controlled by the same person or persons as controlled Onex prior to the consummation of such transaction; (ii) a corporation shall be deemed to be a subsidiary of another corporation if, but only if, (a) it is controlled by that other, or that other and one or more corporations each of which is controlled by that other, or two or more corporations each of which is controlled by that other, or (b) it is a subsidiary of a corporation that is that other's subsidiary; (iii) "affiliate" means a subsidiary of Onex or a corporation controlled by the same person or company that controls Onex; and (iv) "control" means beneficial ownership of, or control or direction over, securities carrying more than 50% of the votes that may be cast to elect directors if those votes, if cast, could elect more than 50% of the directors. For these purposes, a person is deemed to beneficially own any security which is beneficially owned by a corporation controlled by such person. In addition, if at any time the number of outstanding MVS shall represent less than 5% of the aggregate number of the outstanding MVS and SVS, all of the outstanding MVS shall be automatically converted at such time into SVS on a one-for-one basis. Onex, which beneficially owns, controls or directs, directly or indirectly all of the outstanding MVS, has entered into an agreement with Celestica and Computershare Trust Company of Canada (as successor to the Montreal Trust Company of Canada), as trustee for the benefit of the holders of the SVS, for the purpose of ensuring that the holders of SVS will not be deprived of any rights under applicable take-over bid legislation to which they would be otherwise entitled in the event of a take-over bid (as that term is defined in applicable securities legislation) if MVS and SVS were of a single class of shares. Subject to certain permitted forms of sale, such as identical or better offers to all holders of SVS, Onex has agreed that it, and any of its affiliates that may hold MVS from time to time, will not sell any MVS, directly or indirectly, pursuant to a take-over bid (as that term is defined under applicable securities legislation) under circumstances in which any applicable securities legislation would have required the same offer or a follow-up offer to be made to holders of SVS if the sale had been a sale of SVS rather than MVS, but otherwise on the same terms.

The address of Onex is: c/o Onex Corporation, 161 Bay Street, P.O. Box 700, Toronto, Ontario, Canada M5J 2S1.

- (3) The number of shares beneficially owned, controlled or directed, directly or indirectly, by Mr. Schwartz consists of 120,657 SVS owned by a company controlled by Mr. Schwartz, and all of the 18,600,193 MVS and 397,045 SVS beneficially owned, or controlled or directed, directly or indirectly, by Onex (as described in note (2) above). Mr. Schwartz is the Chairman of the Board and Chief Executive Officer of Onex. In addition, he indirectly owns multiple voting shares of Onex carrying the right to elect a majority of the Onex board of directors. Accordingly, under applicable securities laws, Mr. Schwartz is deemed to be the beneficial owner of the Celestica shares owned by Onex; Mr. Schwartz has advised Celestica, however, that he disclaims beneficial ownership of such shares. The percentage ownership of SVS beneficially owned by Mr. Schwartz (assuming conversion of all MVS) was 14.8% as of each of February 19, 2020, and February 22, 2021, and 15.3% as of February 22, 2022.
- The address of Mr. Schwartz is: 161 Bay Street, P.O. Box 700, Toronto, Ontario, Canada M5J 2S1.
- (4) Letko, Brosseau & Associates Inc. (Letko) is the beneficial owner of 13,251,527 SVS and has sole voting and dispositive power over these shares. Pursuant to the Schedule 13G/A filed by Letko with the SEC on February 11, 2022, reporting beneficial ownership as of December 31, 2021: clients of Letko have the right to receive or the power to direct the receipt of dividends from, or the proceeds from sale of, the SVS reported as beneficially owned by Letko; and no clients of Letko beneficially own more than five percent of the SVS. The address of Letko is: 1800 McGill College Avenue, Suite 2510, Montréal, Québec, Canada H3A 3J6. The number of shares reported as owned by Letko in this Major Shareholders Table is based on the alternative monthly report it filed on SEDAR on February 8, 2022, reporting investment control as of January 31, 2022. The percentage ownership of SVS beneficially owned by Letko was 18.6% as of February 19, 2020, 14.8% as of February 22, 2021, and 12.5% as of February 22, 2022.
- (5) Pzena Investment Management, LLC (Pzena) is the beneficial owner of 7,593,324, and has sole voting power over 5,848,722 of such shares and sole dispositive over all of such shares. Clients of the filing investment manager have the right to receive and the ultimate power to direct the receipt of dividends from, or the proceeds of sale of, such SVS. No interest of any one of such clients relates to more than 5% of the class. The number of shares reported as owned by Pzena in this Major Shareholders Table and the information in this footnote is based on the Schedule 13G/A filed by Pzena with the SEC on January 20, 2022, reporting beneficial ownership as of December 31, 2021. The address of Pzena is: 320 Park Avenue, 8th Floor, New York, NY 10022. The percentage ownership of SVS beneficially owned by Pzena was 7.0% as of February 22, 2021, and 7.2% as of February 22, 2022. This is the second year in the past three years that Pzena has been listed in this Major Shareholders Table.

There are no arrangements known to the Corporation, the operation of which may at a subsequent date result in a change in control of the Corporation.

#### Holders

As of February 22, 2022, based on information provided to us by our transfer agent, there were 1,639 holders of record of SVS, of which 378 holders, holding approximately 87.7% of the outstanding SVS, were resident in the U.S. and 364 holders, holding approximately 12.2% of the outstanding SVS, were resident in Canada. These numbers are not representative of the number of beneficial holders of our SVS nor are they representative of where such beneficial holders reside, since many of such shares are held of record by brokers or other nominees. The Corporation does not have knowledge of the identities of the beneficial owners of SVS registered through intermediaries. No MVS are held in the U.S.

#### B. Related Party Transactions

Onex, which beneficially owns, controls or directs, directly or indirectly, all of our outstanding MVS, has entered into an agreement with Celestica and with Computershare Trust Company of Canada (as successor to the Montreal Trust Company of Canada), as trustee for the benefit of the holders of the SVS, for the purpose of ensuring that the holders of SVS will not be deprived of any rights under applicable take-over bid legislation to which they would be otherwise entitled in the event of a take-over bid (as that term is defined in applicable securities legislation) if MVS and SVS were of a single class of shares. Subject to certain permitted forms of sale, such as identical or better offers to all holders of SVS, Onex has agreed that it, and any of its affiliates that may hold MVS from time to time, will not sell any MVS, directly or indirectly, pursuant to a take-over bid (as that term is defined under applicable securities legislation) under circumstances in which any applicable securities legislation would have required the same offer or a follow-up offer to be made to holders of SVS if the sale had been a sale of SVS rather than MVS, but otherwise on the same terms.

We are party to a Services Agreement with Onex for the services of Mr. Tawfiq Popatia, an officer of Onex, as a director of Celestica, pursuant to which Onex receives compensation for such services. This agreement automatically renews for successive one-year terms unless either party provides a notice of intent not to renew. Under such agreement, the annual fee payable to Onex is \$235,000, payable in DSUs in equal quarterly installments in arrears. The Services Agreement terminates automatically and the rights of Onex to receive compensation (other than accrued and unpaid compensation) will terminate (a) 30 days after the first day on which Onex ceases to hold at least one MVS of Celestica or any successor company or (b) the date Mr. Popatia ceases to be a director of Celestica for any reason.

On March 7, 2019, we completed the sale of our Toronto real property and received the Toronto Proceeds. As part of the property sale, we entered into a 10-year lease (with two 5-year options to renew) in March 2019 with the purchaser of the property for our new corporate headquarters, which is currently targeted to commence in May 2023. Upon such commencement, our estimated annual basic rent will be approximately \$2.1 million Canadian dollars for each of the first five years, and approximately \$2.2 million Canadian dollars for each of the remaining five years. A consortium of four real estate partnerships, approximately 27% of the interests of which are held by a partnership in which Mr. Schwartz has a material interest; and approximately 25% of the interests of which are held by a partnership in which Mr. Schwartz has a non-voting interest, holds a 5% non-voting interest in such purchaser. See Item 5, "Operating and Financial Review and Prospects — MD&A — Liquidity and Capital Resources — *Toronto Real Property and Related Transactions*" above.

Compensation arrangements with our directors and executive officers are described under Item 6(B), "Directors, Senior Management and Employees — Compensation" above.

#### **Indebtedness of Related Parties**

As at February 22, 2022, other than inter-company loans among Celestica and its wholly-owned subsidiaries, no related parties (as defined in Form 20-F), were indebted to Onex, Celestica or its subsidiaries.

#### **C. Interests of Experts and Counsel**

Not applicable.

### **Item 8. Financial Information**

#### **A. Consolidated Statements and Other Financial Information**

See Item 18, "Financial Statements."

#### **Export Sales**

For the year ended December 31, 2021, we had approximately \$5.4 billion of export sales (*i.e.*, sales to customers located outside of Canada), constituting approximately 95% of our \$5.6 billion in total sales for the year. For further information regarding the allocation of our revenues by geographic region over the last three years, see Item 4, "Information on the Company — Business Overview — Geographies."

#### **Litigation**

We are party to litigation from time-to-time. We are not currently (nor have we been) party to any legal or arbitration proceedings (including governmental proceedings pending or known to be contemplated) which management expects may have (or which have had in the recent past) significant effects on Celestica's financial position or profitability. There are no material proceedings in which any of our affiliates, directors, or members of senior management is either a party adverse to us or our subsidiaries or has a material interest adverse to us or our subsidiaries.

Information concerning the status of certain tax matters is disclosed in Item 5, "Operating and Financial Review and Prospects — MD&A — Liquidity and Capital Resources — Litigation and contingencies (including indemnities)" and note 24 to the Consolidated Financial Statements in Item 18.

#### **Dividend Policy**

We have not declared or paid any dividends to our shareholders. We intend to retain earnings for general corporate purposes to promote future growth; as such, our Board does not anticipate paying any dividends at this time. Our Board will review this policy from time-to-time, having regard to our financial condition, financing requirements and other relevant factors.

#### **B. Significant Changes**

Except as otherwise disclosed in this Annual Report, no significant change has occurred since December 31, 2021.

**Item 9. The Offer and Listing**

**A. Offer and Listing Details**

**Market Information**

The SVS are listed on the NYSE and the TSX (in each case under the symbol "CLS").

**B. Plan of Distribution**

Not applicable.

**C. Markets**

See Item 9A. — "Offer and Listing Details" above.

**D. Selling Shareholders**

Not applicable.

**E. Dilution**

Not applicable.

**F. Expenses of the Issue**

Not applicable.

**Item 10. Additional Information**

**A. Share Capital**

Not applicable.

**B. Memorandum and Articles of Incorporation**

*Objects and Purposes*

Celestica (Ontario Corporation No. 1201522) can engage in any legal activity permitted under the OBCA. As set forth in Item 6 of our Restated Articles of Incorporation (Articles), there are no restrictions on the business we may carry on or on the powers we may exercise.

*Certain Powers of Directors*

Celestica's by-laws provide that the directors shall from time to time determine by resolution the remuneration to be paid to the directors, which shall be in addition to the salary paid to any officer or employee of Celestica who is also a director. The directors may also, by resolution, award special remuneration to any director in undertaking any special services on Celestica's behalf other than the normal work ordinarily required of a director of Celestica. The by-laws provide that confirmation of any such resolution by Celestica's shareholders is not required.

The Articles provide that the Board may, without shareholder authorization, from time to time in such amounts and on such terms as it deems expedient: (i) borrow money upon the credit of Celestica; (ii) issue, reissue, sell or pledge debt obligations of Celestica; (iii) give a guarantee on behalf of Celestica to secure performance of an obligation of any person; and (iv) mortgage, hypothecate, charge, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real and personal, movable and immovable, property of Celestica, including book debts, rights, powers, franchises and undertakings, to secure Celestica's obligations.

There is no provision in our Articles or by-laws imposing a requirement for retirement or non-retirement of directors under an age limit requirement. However, the Board has a retirement policy which provides that, unless the Board authorizes an exception, a director shall not stand for re-election after his or her 75<sup>th</sup> birthday.

Section 132 of the OBCA provides, among other things, that a material contract between Celestica and one or more of its directors, or between Celestica and another person of which a director of Celestica is a director or officer or in which he or she has a material interest, is neither void nor voidable by reason only of that relationship or by reason only that the director is

present at or is counted to determine the presence of a quorum at a meeting of directors or committee of directors that authorized the contract, if the director disclosed his or her interest, in accordance with the applicable provisions of the OBCA, and the contract or transaction was reasonable and fair to Celestica at the time it was approved. In addition, notwithstanding the other conflict of interest provisions in Section 132 of the OBCA, where such director is acting honestly and in good faith, such contract, if it was reasonable and fair to Celestica at the time it was approved, is neither void nor voidable by reason only of the director's interest therein where the contract is confirmed or approved by special resolution at a meeting of shareholders and the nature and extent of the director's interest in the contract is disclosed in reasonable detail in the notice calling the meeting or the applicable information circular.

#### *Share Ownership*

The OBCA provides that unless the articles of a corporation otherwise provide, a director of a corporation is not required to hold shares issued by the corporation. There is no provision in the Articles imposing a requirement that a director hold any shares issued by Celestica. Our Board, however, has established guidelines setting out minimum shareholding requirements for directors who are not employees or officers of Celestica or Onex. See the section entitled "Director Share Ownership Guidelines" under Item 6, "Directors, Senior Management and Employees — Compensation" for a summary of these minimum shareholding requirements.

#### *Shareholder Rights and Limitations*

The rights and preferences attached to our SVS and MVS, as well as additional information required by this Item 10(B), is included in [Exhibit 2.3](#) attached to this Annual Report, which Exhibit is incorporated herein by reference thereto.

#### **C. Material Contracts**

Information with respect to material contracts, other than contracts entered into in the ordinary course of business, to which Celestica or its subsidiaries is a party, for the two years immediately preceding the publication of this Annual Report, is included in Item 5, "Operating and Financial Review and Prospects — MD&A — Liquidity and Capital Resources," Item 6(B), "Compensation," and note 4 to the Consolidated Financial Statements in Item 18. These contracts include equity compensation plans, agreements related to our credit facility, our March 2020 A/R sales program agreement, and our acquisition agreement with PCI. Material contracts to be performed in whole or in part at or after the filing of this Annual Report are included as exhibits to this Annual Report. See Item 19, "Exhibits."

#### **D. Exchange Controls**

Canada has no system of exchange controls. We are not aware of any governmental laws, decrees, regulations or other legislation in Canada that restrict the export or import of capital, including the availability of cash and cash equivalents for use by our affiliated companies, or that affect the remittance of dividends, interest, royalties or similar payments to non-resident holders of Celestica's securities, although there may be Canadian and other foreign tax considerations. See Item 10(E) — "Taxation."

#### **E. Taxation**

##### **Material Canadian Federal Income Tax Considerations**

The following is a summary of the material Canadian federal income tax considerations generally applicable to a person (a "U.S. Holder"), who acquires SVS and who, for purposes of the Income Tax Act (Canada) (the "Canadian Tax Act") and the Canada-United States Income Tax Convention (1980) (as amended, the "Tax Treaty") at all relevant times is resident in the U.S. and is neither resident nor deemed to be resident in Canada, is eligible for benefits under the Tax Treaty, deals at arm's length and is not affiliated with Celestica, holds such SVS as capital property, and does not use or hold, and is not deemed to use or hold, the SVS in carrying on business in Canada. Special rules, which are not discussed in this summary, may apply to a U.S. Holder that is a financial institution (as defined in the Canadian Tax Act), or is an insurer to whom the SVS are designated insurance property (as defined in the Canadian Tax Act).

This summary is based on Celestica's understanding of the current provisions of the Tax Treaty, the Canadian Tax Act and the regulations thereunder, all specific proposals to amend the Canadian Tax Act or the regulations publicly announced by the Minister of Finance (Canada) prior to February 22, 2022, and the current published administrative policies and assessing practices of the Canada Revenue Agency.

This summary does not express an exhaustive discussion of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law, whether by legislative, administrative

or judicial decision or action, nor does it take into account the tax legislation or considerations of any province or territory of Canada or any jurisdiction other than Canada, which may differ significantly from the considerations described in this summary.

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular holder, and no representation with respect to the Canadian federal income tax consequences to any particular holder is made. Consequently, U.S. Holders of SVS should consult their own tax advisors with respect to the income tax consequences to them having regard to their particular circumstances.**

All amounts relevant in computing a U.S. Holder's liability under the Canadian Tax Act are to be computed in Canadian dollars.

#### *Taxation of Dividends*

By virtue of the Canadian Tax Act and the Tax Treaty, dividends (including stock dividends) on SVS paid or credited or deemed to be paid or credited to a U.S. Holder who is the beneficial owner of such dividends will generally be subject to Canadian non-resident withholding tax at the rate of 15% of the gross amount of such dividends. Under the Tax Treaty, the rate of withholding tax on dividends is reduced to 5% if that U.S. Holder is a company that beneficially owns (or is deemed to beneficially own) at least 10% of the voting stock of Celestica. Moreover, under the Tax Treaty, dividends paid to certain religious, scientific, literary, educational or charitable organizations and certain pension organizations that are resident in, and generally exempt from tax in, the U.S., generally are exempt from Canadian non-resident withholding tax. Provided that certain administrative procedures are observed by such an organization, Celestica would not be required to withhold such tax from dividends paid or credited to such organization. Any such organization that has suffered withholding tax should consult its own advisors about the possibility of seeking a refund.

#### *Disposition of SVS*

A U.S. Holder will not be subject to tax under the Canadian Tax Act in respect of any gain realized on the disposition or deemed disposition of SVS unless the SVS constitute or are deemed to constitute "taxable Canadian property" other than "treaty-protected property," as defined in the Canadian Tax Act, at the time of such disposition. Generally, SVS will not be "taxable Canadian property" to a U.S. Holder at a particular time, where the SVS are listed on a designated stock exchange (which currently includes the TSX and NYSE) at that time, unless at any time during the 60-month period immediately preceding that time: (A) the U.S. Holder, persons with whom the U.S. Holder did not deal at arm's length, partnerships of which the U.S. Holder or persons not dealing at arm's length with the U.S. Holder holds a membership interest (directly or indirectly through another partnership) or the U.S. Holder together with all such persons or partnerships, owned 25% or more of the issued shares of any class or series of shares of the capital stock of Celestica; and (B) more than 50% of the fair market value of the SVS was derived directly or indirectly from one or any combination of (i) real or immovable properties situated in Canada, (ii) "Canadian resource properties", (iii) "timber resource properties" and (iv) options in respect of, or interests in, property described in (i) to (iii), in each case as defined in the Canadian Tax Act. In certain circumstances set out in the Canadian Tax Act, the SVS of a particular U.S. Holder could be deemed to be "taxable Canadian property" to that holder. Even if the SVS are "taxable Canadian property" to a U.S. Holder, they generally will be "treaty-protected property" to such holder by virtue of the Tax Treaty if the value of such shares at the time of disposition is not derived principally from "real property situated in Canada" as defined for these purposes under the Tax Treaty and the Canadian Tax Act. It is expected that the value of the SVS should not be considered derived principally from such "real property situated in Canada" at any relevant time; accordingly, any gain realized by the U.S. Holder upon the disposition of the SVS generally should be exempt from tax under the Canadian Tax Act.

#### **Material U.S. Federal Income Tax Considerations**

The following discussion describes the material U.S. federal income tax consequences to U.S. Holders (as defined below). For purposes of this discussion, a U.S. Holder means a beneficial owner of SVS that is a citizen or resident of the U.S., a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the U.S. or of any state thereof, an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or a trust, if either (i) a court within the U.S. is able to exercise primary supervision over the administration of the trust and one or more "United States persons" (within the meaning of Section 7701(a)(30) of the U.S. Internal Revenue Code of 1986, as amended (Internal Revenue Code)) have the authority to control all substantial decisions of the trust, or (ii) the trust has made an election under applicable U.S. Department of the Treasury regulations (Treasury Regulations) to be treated as a domestic trust for U.S. federal income tax purposes. If a partnership (or any other entity that is treated as a partnership for U.S. federal income tax purposes) holds SVS, the tax treatment of an

equity owner of the partnership (or other entity that is treated as a partnership for U.S. federal income tax purposes) generally will depend upon the status of the equity owner and upon the activities of the partnership (or other entity that is treated as a partnership for U.S. federal income tax purposes). If you are an equity owner of a partnership (or other entity that is treated as a partnership for U.S. federal income tax purposes) holding SVS, we suggest that you consult with your tax advisor. This summary is for general information purposes only. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to your decision to purchase, hold or dispose of SVS. This summary considers only U.S. Holders who will own SVS as capital assets within the meaning of Section 1221 of the Internal Revenue Code. In this context, the term "capital assets" means, in general, assets held for investment by a taxpayer. A "Non-U.S. Holder" means a beneficial owner of SVS that is (i) not a U.S. Holder and (ii) not a partnership for U.S. federal income tax purposes. Certain material aspects of U.S. federal income tax relevant to Non-U.S. Holders are also discussed below.

This discussion is based on current provisions of the Internal Revenue Code, current and proposed Treasury Regulations promulgated thereunder, administrative rulings and pronouncements of the U.S. Internal Revenue Service (IRS), and judicial decisions, all as of February 22, 2022, and all of which are subject to change, possibly on a retroactive basis. This discussion does not address all aspects of U.S. federal income taxation that may be relevant to any particular U.S. Holder based on the U.S. Holder's individual circumstances. In particular, this discussion does not address the potential application of the alternative minimum tax or U.S. federal income tax consequences to U.S. Holders who are subject to special treatment, including, without limitation, taxpayers who are broker dealers or insurance companies, taxpayers who have elected mark-to-market accounting, individual retirement and other tax-deferred accounts, tax-exempt organizations, financial institutions or "financial services entities," real estate investment trusts, regulated investment companies, taxpayers subject to special accounting rules under Section 451(b) of the Internal Revenue Code, taxpayers who hold SVS as part of a "straddle," "hedge" or "conversion transaction" with other investments, taxpayers owning directly, indirectly or by attribution at least 10% of the voting power or value of our share capital, and taxpayers whose functional currency (as defined in Section 985 of the Internal Revenue Code) is not the U.S. dollar.

This discussion does not address any aspect of U.S. federal gift or estate tax or state, local or non-U.S. tax laws. Additionally, the discussion does not consider the tax treatment of persons who hold SVS through a partnership or other pass-through entity (such as an S corporation). For U.S. federal income tax purposes, income earned through a non-U.S. or domestic partnership or similar entity generally is attributed to its owners. You are advised to consult your own tax advisor with respect to the specific tax consequences to you of purchasing, holding or disposing of SVS.

#### *Taxation of Dividends Paid on SVS*

Subject to the discussion of the passive foreign investment company (PFIC) rules below, in the event that we pay a dividend, a U.S. Holder will be required to include in gross income as ordinary income the amount of any distribution paid on SVS, including any Canadian taxes withheld from the amount paid, on the date the distribution is received, to the extent that the distribution is paid out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. In addition, distributions of the Corporation's current or accumulated earnings and profits will be foreign source "passive category income" for U.S. foreign tax credit purposes and generally will not qualify for the dividends received deduction available to corporations. Distributions in excess of such earnings and profits will be applied against and will reduce the U.S. Holder's tax basis in the SVS and, to the extent in excess of such basis, will be treated as capital gain.

Distributions of current or accumulated earnings and profits paid in Canadian dollars to a U.S. Holder will be includible in the income of the U.S. Holder in a dollar amount calculated by reference to the exchange rate on the date the distribution is received. A U.S. Holder who receives a distribution of Canadian dollars and converts the Canadian dollars into U.S. dollars subsequent to receipt will have foreign exchange gain or loss based on any appreciation or depreciation in the value of the Canadian dollar against the U.S. dollar. Such gain or loss will generally be ordinary income and loss and will generally be U.S. source gain or loss for U.S. foreign tax credit purposes. U.S. Holders should consult their own tax advisors regarding the treatment of a foreign currency gain or loss.

U.S. Holders will generally have the option of claiming the amount of any Canadian income taxes withheld either as a deduction from gross income or as a dollar-for-dollar credit against their U.S. federal income tax liability, subject to specified conditions and limitations. Individuals who do not claim itemized deductions, but instead utilize the standard deduction, may not claim a deduction for the amount of the Canadian income taxes withheld, but these individuals generally may still claim a credit against their U.S. federal income tax liability. The amount of foreign income taxes that may be claimed as a credit in any year is subject to complex limitations and restrictions, which must be determined on an individual basis by each shareholder. The total amount of allowable foreign tax credits in an income category in any year cannot exceed the pre-credit U.S. tax liability for the year attributable to foreign source taxable income in such income category and further limitations may apply to



individuals under the alternative minimum tax. A U.S. Holder will be denied a foreign tax credit with respect to Canadian income tax withheld from dividends received on SVS to the extent that he or she has not held such SVS for at least 16 days of the 31-day period beginning on the date which is 15 days before the ex-dividend date or to the extent that he or she is under an obligation to make related payments with respect to substantially similar or related property. Instead, a deduction may be allowed. Any days during which a U.S. Holder has substantially diminished his or her risk of loss on his or her SVS are not counted toward meeting the 16-day holding period.

Individuals, estates or trusts who receive "qualified dividend income" (excluding dividends from a PFIC) generally will be taxed at a current maximum U.S. federal income tax rate of 20% (rather than the higher tax rates generally applicable to items of ordinary income) provided certain holding period requirements are met. Subject to the discussion of the PFIC rules below, Celestica believes that dividends paid by it with respect to its SVS should constitute "qualified dividend income" for U.S. federal income tax purposes and that holders who are individuals (as well as certain trusts and estates) should be entitled to the reduced rate of tax, as applicable. Holders are urged to consult their own tax advisors regarding the impact of the "qualified dividend income" provisions of the Internal Revenue Code on their particular situations, including related restrictions and special rules.

Dividends received by certain individuals, trusts and estates with income above certain thresholds will also be subject to a 3.8% unearned Medicare contribution tax on passive income.

#### *Taxation of Disposition of SVS*

Subject to the discussion of the PFIC rules below, upon the sale, exchange or other disposition of SVS, a U.S. Holder will recognize capital gain or loss in an amount equal to the difference between his or her adjusted tax basis in his or her shares and the amount realized on the disposition.

A U.S. Holder's adjusted tax basis in SVS will generally be the initial cost, but may be adjusted for various reasons including the receipt by such U.S. Holder of a distribution that was not made up wholly of earnings and profits as described above under the heading "Taxation of Dividends Paid on SVS." A U.S. Holder that uses the cash method of accounting calculates the U.S. dollar value of the proceeds received on the sale as of the date that the sale settles, while a U.S. Holder who uses the accrual method of accounting generally calculates the U.S. dollar value of the sale proceeds as of the trade date, unless he or she has elected to use the settlement date to determine his or her U.S. dollar proceeds of the sale. Capital gain from the sale, exchange or other disposition of shares held more than one year is long-term capital gain. Long-term capital gain that is recognized by non-corporate taxpayers is eligible for a current maximum 20% U.S. federal income tax rate plus a 3.8% tax on passive income derived by certain individuals, trusts and estates with income above certain thresholds. A reduced rate does not apply to capital gains realized by a U.S. Holder that is a corporation. Capital losses are generally deductible only against capital gains and not against ordinary income. In the case of an individual, however, unused capital losses in excess of capital gains may offset up to \$3,000 annually of ordinary income. Gain or loss recognized by a U.S. Holder on a sale, exchange or other disposition of SVS generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes. A U.S. Holder who receives foreign currency upon disposition of SVS and converts the foreign currency into U.S. dollars subsequent to receipt will have foreign exchange gain or loss based on any appreciation or depreciation in the value of the foreign currency against the U.S. dollar. U.S. Holders should consult their own tax advisors regarding the treatment of a foreign currency gain or loss.

#### *Tax Consequences if We Are a Passive Foreign Investment Company*

A non-U.S. corporation will be a passive foreign investment company, or PFIC, if, in general, either (i) 75% or more of its gross income in a taxable year, including its pro rata share of the gross income of any U.S. or foreign company in which it is considered to own 25% or more of the shares by value, is passive income or (ii) 50% or more of its assets in a taxable year (determined based on a quarterly average), and ordinarily determined based on fair market value and including its pro rata share of the assets of any company in which it is considered to own 25% or more of the shares by value, are held for the production of, or produce, passive income. If Celestica were a PFIC for any taxable year during which a U.S. Holder holds SVS and such U.S. Holder did not make an election to treat the Corporation as a "qualified electing fund" and did not make a "mark-to-market" election, each as described below, then:

- Such U.S. Holder would be subject to special and adverse tax rules with respect to any "excess distribution" received from Celestica. "Excess distributions" are amounts received by a U.S. Holder with respect to SVS in any taxable year that exceed 125% of the average distributions received by the U.S. Holder from the Corporation in the shorter of either the three previous years or his or her holding period for his or her shares before the present taxable year. Excess distributions must be allocated ratably to each day that a U.S. Holder

has held SVS. A U.S. Holder must include amounts allocated to the current taxable year and to any non-PFIC years in his or her gross income as ordinary income for that year. A U.S. Holder must pay tax on amounts allocated to each prior taxable PFIC year at the highest marginal tax rate in effect for that year on ordinary income and the tax is subject to an interest charge at the rate applicable to deficiencies for income tax.

- The entire amount of gain that is realized by a U.S. Holder upon the sale or other disposition of shares would also be considered an excess distribution and would be subject to tax as described above.
- A U.S. Holder's tax basis in shares that were acquired from a decedent that is a United States person generally would not receive a step-up to fair market value as of the date of the decedent's death but instead would be equal to the decedent's tax basis, if lower than such value.

The special PFIC rules do not apply to a U.S. Holder if the U.S. Holder makes an election to treat the Corporation as a "qualified electing fund" in the first taxable year in which Celestica is a PFIC during the period that he or she owns SVS and if we comply with reporting requirements as described below. Instead, a shareholder of a qualified electing fund is required for each taxable year to include in income a pro rata share of the ordinary earnings of the qualified electing fund as ordinary income and a pro rata share of the net capital gain of the qualified electing fund as long-term capital gain, subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. We have agreed to supply U.S. Holders with the information needed to report income and gain pursuant to this election in the event that we are classified as a PFIC. The election is made on a shareholder-by-shareholder basis and may be revoked only with the consent of the IRS. A shareholder makes the election by attaching a completed IRS Form 8621, reflecting the information contained in the PFIC annual information statement, to a timely filed U.S. federal income tax return. Even if an election is not made, a shareholder in a PFIC who is a U.S. Holder generally must file a completed IRS Form 8621 every year.

A U.S. Holder who owns PFIC shares that are publicly traded could elect to mark the shares to market annually, recognizing as ordinary income or loss each year an amount equal to the difference as of the close of the taxable year between the fair market value of the PFIC shares and the U.S. Holder's adjusted tax basis in the PFIC shares, provided, that, in the case of any loss, it can be recognized only to the extent of any net mark-to-market income recognized in prior years. On an annual basis, a U.S. Holder's adjusted tax basis in SVS will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. If the mark-to-market election were made, then the rules set forth above would not apply for periods covered by the election. SVS would be treated as publicly traded for purposes of the mark-to-market election and, therefore, such election could be made if Celestica were classified as a PFIC. A mark-to-market election is, however, subject to complex and specific rules and requirements, and U.S. Holders are strongly urged to consult their tax advisors concerning this election if Celestica is classified as a PFIC.

Despite the fact that we are engaged in an active business, we are unable to conclude that Celestica was not a PFIC in 2021 or in prior years, though we believe, based on our internally performed analysis, that such status is unlikely. The tests for determining PFIC status include the determination of the value of all assets of the Corporation which is highly subjective. Further, the tests for determining PFIC status are applied annually, and it is difficult to make accurate predictions of future income and assets, which are relevant to the determination as to whether we will be a PFIC in the future. Accordingly, it is possible that Celestica could be a PFIC in 2022 or in a future year. A U.S. Holder who holds SVS during a period in which we are a PFIC will be subject to the PFIC rules, even if we cease to be a PFIC, unless he or she has made a qualified electing fund election. Although we have agreed to supply U.S. Holders with the information needed to report income and gain pursuant to this election in the event that Celestica is classified as a PFIC, if Celestica was determined to be a PFIC with respect to a year in which we had not thought that it would be so treated, the information needed to enable U.S. Holders to make a qualified electing fund election would not have been provided. U.S. Holders are strongly urged to consult their tax advisors about the PFIC rules, including the consequences to them of making a mark-to-market or qualified electing fund elections with respect to SVS in the event that Celestica is treated as a PFIC.

#### *Tax Consequences for Non-U.S. Holders of SVS*

Except as described in "Information Reporting and Backup Withholding" below, a Non-U.S. Holder will not be subject to U.S. federal income or withholding tax on the payment of dividends on, and the proceeds from the disposition of, SVS unless:

- the item is effectively connected with the conduct by the Non-U.S. Holder of a trade or business in the U.S. and, generally, in the case of a resident of a country that has an income treaty with the U.S., such item is attributable to a permanent establishment in the U.S.;

- the Non-U.S. Holder is an individual who holds SVS as a capital asset, is present in the U.S. for 183 days or more in the taxable year of the disposition and satisfies certain other requirements; or
- the Non-U.S. Holder is subject to tax pursuant to the provisions of U.S. tax law applicable to U.S. expatriates who expatriated prior to June 17, 2008.

#### *Information Reporting and Backup Withholding*

Payments made within the U.S., or by a U.S. payor or U.S. middleman, of dividends and proceeds arising from certain sales or other taxable dispositions of SVS will be subject to information reporting. Backup withholding tax, at the then applicable rate, will apply if a U.S. Holder (a) fails to furnish the U.S. Holder's correct U.S. taxpayer identification number (generally on an IRS Form W-9), (b) is notified by the IRS that the U.S. Holder has previously failed to properly report items subject to backup withholding tax, or (c) fails to certify, under penalty of perjury, that the U.S. Holder has furnished the U.S. Holder's correct U.S. taxpayer identification number and that the IRS has not notified the U.S. Holder that the U.S. Holder is subject to backup withholding tax. However, U.S. Holders that are corporations generally are excluded from these information reporting and backup withholding tax rules. Any amounts withheld under the U.S. backup withholding tax rules will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability, if any, or will be refunded, if the U.S. Holder follows the requisite procedures and timely furnishes the required information to the IRS. U.S. Holders should consult their own tax advisors regarding the information reporting and backup withholding tax rules.

U.S. individuals and "specified domestic entities" generally are required to report an interest in any "specified foreign financial asset" if the aggregate value of such assets owned by such person exceeds \$50,000 on the last day of the taxable year or \$75,000 at any time during the taxable year (or such higher threshold as may apply to a particular taxpayer pursuant to the instructions to IRS Form 8938). Stock issued by a non-U.S. corporation is treated as a specified foreign financial asset for this purpose.

Non-U.S. Holders generally are not subject to information reporting or backup withholding with respect to dividends paid on or upon the disposition of shares, provided, in some instances, that the Non-U.S. Holder certifies to his foreign status or otherwise establishes an exemption.

#### **F. Dividends and Paying Agents**

Not applicable.

#### **G. Statement by Experts**

Not applicable.

#### **H. Documents on Display**

Any statement in this Annual Report about any of our contracts or other documents is not exhaustive. If the contract or document is filed as an exhibit to this Annual Report or is incorporated herein by reference thereto, the contract or document is deemed to modify our description. You must review the exhibits themselves for a complete description of the contract or document.

You may access this Annual Report, including exhibits, on our website at [www.celestica.com](http://www.celestica.com), or request a copy free of charge through our website. Requests may also be directed: (i) to [clsir@celestica.com](mailto:clsir@celestica.com); (ii) by mail to Celestica Investor Relations, to: 5140 Yonge Street, Suite 1900, Toronto, Ontario, Canada M2N 6L7; or (iii) by telephone at 416-448-2211.

The SEC maintains a website ([www.sec.gov](http://www.sec.gov)) that contains reports, proxy and information statements and other information regarding registrants. You may access the documents we file with or furnish to the SEC at that website (for submissions commencing November 2000, the date we began to file electronically with the SEC). Our SEC filings are also available from commercial document retrieval services.

We also file reports, statements and other information with the Canadian Securities Administrators, or the CSA, and these can be accessed electronically at the CSA's System for Electronic Document Analysis and Retrieval website ([www.secdar.com](http://www.secdar.com)).

You may access other information about Celestica on our website at [www.celestica.com](http://www.celestica.com). Information on our website is not incorporated by reference into this Annual Report.

## I. Subsidiary Information

Not applicable.

### Item 11. Quantitative and Qualitative Disclosures about Market Risk

#### Market Risk

Market risk is the potential loss arising from changes in market rates and market prices. Our market risk exposure results primarily from fluctuations in foreign currency exchange rates and interest rates.

We do not hold financial instruments for speculative trading purposes.

#### Exchange Rate Risk

Conducting business in currencies other than the U.S. dollar subjects us to translation and transaction risks associated with fluctuations in currency exchange rates. Although we conduct the majority of our business in U.S. dollars (our functional currency), our global operations subject us to foreign currency volatility. Our non-U.S. currency exposures consist of the British pound sterling, Brazilian real, Canadian dollar, Chinese renminbi, Czech koruna, Euro, Hong Kong dollar, Indian rupee, Indonesian rupiah, Japanese yen, Korean won, Lao kip, Malaysian ringgit, Mexican peso, Philippines peso, Romanian leu, Singapore dollar, Taiwan dollar, and Thai baht.

As part of our risk management program, we enter into foreign currency forward contracts and swaps, generally for periods up to 12 months, intended to hedge foreign currency transaction risk and local currency denominated balance sheet exposures. These contracts include, to varying degrees, elements of market risk. We enter into these contracts to lock in the exchange rates for future foreign currency transactions and balance sheet balances, which is intended to reduce the foreign currency risk related to our operating costs and future cash flows denominated in local currencies. While these contracts are intended to reduce the effects of fluctuations in foreign currency exchange rates, our hedging strategy does not mitigate the longer-term impacts of changes to foreign exchange rates.

Currency risk on our income tax expense arises as we are generally required to file our tax returns in the local currency for each particular country in which we have operations. Exchange rate volatility between the relevant local currency and the U.S. dollar will affect the recorded amounts of our foreign assets, liabilities, revenues and expenses in local currency for statutory financial statement purposes. In addition, we earn revenues and incur expenses in foreign currencies as part of our global operations. As a result, we are also exposed to foreign currency exchange transaction risk, such that fluctuations in currency exchange rates may significantly impact the amount of translated U.S. dollars required for expenses incurred in other currencies or received from non-U.S. dollar revenues. While our hedging program is designed to mitigate currency risk vis-à-vis the U.S. dollar, we remain subject to taxable foreign exchange impacts in our translated local currency financial results relevant for tax reporting purposes.

The table below presents the notional amounts (the U.S. dollar equivalent amounts of the foreign currency buy/sell contracts at hedge rates), weighted average exchange rates by expected (contractual) maturity dates, and the fair values of our outstanding foreign currency forward contracts and swaps at December 31, 2021. These notional amounts are used to calculate the contractual payments to be exchanged under the contracts. At December 31, 2021, we had foreign currency contracts and swaps covering various currencies in an aggregate notional amount of \$539.5 million (December 31, 2020 — \$562.6 million). These contracts had a fair value net unrealized gain of \$1.2 million at December 31, 2021 (December 31, 2020 — \$23.3 million net unrealized gain), resulting from fluctuations in foreign exchange rates between the contract execution and year-end date.

At December 31, 2021, we had foreign currency forward contracts and swaps to trade U.S. dollars in exchange for the following currencies:

	Expected Maturity Date				Fair Value Gain (Loss) (in millions)
	2022	2023	2024 and thereafter	Total	
<b>Currency Forward and Swap Agreements</b>					
(Contract amounts in millions)					
Receive C\$/Pay U.S.\$					
Contract amount	\$ 195.5	\$ —	\$ —	\$ 195.5	\$ 0.6
Average exchange rate	0.79				
Receive Thai Baht/Pay U.S.\$					
Contract amount	\$ 109.9	—	—	\$ 109.9	\$ (1.0)
Average exchange rate	0.03				
Receive Malaysian Ringgit/Pay U.S.\$					
Contract amount	\$ 48.8	—	—	\$ 48.8	\$ 0.2
Average exchange rate	0.24				
Receive Mexican Peso/Pay U.S.\$					
Contract amount	\$ 23.5	—	—	\$ 23.5	\$ 0.2
Average exchange rate	0.05				
Receive Chinese Renminbi/Pay U.S.\$					
Contract amount	\$ 55.2	—	—	\$ 55.2	\$ 1.2
Average exchange rate	0.15				
Pay Euro/Receive U.S.\$					
Contract amount	\$ 20.6	—	—	\$ 20.6	\$ 0.6
Average exchange rate	1.14				
Receive Romanian Leu/Pay U.S.\$					
Contract amount	\$ 40.6	—	—	\$ 40.6	\$ (1.1)
Average exchange rate	0.23				
Receive Singapore Dollar/Pay U.S.\$					
Contract amount	\$ 27.8	—	—	\$ 27.8	\$ —
Average exchange rate	0.74				
Pay Japanese Yen/Receive U.S.\$					
Contract amount	\$ 11.6	—	—	\$ 11.6	\$ 0.5
Average exchange rate	0.0088				
Pay Korean Won/Receive U.S.\$					
Contract amount	\$ 6.0	—	—	\$ 6.0	\$ —
Average exchange rate	0.0008				
Total	\$ 539.5	\$ —	\$ —	\$ 539.5	\$ 1.2

**Interest Rate Risk**

Borrowings under the Credit Facility bear interest at specified rates, plus specified margins. See note 11 to the Consolidated Financial Statements in Item 18. Our borrowings under this facility at December 31, 2021 totaled \$660.4 million, comprised of amounts outstanding under our Term Loans, and other than ordinary course letters of credit, no amounts outstanding under the Revolver. These borrowings expose us to interest rate risk due to the potential variability in market interest rates. Assuming our outstanding aggregate borrowings under the Credit Facility as at December 31, 2021 as described

above (December 31, 2020 — aggregate outstanding borrowings of \$470.4 million), and without accounting for the interest rate swap agreements described below, a one-percentage point increase in applicable interest rates would increase our interest expense by \$6.6 million annually (December 31, 2020 — an increase of \$4.7 million annually). Including the impact of interest rate swap agreements outstanding as of December 31, 2021, a one-percentage point increase in relevant interest rates would increase interest expense, based on the outstanding borrowings under the Credit Facility at December 31, 2021, by \$4.6 million annually (December 31, 2020 — \$2.0 million). The change in our exposure to interest rate risk as of December 31, 2021 as compared to December 31, 2020 is attributable to the general increase in borrowings from 2020.

As of December 31, 2021, we were party to agreements with syndicates of third-party banks to swap the variable interest rate (based on LIBOR plus a margin) with a fixed rate of interest on \$100.0 million of the total borrowings outstanding under the Initial Term Loan (Initial Swaps), which expire in August 2023 (reflecting our exercise of a partial cancellation option in September 2021), additional interest rate swaps hedging the interest rate risk associated with \$100.0 million of our Initial Term Loan borrowings for which cash flows commence upon the expiration of the Initial Swaps and continue through June 2024, and interest rate swaps hedging the interest rate risk associated with \$100.0 million of our Second Incremental Term Loan borrowings, which expire in December 2023. As the First Incremental Term Loan and the Second Incremental Term Loan have the same interest rate risk, these interest rate swaps continued, and now cover \$100.0 million of outstanding borrowings under the Second Incremental Term Loan. At December 31, 2021, the interest rate risk related to \$460.4 million of borrowings under the Credit Facility was unhedged, consisting of unhedged amounts outstanding under the Term Loans and no amounts outstanding (other than ordinary course letters of credit) under the Revolver (December 31, 2020 — \$195.4 million, consisting of unhedged amounts under the Term Loans and no amounts outstanding (other than ordinary course letters of credit) under the Revolver).

See Item 5, "Operating and Financial Review and Prospects — MD&A — Capital Resources — *Financial instruments and financial risks*" for a discussion of risks related to the phase-out of LIBOR, as well as note 20 to the Consolidated Financial Statements in Item 18.

#### **Credit and Counterparty Risk**

Management monitors the institutions that hold our cash and cash equivalents. Management's emphasis is primarily on safety of principal. Management, in its discretion, has diversified our cash and cash equivalents among banking institutions to adjust our exposure to levels they deem acceptable with respect to any one of these entities. To date, we have experienced no loss or lack of access to our invested cash or cash equivalents; however, we cannot assure that access to these holdings will not be impacted by adverse conditions in the financial markets, or that third party institutions will retain acceptable credit ratings or investment practices.

Cash balances held at banking institutions in the U.S. with which we do business may exceed the Federal Deposit Insurance Corporation (FDIC) insurance limits. While management monitors the cash balances in these bank accounts, such cash balances could be impacted if the underlying banks were to become insolvent or could be subject to other adverse conditions in the financial markets.

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss to us. We believe our risk of counterparty non-performance continues to be relatively low. We are in regular contact with our customers, suppliers and logistics providers, and to date have not experienced significant counterparty credit-related non-performance. However, if a key supplier (or any company within such supplier's supply chain) or customer experiences financial difficulties or fails to comply with their contractual obligations, this could result in a significant financial loss to us. We would also suffer a significant financial loss if an institution from which we purchased foreign exchange contracts or swaps, interest rate swaps, or annuities for our pension plans defaults on their contractual obligations (with respect to pension obligations, we retain ultimate responsibility for the payment of benefits to plan participants unless and until such pension plans are wound-up). With respect to our financial market activities, we have adopted a policy of dealing only with credit-worthy counterparties to help mitigate the risk of financial loss from defaults. We monitor the credit risk of the counterparties with whom we conduct business, through a combined process of credit rating reviews and portfolio reviews. See note 20 to the Consolidated Financial Statements in Item 18 for further information. We also provide unsecured credit to our customers in the normal course of business. From time to time, we extend the payment terms applicable to certain customers and/or provide longer payment terms when deemed commercially reasonable. Longer payment terms could adversely impact our working capital requirements, and increase our financial exposure and credit risk. We attempt to mitigate customer credit risk by monitoring our customers' financial condition and performing ongoing credit evaluations as appropriate. In certain instances, we obtain letters of credit or other forms of security from our customers. We may also purchase credit insurance from a financial institution to reduce our credit exposure to certain customers. We consider credit risk in determining our allowance for doubtful accounts, and we believe that such allowance, as adjusted from time to time, is adequate. In light of COVID-19, we

assessed the financial stability and liquidity of our customers beginning in the first quarter of 2020 to identify customers we believe to be at greatest risk of default. We also enhanced the monitoring of, and/or developed plans intended to mitigate, the limited number of identified exposures, which enhancements and plans remain in effect. No significant adjustments were made to our allowance for doubtful accounts in 2021 in connection with our ongoing assessments and monitoring activities.

#### **Commodity Price Risk**

We are exposed to market risk with respect to commodity price fluctuations for components used in the manufacture of our products. These components are impacted by global pricing pressures, general economic conditions, market conditions, geopolitical issues, weather, changes in tariff rates, and other factors which are neither predictable nor within our control. While generally we have been able to offset inflation and other changes in the costs of key operating resources through price increases, productivity improvements, greater economies of scale, supplier negotiations and global sourcing initiatives, there can be no assurance that we will be able to continue to do so in the future. We do not engage in hedging activities for commodity price risk. Competitive conditions may limit our pricing flexibility, and macroeconomic conditions may make additional price increases imprudent. Increases in commodity prices that we cannot recover from our customers would adversely impact our operating results. We are also exposed to fluctuations in transportation costs, which have recently increased based on freight carrier capacity and fuel prices. We manage transportation costs by optimizing logistics and supply chain planning. We continue to invest in supply chain initiatives to address industry-wide capacity challenges.

#### **Item 12. Description of Securities Other than Equity Securities**

##### **A. Debt Securities**

Not applicable.

##### **B. Warrants and Rights**

Not applicable.

##### **C. Other Securities**

Not applicable.

##### **D. American Depositary Shares**

Not applicable.

#### **Part II.**

#### **Item 13. Defaults, Dividend Arrearages and Delinquencies**

None.

#### **Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds**

None.

#### **Item 15. Controls and Procedures**

The information required by this Item concerning our disclosure controls and procedures, and changes in our internal control over financial reporting, is set forth in Item 5, "Operating and Financial Review and Prospects — MD&A — Liquidity and Capital Resources — Controls and Procedures."

Management's Report on Internal Control over Financial Reporting is set forth on page F-1 of our Consolidated Financial Statements in Item 18. The Company completed the acquisition of PCI in November 2021, and as a result, management has excluded PCI's internal controls from the scope of its assessment, and conclusion on the effectiveness, of the Company's internal control over financial reporting as of December 31, 2021, and from such report. PCI represented 12% of the Company's consolidated assets, and 1% of the Company's consolidated revenue as of, and for the year ended, December 31, 2021, respectively.

The attestation report from our independent auditors, KPMG LLP (KPMG) is set forth on page F-2 of our Consolidated Financial Statements in Item 18.

**Item 16. [Reserved]**

**Item 16A. Audit Committee Financial Expert**

The Board has considered the extensive financial experience of Ms. Koellner, Mr. Chopra and Ms. Perry, and has determined that each of them is an audit committee financial expert within the meaning of Item 16A(b) of Form 20-F, and each are independent directors, as that term is defined by the applicable Canadian and SEC rules and in the NYSE listing standards.

**Item 16B. Code of Ethics**

The Board has adopted a Finance Code of Professional Conduct for Celestica's Chief Executive Officer, our senior finance officers, and all personnel in our finance organization to deter wrongdoing and promote honest and ethical conduct in the practice of financial management, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; full, fair, accurate, timely and understandable disclosure in reports and documents filed with, or submitted to, the SEC and in other public communications made by the Corporation; compliance with all applicable laws, rules and regulations; prompt internal reporting of violations of the code and accountability for adherence to the code. These professionals are expected to abide by this code as well as Celestica's BCG policy and all of our other applicable business policies, standards and guidelines.

The Finance Code of Professional Conduct and the BCG policy can be accessed electronically at [www.celestica.com](http://www.celestica.com). Celestica will provide a copy of such policies free of charge to any person who so requests. Requests should be directed: (i) to [clsir@celestica.com](mailto:clsir@celestica.com); (ii) by mail to Celestica Investor Relations to: 5140 Yonge Street, Suite 1900, Toronto, Ontario, Canada M2N 6L7; or (iii) by telephone at 416-448-2211.

**Item 16C. Principal Accountant Fees and Services**

The external auditor is engaged to provide services pursuant to pre-approval policies and procedures established by the Audit Committee of the Board. The Audit Committee approves the external auditor's Audit Plan, the scope of the external auditor's quarterly reviews and all related fees. The Audit Committee must approve any non-audit services provided by the auditor and related fees and does so only if it considers that these services are compatible with the external auditor's independence.

Our auditors are KPMG. KPMG did not provide any financial information systems design or implementation services to us during 2020 or 2021. The Audit Committee has determined that the provision of the non-audit services by KPMG described below does not compromise KPMG's independence.

*Audit Fees*

KPMG billed \$3.1 million in 2021 (2020 — \$2.9 million) for audit services.

*Audit-Related Fees*

KPMG billed \$0.2 million in 2021 for due diligence services primarily in connection with acquisitions and certain other specified procedures (2020 — nil).

*Tax Fees*

KPMG billed \$0.1 million in 2021 (2020 — \$0.1 million) for tax compliance and tax advisory services.

*All Other Fees*

KPMG billed no other amounts in either 2021 or 2020.

*Pre-approval Policies and Procedures — Percentage of Services Approved by Audit Committee*

All KPMG services and fees are approved by the Audit Committee as follows. The Audit Committee has established an Audit and Non-Audit Services Pre-Approval Policy to pre-approve all permissible audit and non-audit services provided by our independent auditors. On an annual basis, the Audit Committee reviews and provides pre-approval for certain types of services that may be rendered by the independent auditors and a budget for audit services for the applicable fiscal year. Upon pre-approval of the services on the initial list, management may engage the auditor for specific engagements that are within the definition of the pre-approved services. Any significant service engagements above a certain threshold will require separate pre-approval. The policy contains a provision delegating pre-approval authority to the Chair of the Audit Committee in instances



when pre-approval is needed prior to a scheduled Audit Committee meeting. The Chair of the Audit Committee is required to report on such pre-approvals at the next scheduled Audit Committee meeting. A final detailed review of all audit and non-audit services and fees is performed by the Audit Committee prior to the issuance of the audit opinion at year-end.

Percentage of Hours Expended on KPMG's engagement not performed by KPMG's full-time, permanent employees (if greater than 50%): Not applicable.

**Item 16D. Exemptions from the Listing Standards for Audit Committees**

Not applicable.

**Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

**ISSUER PURCHASES OF EQUITY SECURITIES**

Period	(a) Total number of SVS purchased (in millions)	(b) Average price paid per SVS	(c) Total number of SVS purchased as part of publicly announced plans or programs (in millions)	(d) Maximum number of SVS that may yet be purchased under the plans or programs (in millions)
January 1 — 31, 2021 <sup>(1)</sup>	—	—	—	9.0
February 1 — 28, 2021 <sup>(1)</sup>	0.3	\$8.37	0.3	8.7
March 1 — 31, 2021 <sup>(1)(2)</sup>	0.3	\$8.33	0.3	8.4
April 1 — 30, 2021 <sup>(1)(3)</sup>	0.4	\$8.32	0.4	8.0
May 1 — 31, 2021 <sup>(1)(4)</sup>	1.2	\$8.27	1.2	6.8
June 1 — 30, 2021 <sup>(1)</sup>	—	—	—	6.8
July 1 — 31, 2021 <sup>(1)(5)</sup>	1.2	\$7.63	1.2	5.6
August 1 — 31, 2021 <sup>(1)</sup>	0.9	\$8.70	0.9	4.7
September 1 — 30, 2021 <sup>(1)</sup>	—	—	—	4.7
October 1 — 31, 2021 <sup>(1)</sup>	—	—	—	4.7
November 1 — 30, 2021 <sup>(1)(6)</sup>	1.2	\$11.27	0.9	3.8
December 1 — 31, 2021 <sup>(6)(7)(8)</sup>	0.7	\$10.66	0.7	8.3
<b>Total<sup>(7)</sup></b>	<b>6.2</b>	<b>\$9.06</b>	<b>5.9</b>	<b>8.3</b>

(1) On November 19, 2020, the TSX accepted our notice to launch, and we announced, a normal course issuer bid (2020 NCIB), which allowed us to repurchase, at our discretion, from November 24, 2020 until the earlier of November 23, 2021 or the completion of purchases thereunder, up to 9,021,320 of our SVS in the open market, or as otherwise permitted, subject to the normal terms and limitations of such bids. In 2021, we repurchased and canceled a total of 4.37 million SVS under the 2020 NCIB at a weighted average price of \$8.21 per share. The maximum number of SVS we were permitted to repurchase for cancellation under the 2020 NCIB was reduced by 0.9 million SVS purchased in the open market during the term of the 2020 NCIB to satisfy delivery obligations under our SBC plans. See footnote (6) below. The 2020 NCIB expired on November 23, 2021.

(2) Includes 0.01 million SVS purchased under an Automatic Share Purchase Plan (ASPP) we entered into in March, 2021 (March 2021 ASPP). The March 2021 ASPP instructed the broker to purchase, on our behalf for cancellation under the 2020 NCIB, up to the NYSE and TSX daily maximums at any time through May 3, 2021 (subject to specified conditions).

(3) Includes 0.4 million SVS purchased under the March 2021 ASPP.

(4) Includes 0.1 million SVS purchased under the March 2021 ASPP.

(5) Includes 1.2 million SVS purchased under an ASPP we entered into in June, 2021, which instructed the broker to purchase, on our behalf for cancellation under the 2020 NCIB, up to the NYSE and TSX daily maximums at any time through July 28, 2021 (subject to specified conditions).

(6) From time-to-time, a broker has purchased SVS in the open market, on our behalf, to settle vested employee awards under our SBC plans. During 2021, 1.9 million SVS were purchased on our behalf by a broker for such purpose. 0.9 million of such SVS were purchased during the term of the 2020 NCIB, and 0.7 million of such SVS were purchased during the term of the 2021 NCIB (defined in footnote 7 below).

- (7) On December 2, 2021, the TSX accepted our notice to launch, and we announced, a new normal course issuer bid (2021 NCIB). The 2021 NCIB allows us to repurchase, at our discretion, from December 6, 2021 until the earlier of December 5, 2022 or the completion of purchases thereunder, up to 8,987,310 of our SVS in the open market, or as otherwise permitted, subject to the normal terms and limitations of such bids. In December 2021, we repurchased and canceled a total of 3,550 SVS under the 2021 NCIB at a weighted average price of \$10.97 per share. The maximum number of SVS we are permitted to repurchase for cancellation under the 2021 NCIB will be reduced by the number of SVS purchased in the open market during the term of the 2021 NCIB to satisfy delivery obligations under our SBC. See footnote (6) above.
- (8) Includes 3,550 SVS purchased under an ASPP we entered into in December, 2021. This ASPP instructed the broker to purchase, on our behalf for cancellation under the 2021 NCIB, up to the NYSE and TSX daily maximums at any time during specified dates (subject to specified conditions).

**Item 16F. Change in Registrant's Certifying Accountant**

Not applicable.

**Item 16G. Corporate Governance**

**Corporate Governance**

We are subject to a variety of corporate governance guidelines and requirements enacted by the TSX, the CSA, the NYSE and the SEC under its rules and those mandated by the U.S. Sarbanes Oxley Act of 2002 and Dodd-Frank. We are listed on the NYSE and, although we are not required to comply with all of the NYSE corporate governance requirements to which we would be subject if we were a U.S. corporation, our governance practices differ significantly in only one respect from those required of U.S. domestic issuers by the NYSE, as described below. Celestica complies with TSX rules, which require shareholder approval of share compensation arrangements involving new issuances of shares, and of certain amendments to such arrangements, but do not require such approval if the compensation arrangements involve only shares purchased by the Corporation in the open market. NYSE rules require shareholder approval of all equity compensation plans (and material revisions thereto), subject to limited exceptions, regardless of whether new issuances or treasury shares are used.

Our Corporate Governance Guidelines are available on our website at [www.celestica.com](http://www.celestica.com).

**Item 16H. Mine Safety Disclosure**

Not applicable.

**Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not applicable.

**Part III.**

**Item 17. Financial Statements**

Not applicable.

**Item 18. Financial Statements**

The following financial statements have been filed as part of this Annual Report:

	<u>Page</u>
Management's Report on Internal Control Over Financial Reporting	F-1
Reports of Independent Registered Public Accounting Firm (KPMG LLP, Toronto, Canada, PCAOB ID 85)	F-2, F-3
Consolidated Balance Sheet as at December 31, 2020 and December 31, 2021	F-5
Consolidated Statement of Operations for the years ended December 31, 2019, 2020 and 2021	F-6
Consolidated Statement of Comprehensive Income for the years ended December 31, 2019, 2020 and 2021	F-7
Consolidated Statement of Changes in Equity for the years ended December 31, 2019, 2020 and 2021	F-8
Consolidated Statement of Cash Flows for the years ended December 31, 2019, 2020 and 2021	F-9
Notes to the Consolidated Financial Statements	F-10

**Item 19. Exhibits**

The following exhibits have been filed as part of this Annual Report:

Exhibit Number	Description	Incorporated by Reference			Exhibit No.	Filed Herewith
		Form	File No.	Filing Date		
1.1	<u>Certificate and Restated Articles of Incorporation effective June 25, 2004</u>	20-F	001-14832	March 23, 2010		1.10
1.2	<u>Bylaw No. 1</u>	20-F	001-14832	March 23, 2010		1.11
2	Instruments defining rights of holders of equity securities or long-term debt:					
2.1	See Certificate and Restated Articles of Incorporation identified above					
2.2	<u>Form of Subordinate Voting Share Certificate</u>	F-3ASR	333-221144	October 26, 2017		4.1
2.3	<u>Description of Securities</u>	20-F	001-14832	March 16, 2020		2.3
4	Certain Contracts:					
4.1	<u>Services Agreement, dated as of January 1, 2009, between Celestica Inc. and Onex Corporation ("Services Agreement")</u>	20-F	001-14832	March 23, 2010		4.1
4.2	<u>Amending Agreement to Services Agreement made as of January 1, 2017</u>	20-F	001-14832	March 13, 2017		4.2
4.3	<u>Amended and Restated Celestica Inc. Long-Term Incentive Plan as of January 29, 2014</u>	6-K	001-14832	July 9, 2014		99.1
4.4	<u>Amended and Restated Celestica Inc. Long-Term Incentive Plan as of July 22, 2015</u>	6-K	001-14832	July 29, 2015		99.1
4.5	<u>Amended and Restated Celestica Inc. Long-Term Incentive Plan as of October 19, 2015</u>	20-F	001-14832	March 7, 2016		4.5
4.6	<u>Amended and Restated Celestica Inc. Long-Term Incentive Plan as of October 19, 2016</u>	20-F	001-14832	March 13, 2017		4.7
4.7	<u>Amended and Restated Celestica Share Unit Plan as of January 29, 2014</u>	6-K	001-14832	July 9, 2014		99.2
4.8	<u>Amended and Restated Celestica Share Unit Plan as of July 22, 2015</u>	6-K	001-14832	July 29, 2015		99.2
4.9	<u>Amended and Restated Celestica Share Unit Plan as of October 19, 2015</u>	20-F	001-14832	March 7, 2016		4.8
4.10	<u>Coattail Agreement, dated June 29, 1998, between Onex Corporation, Celestica Inc. and Montreal Trust Company of Canada</u>	SC TO-I	005-55523	October 29, 2012		(d)(1)
4.11	<u>Directors' Share Compensation Plan (2008)</u>	SC TO-I	005-55523	October 29, 2012		(d)(3)
4.12	<u>Directors' Share Compensation Plan, amended and restated as of July 25, 2013</u>	20-F	001-14832	March 14, 2014		4.16
4.13	<u>Directors' Share Compensation Plan, amended and restated as of January 1, 2016</u>	20-F	001-14832	March 7, 2016		4.22

Exhibit Number	Description	Incorporated by Reference			Exhibit No.	Filed Herewith
		Form	File No.	Filing Date		
4.14	<u>Directors' Share Compensation Plan, amended and restated as of January 1, 2019</u>	20-F	001-14832	March 11, 2019		4.27
4.15	<u>Credit Agreement, dated as of June 27, 2018, among Celestica Inc. and the subsidiaries identified therein as Borrowers, Celestica Inc. and specified subsidiaries identified therein as Guarantors, Bank of America, N.A. as Administrative Agent, Swing Line Lender and an L/C Issuer, and the financial institutions named therein as Lenders</u>	20-F	001-14832	March 11, 2019		4.28
4.16	<u>First Incremental Facility Amendment, dated as of November 14, 2018, by and among Celestica Inc., Celestica International LP, Celestica (USA) Inc., the guarantors party thereto, the Incremental Term B-2 Lender (as defined therein), and Bank of America, N.A., as Administrative Agent</u>	20-F	001-14832	March 11, 2019		4.29
4.17	<u>Second Amendment to Credit Agreement, dated as of December 21, 2018, by and among Celestica Inc., Celestica International LP, Celestica (USA) Inc., the Guarantors party thereto, and Bank of America, N.A., as Administrative Agent</u>	20-F	001-14832	March 11, 2019		4.30
4.18	<u>Securities Purchase and Merger Agreement, dated as of October 9, 2018, by and among Impakt Holdings, LLC, Graycliff Private Equity Partners III Parallel (A-1 Blocker) LLC, Graycliff Private Equity Partners III Parallel LP, Celestica (USA) Inc., Iron Man Acquisition Inc., Iron Man Merger Sub, LLC, and Fortis Advisors LLC, in its capacity as Holder Representative</u>	20-F/A	001-14832	April 25, 2019		4.31
4.19	<u>First Amendment to the Securities Purchase and Merger Agreement, dated as of November 9, 2018, by and among Graycliff Private Equity Partners III Parallel LP, Iron Man Acquisition Inc., and Impakt Holdings, LLC</u>	20-F/A	001-14832	April 25, 2019		4.32
4.20	<u>Third Amendment and Waiver, dated as of October 23, 2019, by and among Celestica Inc., Celestica International LP, Celestica (USA) Inc., the Guarantors party hereto, the Lenders party hereto and Bank of America, N.A., as Administrative Agent</u>	20-F	001-14832	March 16, 2020		4.21

Exhibit Number	Description	Incorporated by Reference			Exhibit No.	Filed Herewith
		Form	File No.	Filing Date		
4.21	<u>Revolving Trade Receivables Purchase Agreement, dated as of March 6, 2020, among Celestica LLC, Celestica Holdings Pte Ltd, Celestica Hong Kong Ltd., Celestica (Romania) S.R.L., Celestica Japan KK, Celestica Oregon LLC, Celestica Precision Machining Ltd., Celestica Electronics (M.) Sdn. Bhd. and Celestica International LP, as Sellers, Celestica Inc., as Servicer, and Credit Agricole Corporate and Investment Bank, New York Branch and Credit Agricole Corporate and Investment Bank (Canada Branch), as Purchasers</u>	20-F	001-14832	March 16, 2020	4.22	
4.22	<u>Fourth Amendment to Credit Agreement, dated as of June 26, 2020 by and among Celestica Inc., Celestica International LP, Celestica (USA) Inc., the Guarantors party thereto, the Lenders party thereto and Bank of America, N.A., as Administrative Agent</u>	20-F	001-14832	March 15, 2021	4.22	
4.23	<u>Fifth Amendment, dated as of December 6, 2021, to Credit Agreement dated as of June 27, 2018 among Celestica Inc. and the subsidiaries identified therein as Borrowers, Celestica Inc. and the subsidiaries identified therein as Guarantors, Bank of America, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer, and the financial institutions named therein as Lenders</u>					X
4.24	<u>First Amendment to the Revolving Trade Receivables Purchase Agreement, dated as of February 4, 2022, among Celestica LLC, Celestica Holdings Pte Ltd., Celestica Hong Kong Ltd., Celestica (Romania) S.R.L., Celestica Japan KK, Celestica Oregon LLC, Celestica Electronics (M.) Sdn. Bhd., Celestica Precision Machining Ltd., and Celestica International LP, as Sellers, Celestica Inc., as Servicer, and Credit Agricole Corporate and Investment Bank, New York Branch and Credit Agricole Corporate and Investment Bank (Canada Branch), as Purchasers</u>					X
4.25	<u>Agreement, dated September 22, 2021, for the Sale and Purchase of the Entire Issued Share Capital of PCI Private Limited, between Pagani Holding III Limited as Seller, 2863862 Ontario Inc. as Buyer, and Celestica Inc. as Buyer's Guarantor</u>					X

Exhibit Number	Description	Incorporated by Reference			Exhibit No.	Filed Herewith
		Form	File No.	Filing Date		
8.1	<u>Subsidiaries of Registrant</u>					X
11.1	<u>Finance Code of Professional Conduct</u>	20-F	001-14832	March 23, 2010	11.1	
12.1	<u>Principal Executive Officer Certification pursuant to Rule 13(a)-14(a)</u>					X
12.2	<u>Principal Financial Officer Certification pursuant to Rule 13(a)-14(a)</u>					X
13.1	<u>Certification required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code*</u>					X
15.1	<u>Consent of KPMG LLP, independent registered public accounting firm</u>					X
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive data File because its XBRL tags are embedded within the Inline XBRL document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File - formatted as Inline XBRL and contained in Exhibit 101					X

\* Will not be deemed "filed" for purposes of Section 18 of the U.S. Exchange Act, or otherwise subject to the liability of Section 18 of the U.S. Exchange Act, and will not be incorporated by reference into any filing under the U.S. Securities Act, or the U.S. Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

† Certain portions of this exhibit have been omitted because they are both: (i) not material; and (ii) of the type that the registrant treats as private or confidential.

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

CELESTICA INC.

By: /s/ Robert Ellis

Robert Ellis

Chief Legal Officer and Corporate Secretary

Date: March 14, 2022

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Celestica Inc. (the Company) is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. The Company's internal control system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our internal control over financial reporting includes those policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS as issued by the IASB, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our financial statements.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021 based on the criteria set forth in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management has concluded that, as of December 31, 2021, the Company's internal control over financial reporting is effective.

As discussed in note 3 to the Company's 2021 audited consolidated financial statements, the Company completed the acquisition of PCI Private Limited (PCI) in November 2021. As a result, management has excluded PCI's internal controls from the scope of its assessment, and conclusion on the effectiveness, of the Company's internal control over financial reporting as of December 31, 2021, and from this report. PCI represented 12% of the Company's consolidated assets and 1% of the Company's consolidated revenue as of, and for the year ended, December 31, 2021, respectively.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by KPMG LLP, Chartered Professional Accountants, an independent registered public accounting firm, as stated in their report appearing on page F-2.

March 10, 2022



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Celestica Inc.:

***Opinion on Internal Control Over Financial Reporting***

We have audited Celestica Inc.'s (the Company) internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements), and our report dated March 10, 2022 expressed an unqualified opinion on those consolidated financial statements.

The Company acquired PCI Private Limited (PCI) in November 2021, and management excluded from its assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2021, PCI's internal control over financial reporting. PCI represented 12% of the Company's consolidated assets, and 1% of the Company's consolidated revenue as of, and for the year ended, December 31, 2021, respectively. Our audit of internal control over financial reporting of the Company also excluded an evaluation of the internal control over financial reporting of PCI.

***Basis for Opinion***

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

***Definition and Limitations of Internal Control Over Financial Reporting***

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Toronto, Canada March 10, 2022

/s/ KPMG LLP  
Chartered Professional Accountants,  
Licensed Public Accountants

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of Celestica Inc.:

***Opinion on the Consolidated Financial Statements***

We have audited the accompanying consolidated balance sheets of Celestica Inc. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for each of the years in the three-year period ended December 31, 2021, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 10, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

***Basis for Opinion***

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

***Critical Audit Matter***

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which they relate.

***Valuation of goodwill for the capital equipment cash generating unit***

As discussed in Notes 2(j) and 8 to the consolidated financial statements, the Company conducts an annual impairment assessment of cash generating units (CGUs) with goodwill. In addition, the Company also reviews the CGUs for impairment whenever events or changes in circumstances (triggering events) indicate that their carrying amount may not be recoverable. As of December 31, 2021, the Company had \$324.2 million of goodwill, which included \$131.9 million related to its capital equipment CGU.

We identified the valuation of goodwill for the capital equipment CGU as a critical audit matter. Subjective and challenging auditor judgment was required to evaluate certain assumptions in the impairment model used in the Company's estimate of the recoverable amount of the capital equipment CGU. Specifically, certain assumptions used to estimate the recoverable amount were challenging to assess, as minor changes to the future revenue growth rate, profitability, and the discount rate assumptions could have had a significant effect on the recoverable amount.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls related to the approval of the future revenue growth rate, profitability, and the discount rate assumptions used in the impairment model. We assessed the Company's future revenue growth rates and profitability by comparing them to the underlying forecast, evidence of future customer demand, industry reports and historical results. We compared the Company's historical forecasts of the capital equipment CGU to actual results to assess the Company's ability to accurately forecast. We involved valuation professionals with specialized skills and knowledge, who assisted in the evaluation of the discount rate, by comparing it to a discount rate range that was independently developed using publicly available market data for comparable entities.

Toronto, Canada March 10, 2022

/s/ KPMG LLP  
Chartered Professional Accountants,  
Licensed Public Accountants  
We have served as the Company's auditor since 1997.

**CELESTICA INC.**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions of U.S. dollars)

	Note	December 31 2020	December 31 2021
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	20	\$ 463.8	\$ 394.0
Accounts receivable	4	1,093.4	1,260.3
Inventories	5	1,091.5	1,697.0
Income taxes receivable		6.8	8.6
Other current assets		81.7	75.4
<b>Total current assets</b>		<b>2,737.2</b>	<b>3,435.3</b>
Property, plant and equipment	6	332.5	338.7
Right-of-use assets	7	101.0	113.8
Goodwill	8	198.6	324.2
Intangible assets	8	229.4	382.0
Deferred income taxes	19	39.9	47.7
Other non-current assets	9	25.5	25.2
<b>Total assets</b>		<b>\$ 3,664.1</b>	<b>\$ 4,666.9</b>
<b>Liabilities and Equity</b>			
Current liabilities:			
Current portion of borrowings under credit facility & lease obligations	11	\$ 99.8	\$ 51.5
Accounts payable		854.5	1,238.3
Accrued and other current liabilities		553.1	884.3
Income taxes payable	19	51.8	62.3
Current portion of provisions	10	19.0	17.1
<b>Total current liabilities</b>		<b>1,578.2</b>	<b>2,253.5</b>
Long-term portion of borrowings under credit facility & lease obligations	11	486.1	742.9
Pension and non-pension post-employment benefit obligations	18	117.3	107.5
Provisions and other non-current liabilities	10	41.2	39.8
Deferred income taxes	19	32.3	60.2
<b>Total liabilities</b>		<b>2,255.1</b>	<b>3,203.9</b>
Equity:			
Capital stock	12	1,834.2	1,764.5
Treasury stock	12	(15.7)	(48.9)
Contributed surplus		974.5	1,029.8
Deficit		(1,368.8)	(1,255.6)
Accumulated other comprehensive loss	13	(15.2)	(26.8)
<b>Total equity</b>		<b>1,409.0</b>	<b>1,463.0</b>
<b>Total liabilities and equity</b>		<b>\$ 3,664.1</b>	<b>\$ 4,666.9</b>

Commitments, contingencies and guarantees (note 24), Subsequent events (notes 4 and 20)

Signed on behalf of the Board of Directors

[Signed] Michael M. Wilson, Director

[Signed] Laurette T. Koellner, Director

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

**CELESTICA INC.**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
(in millions of U.S. dollars, except per share amounts)

	Note	Year ended December 31		
		2019	2020	2021
Revenue		\$ 5,888.3	\$ 5,748.1	\$ 5,634.7
Cost of sales	5 & 14	5,503.6	5,310.5	5,147.7
Gross profit		384.7	437.6	487.0
Selling, general and administrative expenses (SG&A)	14	227.3	230.7	245.1
Research and development		28.4	29.9	38.4
Amortization of intangible assets	8	29.6	25.6	25.5
Other charges (recoveries)	15	(49.9)	23.5	10.3
Earnings from operations		149.3	127.9	167.7
Finance costs	16	49.5	37.7	31.7
Earnings before income taxes		99.8	90.2	136.0
Income tax expense (recovery)	19			
Current		22.8	32.9	40.9
Deferred		6.7	(3.3)	(8.8)
Net earnings		\$ 70.3	\$ 60.6	\$ 103.9
Basic earnings per share		\$ 0.54	\$ 0.47	\$ 0.82
Diluted earnings per share		\$ 0.53	\$ 0.47	\$ 0.82
Shares used in computing per share amounts (in millions):				
Basic	22	131.0	129.1	126.7
Diluted	22	131.8	129.1	126.7

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

**CELESTICA INC.**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
(in millions of U.S. dollars)

	Note	Year ended December 31		
		2019	2020	2021
Net earnings		\$ 70.3	\$ 60.6	\$ 103.9
Other comprehensive income (loss), net of tax	13			
Items that will not be reclassified to net earnings:				
Gains (losses) on pension and non-pension post-employment benefit plans	18	(8.7)	(9.3)	9.3
Items that may be reclassified to net earnings:				
Currency translation differences for foreign operations		(0.2)	4.3	(7.7)
Changes from currency forward derivative hedges		10.8	8.5	(13.5)
Changes from interest rate swap derivative hedges	20	(7.7)	(4.4)	9.6
Total comprehensive income		<u>\$ 64.5</u>	<u>\$ 59.7</u>	<u>\$ 101.6</u>

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

**CELESTICA INC.**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
(in millions of U.S. dollars)

	Note	Capital stock	Treasury stock	Contributed surplus	Deficit	AOC loss <sup>(a)</sup>	Total equity
Balance — December 31, 2018		\$ 1,954.1	\$ (20.2)	\$ 906.6	\$ (1,481.7)	\$ (26.5)	\$ 1,332.3
<b>Capital transactions:</b>	12						
Issuance of capital stock		10.4	—	(10.4)	—	—	—
Repurchase of capital stock for cancellation		(132.4)	—	65.1	—	—	(67.3)
Purchase of treasury stock for stock-based plans		—	(9.2)	—	—	—	(9.2)
Equity-settled stock-based compensation (SBC)		—	14.6	21.3	—	—	35.9
<b>Total comprehensive income:</b>							
Net earnings for 2019		—	—	—	70.3	—	70.3
Losses on pension and non-pension post-employment benefit plans	18	—	—	—	(8.7)	—	(8.7)
Currency translation differences for foreign operations		—	—	—	—	(0.2)	(0.2)
Changes from currency forward derivative hedges		—	—	—	—	10.8	10.8
Changes from interest rate swap derivative hedges		—	—	—	—	(7.7)	(7.7)
Balance — December 31, 2019		\$ 1,832.1	\$ (14.8)	\$ 982.6	\$ (1,420.1)	\$ (23.6)	\$ 1,356.2
<b>Capital transactions:</b>	12						
Issuance of capital stock		2.2	—	(2.2)	—	—	—
Repurchase of capital stock for cancellation <sup>(b)</sup>		(0.1)	—	(15.0)	—	—	(15.1)
Purchase of treasury stock for stock-based compensation plans		—	(19.1)	—	—	—	(19.1)
Equity-settled SBC		—	18.2	9.1	—	—	27.3
<b>Total comprehensive income:</b>							
Net earnings for 2020		—	—	—	60.6	—	60.6
Losses on pension and non-pension post-employment benefit plans	18	—	—	—	(9.3)	—	(9.3)
Currency translation differences for foreign operations		—	—	—	—	4.3	4.3
Changes from currency forward derivative hedges		—	—	—	—	8.5	8.5
Changes from interest rate swap derivative hedges	20	—	—	—	—	(4.4)	(4.4)
Balance — December 31, 2020		\$ 1,834.2	\$ (15.7)	\$ 974.5	\$ (1,368.8)	\$ (15.2)	\$ 1,409.0
<b>Capital transactions:</b>	12						
Issuance of capital stock		0.3	—	(0.1)	—	—	0.2
Repurchase of capital stock for cancellation <sup>(c)</sup>		(70.0)	—	41.6	—	—	(28.4)
Purchase of treasury stock for stock-based plans <sup>(d)</sup>		—	(54.4)	—	—	—	(54.4)
Equity-settled SBC		—	21.2	13.8	—	—	35.0
<b>Total comprehensive income:</b>							
Net earnings for 2021		—	—	—	103.9	—	103.9
Gains on pension and non-pension post-employment benefit plans	18	—	—	—	9.3	—	9.3
Currency translation differences for foreign operations		—	—	—	—	(7.7)	(7.7)
Changes from currency forward derivative hedges		—	—	—	—	(13.5)	(13.5)
Changes from interest rate swap derivative hedges	20	—	—	—	—	9.6	9.6
Balance — December 31, 2021		\$ 1,764.5	\$ (48.9)	\$ 1,029.8	\$ (1,255.6)	\$ (26.8)	\$ 1,463.0

(a) Accumulated other comprehensive (AOC) loss is net of tax. See note 13.

(b) Includes \$15.0 accrued as of December 31, 2020 for the estimated contractual maximum of permitted subordinate voting share (SVS) repurchases (Contractual Maximum) for cancellation under an automatic share purchase plan (ASPP) executed in December 2020. See note 12.

(c) We paid \$35.9 to repurchase SVS for cancellation in 2021. Also includes \$7.5 accrued as of December 31, 2021 for the estimated Contractual Maximum for cancellation under an ASPP executed in December 2021. See note 12.

(d) Includes \$33.8 accrued as of December 31, 2021 for the estimated Contractual Maximum to settle awards under our SBC plans under an ASPP executed in December 2021. See note 12.

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

**CELESTICA INC.**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
(in millions of U.S. dollars)

	Note	Year ended December 31		
		2019	2020	2021
<b>Cash provided by (used in):</b>				
<b>Operating activities:</b>				
Net earnings		\$ 70.3	\$ 60.6	\$ 103.9
Adjustments to net earnings for items not affecting cash:				
Depreciation and amortization		135.4	124.7	126.3
Equity-settled employee SBC	12	34.1	25.8	33.4
Other charges (recoveries) <sup>(a)</sup>	15	(86.1)	2.5	2.5
Finance costs		49.5	37.7	31.7
Income tax expense		29.5	29.6	32.1
Other		24.2	10.0	15.2
Changes in non-cash working capital items:				
Accounts receivable		153.7	(40.7)	(102.4)
Inventories		97.7	(99.3)	(521.9)
Other current assets		16.5	(0.5)	(11.5)
Accounts payable, accrued and other current liabilities and provisions		(158.8)	117.0	556.9
Non-cash working capital changes		109.1	(23.5)	(78.9)
Net income tax paid		(21.0)	(27.8)	(39.4)
Net cash provided by operating activities		345.0	239.6	226.8
<b>Investing activities:</b>				
Acquisitions	3	2.7	—	(314.7)
Purchase of computer software and property, plant and equipment		(80.5)	(52.8)	(52.2)
Proceeds from sale of assets	6	116.5	1.8	2.6
Net cash provided by (used in) investing activities		38.7	(51.0)	(364.3)
<b>Financing activities:</b>				
Borrowings under revolving loans	11	—	—	220.0
Repayments under revolving loans	11	—	—	(220.0)
Borrowing under term loans	11	48.0	—	365.0
Repayments under term loans	11	(213.0)	(121.9)	(175.0)
Lease payments	11	(38.2)	(33.7)	(40.0)
Issuance of capital stock	12	—	—	0.2
Repurchase of capital stock for cancellation	12	(67.3)	(0.1)	(35.9)
Purchase of treasury stock for stock-based plans	12	(9.2)	(19.1)	(20.6)
Finance costs and waiver fees paid <sup>(b)</sup>		(46.5)	(29.5)	(26.0)
Net cash provided by (used in) financing activities		(326.2)	(204.3)	67.7
Net increase (decrease) in cash and cash equivalents		57.5	(15.7)	(69.8)
Cash and cash equivalents, beginning of year		422.0	479.5	463.8
Cash and cash equivalents, end of year		\$ 479.5	\$ 463.8	\$ 394.0

(a) Other charges (recoveries) in 2019 consists primarily of a \$102.0 gain on the sale of our Toronto real property.

(b) Finance costs paid include debt issuance costs paid of \$3.6 in 2021 (2020 — \$0.6; 2019 — \$2.9). We also paid \$2.0 in credit-facility-related waiver fees in 2019, recorded as other charges.

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



CELESTICA INC.  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

**1. REPORTING ENTITY:**

Celestica Inc. (Celestica) is incorporated in Ontario with its corporate headquarters located in Toronto, Ontario, Canada. Celestica's subordinate voting shares (SVS) are listed on the Toronto Stock Exchange (TSX) and the New York Stock Exchange (NYSE). Celestica's operating and reportable segments consist of its Advanced Technology Solutions (ATS) segment and its Connectivity & Cloud Solutions (CCS) segment. See note 25 for further detail regarding segment information.

**2. 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 (IASB). The consolidated financial statements were authorized for issuance by our Board of Directors on March 10, 2022.

**Functional and presentation currency:**

The consolidated financial statements are presented in United States (U.S.) dollars, which is also Celestica's functional currency. Unless otherwise noted, all financial information is presented in millions of U.S. dollars (except percentages and per share amounts).

**Use of estimates and judgments:**

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and related disclosures with respect to contingent assets and liabilities. We base our judgments, estimates and assumptions on current facts (including, in recent periods, the prolonged impact of coronavirus disease 2019 and related mutations (COVID-19) and materials constraints), historical experience and various other factors that we believe are reasonable under the circumstances. The economic environment also impacts certain estimates and discount rates necessary to prepare our consolidated financial statements, including significant estimates and discount rates applicable to the determination of the recoverable amounts used in the impairment testing of our non-financial assets. Our assessment of these factors forms the basis for our judgments on the carrying values of our assets and liabilities, and the accrual of our costs and expenses. Actual results could differ materially from our estimates and assumptions. We review our estimates and underlying assumptions on an ongoing basis and make revisions as determined necessary by management. Revisions are recognized in the period in which the estimates are revised and may also impact future periods.

Our review of the estimates, judgments and assumptions used in the preparation of our financial statements for 2021 included those relating to, among others: our determination of the timing of revenue recognition, the determination of whether indicators of impairment existed for our assets and cash generating units (CGUs<sup>1</sup>), our measurement of deferred tax assets and liabilities, our estimated inventory provisions and expected credit losses, customer creditworthiness, and the determination of the fair value of assets acquired and liabilities assumed in connection with a business combination. Any revisions to estimates, judgments or assumptions may result in, among other things, write-downs or impairments to our assets or CGUs, and/or adjustments to the carrying amount of our accounts receivable (A/R) and/or inventories, or to the valuation of our deferred tax assets and/or pension obligations, any of which could have a material impact on our financial performance and financial condition.

<sup>1</sup>CGUs are the smallest identifiable group of assets that cannot be tested individually and generate cash inflows that are largely independent of those of other assets or groups of assets, and can be comprised of a single site, a group of sites, or a line of business.

**Key sources of estimation uncertainty and judgment:** We have applied significant estimates, judgments and assumptions in the following areas which we believe could have a significant impact on our reported results and financial position: our determination of the timing of revenue recognition; whether events or changes in circumstances are indicators that an impairment review of our assets or CGUs should be conducted; the measurement of our CGUs' recoverable amounts,

CELESTICA INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

which includes estimating future growth, profitability, and discount and terminal growth rates; and the allocation of the purchase price and other valuations related to our business acquisitions.

We describe our use of judgment and estimation uncertainties in greater detail in the accounting policies described under “Significant Accounting Policies” below.

**Recently issued accounting standards and amendments:**

*Interest Rate Benchmark Reform (Amendments to IFRS 9 (Financial Instruments), IAS 39 (Financial Instruments: Recognition and Measurement) and IFRS 7 (Financial Instruments: Disclosures):*

In September 2019, the IASB issued amendments to IFRS 9, IAS 39, and IFRS 7, effective January 1, 2020, representing phase one of its response to the effects of the Interbank Offered Rates (IBOR) reform on financial reporting. These amendments allow entities to assume that the interest rate benchmark on which hedged cash flows and hedged risk are based, and the interest rate benchmark on which the cash flows of the hedging instrument are based, are not altered as a result of IBOR reform. The amendments provide temporary relief that allows hedge accounting to continue, and any hedge ineffectiveness to continue to be recorded in the income statement, during the period of uncertainty before the replacement of existing interest rate benchmarks. The amendments apply to all hedging relationships that are directly affected by IBOR reform, and application of the relief is mandatory. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The relief will cease to apply when the uncertainty arising from IBOR reform is no longer present. On January 1, 2020, and in accordance with applicable transition provisions, we adopted the amendments retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter, and we continue to apply hedge accounting to the amount in accumulated other comprehensive income (loss) (OCI) with respect to our interest rate swap cash flow hedges. The amendments also contain specific disclosure requirements for hedging relationships to which the relief is applied. See note 20(b) for disclosure of interest rate risks related to IBOR reform. The amendments did not have a significant impact on our disclosures or the amounts reported in our consolidated financial statements for the year ended December 31, 2020.

In August 2020, the IASB issued Interest Rate Benchmark Reform-Phase 2, which amends IFRS 9, IAS 39, IFRS 4, *Insurance Contracts*, IFRS 7, and IFRS 16, *Leases*. The amendments complement those issued in 2019 and focus on the effects on financial statements when a company replaces a previous interest rate benchmark with an alternative benchmark rate as a result of IBOR reform. We adopted the Phase 2 amendments as of January 1, 2021. The adoption of the Phase 2 amendments had no significant impact on our consolidated financial statements for the year ended December 31, 2021. See note 20 for further detail. We will continue to monitor relevant developments and will evaluate the impact of the Phase 2 amendments on our consolidated financial statements as IBOR reform progresses.

*Initial adoption and application of IFRS 16, Leases:*

Effective January 1, 2019, we adopted IFRS 16, *Leases*, which brought most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. IFRS 16 superseded IAS 17, *Leases*, and related interpretations. In connection therewith, as of such date, we recognize right-of-use (ROU) assets and related lease obligations as of the applicable lease commencement date. In adopting this standard, we applied the modified retrospective approach, permitting us to recognize the cumulative effect of such adoption as an adjustment to our opening balance sheet as of January 1, 2019, without restatement of prior period comparative information. In connection therewith, we recognized ROU assets of \$111.5 and related lease obligations of \$112.0, and reduced our accrued liabilities by \$0.5 on our consolidated balance sheet as of January 1, 2019. There was no net impact on our deficit as of January 1, 2019. We discounted our lease payments using a weighted-average rate of 4.7% as of January 1, 2019. In computing the initial adjustment, we elected to apply the practical expedients available under IFRS 16, and accordingly expense the costs of low-value and short-term leases in our consolidated statement of operations on a straight-line basis over the lease term. The amortization of the ROU assets is recognized as a depreciation charge, and the interest expense on the related lease obligations is recognized as finance costs in our consolidated statement of operations. Prior to the adoption of IFRS 16, we recognized operating lease expenses on a straight-line basis over the lease term generally in cost of sales or SG&A in our consolidated statement of operations. There were no changes to our finance leases required by the adoption of IFRS 16, which we continue to capitalize at their commencement (included in property, plant and equipment on our consolidated balance sheet), and include the corresponding liability, net of finance costs, on our consolidated balance sheet (see note 11).

CELESTICA INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

**SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies below are in compliance with IFRS as issued by the IASB and have been applied consistently to all periods presented in these consolidated financial statements.

**(a) Basis of measurement:**

These consolidated financial statements have been prepared primarily on the historical cost basis. Other measurement bases, where used, are described in the applicable notes.

**(b) Basis of consolidation:**

These consolidated financial statements include our direct and indirect subsidiaries, all of which are wholly-owned. Any subsidiaries that are formed or acquired during the year are consolidated from their respective dates of formation or acquisition. Inter-company transactions and balances are eliminated on consolidation.

**(c) Business combinations:**

We use the acquisition method to account for any business combinations. All identifiable assets and liabilities are recorded at fair value on our consolidated balance sheet as of the acquisition date. Any goodwill that arises from business combinations is tested annually for impairment (see note 2(j)). Potential obligations for contingent consideration and other contingencies are also recorded at fair value on our consolidated balance sheet as of the acquisition date. We record subsequent changes in the fair value of such potential obligations from the date of acquisition to the settlement date in our consolidated statement of operations. We expense integration costs (for the establishment of business processes, infrastructure and information systems for acquired operations) and acquisition-related consulting and transaction costs as incurred in our consolidated statement of operations.

We use judgment to determine the estimates used to value identifiable assets and liabilities, and the fair value of potential obligations, if applicable, at the acquisition date. We may engage third parties to determine the fair value of certain inventory, property, plant and equipment and intangible assets. We use estimates to determine cash flow projections, including the period of expected future benefit, and future growth and discount rates, among other factors, to value intangible assets and contingent consideration. The fair value of acquired tangible assets are measured by applying the market, cost or replacement cost, or the income approach (using discounted cash flows and forecasts by management), as appropriate. The fair value of acquired intangible assets are measured by applying the income approach using a discounted cash flow model and forecasts based on management's estimates and assumptions.

**(d) Foreign currency translation:**

The majority of our subsidiaries have a U.S. dollar functional currency, which represents the currency of the primary economic environment in which they operate. For these subsidiaries, we translate monetary assets and liabilities denominated in foreign currencies into U.S. dollars at the period-end exchange rates. We translate non-monetary assets and liabilities denominated in foreign currencies into U.S. dollars at historic rates, and we translate revenue and expenses into U.S. dollars at the average exchange rates prevailing during the month of the transaction. Exchange gains and losses also arise on the settlement of foreign-currency denominated transactions. We recognize foreign currency differences arising on translation in our consolidated statement of operations.

Upon consolidation, for our subsidiaries with a non-U.S. dollar functional currency, we translate assets and liabilities denominated in foreign currencies into U.S. dollars using the period-end exchange rates, and we translate revenue and expenses into U.S. dollars at the average exchange rates prevailing during the month of the transaction. We defer gains and losses arising from the translation of these operations in the foreign currency translation account included in accumulated OCI. For the purposes of foreign currency translation of transactions at our subsidiaries with a non-U.S. dollar functional currency, we translate foreign currency transactions into the relevant non-U.S. dollar functional currency using the exchange rate prevailing during the month of the transaction for revenues and expenses or the exchange rate as at period end for the translation of these foreign currency denominated monetary assets and liabilities, and such gains and losses arising from these translations are recorded in the statement of operations in their non-U.S. dollar functional currency before translation into U.S. dollar for consolidation purposes.

CELESTICA INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

**(e) Cash and cash equivalents:**

Cash and cash equivalents include cash on account and short-term investments with original maturities of three months or less. Cash and cash equivalents are classified as financial assets measured at fair value through profit or loss (see paragraph (o) below). These instruments are subject to an insignificant risk of change in fair value over their terms and, as a result, we carry cash and cash equivalents at cost.

**(f) Inventories:**

We procure inventory and manufacture products based on specific customer orders and forecasts, and value our inventory on a first-in, first-out basis at the lower of cost and net realizable value. The cost of our finished goods and work in progress includes direct materials, labor and overhead. We may require valuation adjustments if actual market conditions or demand for our customers' products or services are less favorable than originally projected. The determination of net realizable value involves significant management judgment and estimation. When estimating the net realizable value of our inventory, we consider factors such as shrinkage, the aging of and future demand for the inventory, and contractual arrangements with customers. We attempt to utilize excess inventory in other products we manufacture or return such inventory to the relevant suppliers or customers. We use future sales volume forecasts to estimate excess inventory on-hand. A change to these assumptions may impact our inventory valuation and our gross margins. We adjust previous write-downs in our consolidated statement of operations in the period a change in estimate occurs.

**(g) Property, plant and equipment:**

We carry property, plant and equipment at cost less accumulated depreciation and accumulated impairment losses. Cost consists of expenditures directly attributable to the acquisition or construction of the asset, and costs directly attributable to bringing the asset to the condition necessary for its intended use. We capitalize the cost of an asset when the economic benefits associated with that asset are probable and when the cost can be measured reliably. We capitalize the costs of major renovations and we write-off the carrying amount of replaced assets. We expense all other maintenance and repair costs in our consolidated statement of operations as incurred. We do not depreciate land. We recognize depreciation expense on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	Up to 40 years
Building/leasehold improvements	Up to 40 years or if shorter, term of lease
Machinery and equipment	3 to 15 years

We estimate the useful life of property, plant and equipment based on the nature of the asset, historical experience, expected changes in technology, and the expected duration of related customer programs. When major components of an asset have a significantly different useful life than their primary asset, the components are accounted for and depreciated separately. We review our estimates of residual values, useful lives and the methods of depreciation annually at year end and, if required, adjust them prospectively. We determine gains and losses on the disposal or retirement of property, plant and equipment by comparing the proceeds from disposal with the carrying amount of the asset and we recognize these gains and losses in our consolidated statement of operations in the period of disposal or retirement. Also see note 2(j).

**(h) Leases:**

We are the lessee of property, plant and equipment, primarily buildings and machinery. At the inception of a contract, we assess whether an arrangement is, or contains, a lease in accordance with IFRS 16. Where we determine there is a lease under IFRS 16, we recognize an ROU asset (representing our right to use such leased asset) and a related lease obligation on the applicable lease commencement date. An ROU asset is first measured based on the initial amount of the related lease obligation, subject to certain adjustments, if any, and then subsequently measured at such cost less accumulated depreciation and accumulated impairment losses (see note 2(j)). Depreciation expense on an ROU asset is recorded on a straight-line basis over the lease term in cost of sales or SG&A in our consolidated statement of operations, primarily based on the nature and use of the asset. The lease obligation is initially measured at the present value of the unpaid lease payments on the commencement date, discounted using the interest rate implicit in the lease (if readily determinable) or otherwise on our incremental borrowing rate (taking country-specific risks into consideration) on the lease commencement date. We generally use our incremental borrowing rate as the discount rate. The interest expense on the related lease obligation is

CELESTICA INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

recognized as finance costs in our consolidated statement of operations. The lease obligation is remeasured when there are adjustments to future lease payments arising from a change in applicable indices or rates, changes in the estimated amount expected to be payable under a residual value guarantee, or if we change our assessments of whether we will exercise an applicable purchase, extension or termination option. Upon any such remeasurement, a corresponding adjustment is made to the carrying amount of the related ROU asset, or is recorded in our consolidated statement of operations if the carrying amount of such ROU asset has been impaired.

We expense the costs of low-value and short-term leases in our consolidated statement of operations on a straight-line basis over the lease term.

**(i) Goodwill and intangible assets:**

*Goodwill:*

We initially record goodwill related to business acquisitions on our consolidated balance sheet in the amount of the excess of the fair value of the aggregate consideration paid or payable (including the estimated fair value of any contingent consideration) over the fair value of the identifiable net assets acquired. In subsequent reporting periods, we measure goodwill at cost less accumulated impairment losses, if any. We do not amortize goodwill. For purposes of impairment testing, we allocate goodwill to the CGU, or group of CGUs, that we expect will benefit from the related acquisition. See note 2(j).

*Intangible assets:*

We record acquired intangible assets on our consolidated balance sheet at fair value on the date of acquisition. We capitalize acquired intangible assets when the economic benefits associated with the asset are probable and when the cost can be measured reliably. We estimate the useful life of acquired intangible assets based on the nature of the asset, historical experience and the projected period of expected future economic benefits to be provided by the asset. In subsequent reporting periods, we measure such intangible assets at cost less accumulated amortization and accumulated impairment losses, if any. We amortize these assets on a straight-line basis over their estimated useful lives as follows:

Intellectual property	3 to 5 years
Other intangible assets	4 to 15 years
Computer software assets	1 to 10 years

Intellectual property assets consist primarily of certain acquired non-patented intellectual property and process technology. Other intangible assets consist primarily of customer relationships and contract intangibles. Computer software assets consist primarily of software licenses. We review our estimates of residual values, useful lives and the methods of amortization annually at year end and, if required, adjust for these prospectively. We reflect changes in useful lives on a prospective basis.

**(j) Impairment of goodwill, intangible assets, property, plant and equipment, and ROU assets:**

We review the carrying amount of goodwill, intangible assets, property, plant and equipment, and ROU assets for impairment whenever events or changes in circumstances (triggering events) indicate that the carrying amount of such assets, or the related CGU or CGUs, may not be recoverable. If any such indication exists, we test the carrying amount of such assets or CGUs for impairment. In addition to an assessment of triggering events during the year, we conduct an annual impairment assessment of CGUs with goodwill in the fourth quarter of each year to correspond with our annual planning cycle (Annual Impairment Assessment). Judgment is required in the determination of: (i) our CGUs, which includes an assessment of whether the relevant asset, or group of assets, largely generates independent cash inflows, and an evaluation of how management monitors the business operations pertaining to such asset, or asset group; and (ii) whether events or changes in circumstances during the year are indicators that a review for impairment should be conducted.

We recognize an impairment loss when the carrying amount of an asset, CGU or group of CGUs exceeds its recoverable amount. The recoverable amount of an asset, CGU or group of CGUs is measured as the greater of its expected value-in-use and its estimated fair value less costs of disposal. Determining the recoverable amount is subjective and requires

CELESTICA INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

management to exercise significant judgment in estimating future growth, profitability, discount and terminal growth rates, and in projecting future cash flows, among other factors. Determination of our expected value-in-use is based on a discounted cash flow analysis of the relevant asset, CGU or group of CGUs. Determining estimated fair value less costs of disposal requires valuations and use of appraisals. Future events and changing market conditions may impact our assumptions as to prices, costs or other factors that may result in changes to our estimates of future cash flows. Where applicable, we engage independent brokers to obtain market prices to estimate our real property and other asset values. We recognize impairment losses in our consolidated statement of operations. If it is determined that an impairment exists, we first allocate the impairment losses to the relevant CGU (or group of CGUs) to reduce the carrying amount of its (or their) goodwill, if any. If the goodwill is reduced to nil and the impairment losses have not been fully allocated, we then reduce the carrying amount of other assets in such CGU (or group of CGUs), generally on a pro-rata basis, until the impairment losses have been recognized in full. See notes 6, 7, and 8.

We do not reverse impairment losses for goodwill in future periods. We reverse impairment losses for property, plant and equipment, ROU assets and intangible assets if the events or conditions that resulted in such losses in prior periods no longer exist or have decreased as a result of changes in circumstances. At each reporting date, we review for indicators that could change the estimates we used to determine the recoverable amount of the relevant assets. The amount of the reversal will be limited to the carrying amount that would have been determined, net of depreciation or amortization, had we recognized no impairment loss in prior periods.

**(k) Provisions:**

We recognize a provision for legal or constructive obligations arising from past events when the amount can be reliably estimated and it is probable that an outflow of resources will be required to settle an obligation. The nature and type of provisions vary and management judgment is required to determine the extent of an obligation and whether the outflow of resources is probable. At the end of each reporting period, we evaluate the appropriateness of the remaining balances. We may be required to adjust recorded amounts to reflect actual experience or changes in estimates in future periods.

**Restructuring:**

We incur restructuring charges relating to workforce reductions, site consolidations, and costs associated with businesses we are downsizing or exiting. Our restructuring charges include employee severance and benefit costs, consultant costs, gains, losses or impairments related to owned sites and equipment we no longer use and which are available for sale, impairment of related intangible assets, and costs or impairments related to leased sites and equipment we no longer use.

The recognition of restructuring charges requires management to make certain judgments and estimates regarding the nature, timing and amounts associated with our restructuring actions. Our assumptions include the timing of employee terminations, the measurement of termination costs, any anticipated sublease recoveries from exited sites, the timing of dispositions, and the estimated fair values less costs of disposal for assets we no longer use and which are available for sale. We develop detailed plans and record termination costs in the period that employees are informed of their termination. For owned sites and equipment that are no longer in use and are available for sale, we recognize an impairment loss based on their estimated fair value less costs of disposal, with estimated fair value based on market prices for similar assets. We may engage third parties to assist in the determination of the estimated fair values less costs of disposal for these assets. For leased sites that we intend to exit in connection with restructuring activities, we assess the recoverability of our ROU assets, and write down such assets (recorded as restructuring charges) if the carrying value exceeds any estimated sublease recoveries. To estimate future sublease recoveries, we may engage independent brokers to determine the estimated tenant rents we can expect to realize. At the end of each reporting period, we evaluate the appropriateness of our restructuring charges and balances. We may be required to adjust recorded amounts to reflect actual experience or changes in estimates for future periods. See note 15(a).

**Legal and other contingencies:**

In the normal course of our operations, we may be subject to lawsuits, investigations and other claims, including, but not limited to, environmental, labor, product, customer disputes, and other matters. The filing of a suit or formal assertion of a claim does not automatically trigger a requirement to record a provision. We record a provision for loss contingencies, including legal claims, based on management's estimate of the probable outcome. Judgment is required when there is a range

CELESTICA INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

of possible outcomes. Management considers the degree of probability of the outcome and the ability to make a reasonable estimate of the loss. We may also use third party advisors in making our determination. The ultimate outcome, including the amount and timing of any payments required, may vary significantly from our original estimates. Potential material legal and other material contingent obligations that have not been recognized as provisions, as the outcome is remote or not probable, or the amount cannot be reliably estimated, are disclosed as contingent liabilities. See note 24.

*Warranty:*

We offer product and service warranties to our customers. We record a provision for future warranty costs based on management's estimate of probable claims under these warranties. In determining the amount of the provision, we consider several factors including the terms of the warranty (which vary by customer, product or service), the current volume of products sold or services rendered during the warranty period, and historical warranty information. We review and adjust these estimates as necessary to reflect our experience and new information. The amount and aging of our provision will vary depending on various factors including the length of the warranty offered, the remaining life of the warranty and the extent and timing of warranty claims. We classify the portion of our warranty provision for which payment is expected in the next 12 months as current, and the remainder as non-current.

**(l) Employee benefits:**

*Pension and non-pension post-employment benefits:*

We classify pension and non-pension post-employment benefits as either defined contribution plans or defined benefit plans.

Under defined contribution plans, our obligation is to make a fixed contribution to a separate entity. The related investment risk is borne by the employee. We recognize our obligations to make contributions to defined contribution plans as an employee benefit expense in our consolidated statement of operations in the period the employee services are rendered.

Under defined benefit plans, our obligation is to provide an agreed-upon benefit to specified plan participants. We remain exposed to both actuarial and investment risks with respect to defined benefit plans. Our obligation is actuarially determined using the projected unit credit method, based on service and management's estimates. Actuarial valuations require management to make judgments and estimates relating to salary escalation, compensation levels at the time of retirement, retirement ages, the discount rate used in measuring the net interest on the net defined benefit asset or liability, and expected healthcare costs (as applicable). These actuarial assumptions could change from period-to-period and actual results could differ materially from the estimates originally made by management. We evaluate our assumptions on a regular basis, taking into consideration current market conditions and historical data. Market-driven changes may affect the actual rate of return on plan assets compared to our assumptions, as well as our discount rates and other variables which could cause actual results to differ materially from our estimates. Changes in assumptions could impact our defined benefit pension plan valuations and our future defined benefit pension expense and required funding.

Our obligation for each defined benefit plan consists of the present value of the defined benefit obligation less the fair value of plan assets, and is presented on a net basis on our consolidated balance sheet. When the actuarial calculation results in a benefit, the asset we recognize is restricted to the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, we also consider any minimum funding requirements that apply to the plan. An economic benefit is available if it is realizable during the life of the plan, or on settlement of the plan liabilities.

We recognize past service costs or credits arising from plan amendments, whether vested or unvested, immediately in our consolidated statement of operations. We determine the net interest expense (income) on the net defined benefit liability (asset) for each year by applying the discount rate used to measure the defined benefit obligation at the beginning of the year to the net defined benefit liability (asset) position, taking into account any changes in the net defined benefit liability (asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in our consolidated statement of operations. The difference between the interest income on plan assets and the actual net return on plan assets is included in the re-measurement of the net defined benefit liability (asset). We recognize actuarial gains and losses on plan assets or obligations, as well as any year-over-year change in the

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions of U.S. dollars, except percentages and per share amounts)**

impairment of the balance sheet position in OCI and we reclassify the amounts to deficit. Curtailment gains or losses may arise from significant changes to a plan. We record curtailment gains or losses in our consolidated statement of operations when the curtailment occurs.

To mitigate the actuarial and investment risks of our defined benefit pension plans, we from time to time purchase annuities (using existing plan assets) from third party insurance companies for certain, or all, plan participants. The purchase of annuities by the pension plan substantially hedges the financial risks associated with the related pension obligations. Where the annuities are purchased on behalf of, and held by the pension plan, the relevant employer retains the ultimate responsibility for the payment of benefits to plan participants, and we retain the pension assets and liabilities on our consolidated balance sheet. Our annuity purchases have resulted (and future annuity purchases may result) in losses, due to a reduction in the value of the plan assets relative to plan obligations as of the date of the annuity purchase. We record these non-cash losses in OCI on our consolidated balance sheet and simultaneously reclassify such amounts to deficit in the same period. Alternatively, where we purchase annuities from insurance companies on behalf of applicable plan participants with the intention of winding-up the relevant plan in the future (with the expectation of transferring the annuities to the individual plan members), the insurance company assumes responsibility for the payment of benefits to the relevant plan participants once the wind-up is complete. In this case, settlement accounting is applied to the purchase of the annuities and the loss (if any) is recorded in other charges in our consolidated statement of operations. In addition, both the pension assets and liabilities will be removed from our consolidated balance sheet once the wind-up of the plan is complete.

*Stock-based compensation (SBC):*

We generally grant restricted share units (RSUs) and performance share units (PSUs), and from time to time grant stock options, to employees under our SBC plans. Stock options and RSUs vest in installments over the vesting period. Stock options generally vest one-quarter per year over a four-year period, and RSUs generally vest one-third per year over a three-year period. We treat each installment under a grant of stock options and RSUs as a separate grant in determining the compensation expense. PSUs vest at the end of their respective terms, generally three years from the grant date, to the extent that specified performance conditions have been met.

*Stock options:*

Stock options are exercisable for SVS. We recognize the grant date fair value of stock options granted to employees as compensation expense in our consolidated statement of operations, with a corresponding charge to contributed surplus on our consolidated balance sheet, over the vesting period. We adjust compensation expense to reflect the estimated number of options we expect to vest at the end of the vesting period. When options are exercised, we credit the proceeds to capital stock on our consolidated balance sheet. We measure the fair value of stock options using the Black-Scholes option pricing model. Measurement inputs include the price of our SVS on the grant date, the exercise price of the stock option, and our estimates of the following: expected price volatility of our SVS (based on weighted average historic volatility), weighted average expected life of the stock option (based on historical experience and general option-holder behavior), and the risk-free interest rate.

*RSUs:*

The cost we record for RSUs is based on the market value of our SVS at the time of grant. We amortize the cost of RSUs to compensation expense in our consolidated statement of operations, with a corresponding charge to contributed surplus on our consolidated balance sheet, over the vesting period. Unless a grantee has been authorized, and elects, to settle RSUs in cash, we intend to settle these awards with SVS purchased in the open market by a broker, or issued from treasury.

*PSUs:*

The number of PSUs that will actually vest varies from 0% to 200% of a target amount granted, based on the level of achievement of a pre-determined non-market performance measurement in the final year of the three-year performance period, subject to modification by each of a separate pre-determined non-market financial target, and our relative total shareholder return (TSR), a market performance condition, compared to a pre-defined group of companies over the three-year performance period. The cost we record for PSUs is based on our estimate of the outcome of the applicable performance conditions. The grant date fair value of the non-TSR-based performance measurement and modifier is based on the market



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

value of our SVS at the time of grant and is subject to adjustment in subsequent periods to reflect changes in the estimated level of achievement related to the applicable performance condition. The grant date fair value of the TSR modifier is based on a Monte Carlo simulation model. We recognize compensation expense in our consolidated statement of operations on a straight-line basis over the requisite service period and we reduce this expense for the estimated PSU awards that are not expected to vest because the employment conditions are not expected to be satisfied. Unless a grantee has been authorized, and elects, to settle PSUs in cash, we intend to settle these awards with SVS purchased in the open market by a broker or issued from treasury.

*Deferred Share Units (DSUs):*

The compensation of our Board of Directors is comprised of annual Board and Board Chair retainer fees, annual standing Board committee Chair retainer fees (where applicable), and travel fees (collectively, Annual Fees) payable in quarterly installments in arrears.\* Directors must elect to receive 0%, 25% or 50% of their Annual Fees in cash, with the balance in DSUs, until such director satisfies the requirements of the Company's Director Share Ownership Guidelines. Once a director has satisfied such requirements, the director may then elect to receive 0%, 25% or 50% of their Annual Fees in cash, with the balance either in DSUs or in RSUs (if no election is made, 100% of such director's Annual Fees will be paid in DSUs). The number of DSUs or RSUs we grant is determined by dividing the elected percentage of the dollar value of the Annual Fees earned in the quarter by the closing price of our SVS on the NYSE on the last business day of such quarter (in the case of DSUs) or the trading day preceding the date of grant (in the case of RSUs). Each DSU represents the right to receive one SVS or an equivalent value in cash after the individual ceases to serve as a director, and is neither an employee of the Company, nor a director or employee of any corporation that does not deal at arm's length with the Company (Retires). DSUs granted prior to January 1, 2007 may be settled with SVS issued from treasury or purchased in the open market, or with cash (at the discretion of the Company). DSUs granted after January 1, 2007 may only be settled with SVS purchased in the open market, or with cash (at the discretion of the Company). RSUs granted to directors vest ratably over a three-year period and are governed by the terms of our Long-Term Incentive Plan (LTIP). Each vested RSU entitles the holder thereof to one SVS; however, if permitted by the Company under the terms of the grant, a director may elect to receive a payment of cash in lieu of SVS. Unvested RSUs vest immediately on the date the director Retires. We expense the cost of director compensation through SG&A in our consolidated statement of operations in the period the services are rendered.

\* Mr. Popatia is an officer of Onex Corporation (Onex) and does not receive compensation as a director of the Company; however, Onex receives compensation for providing his services as a director, payable in DSUs in equal quarterly installments in arrears. See note 17.

*(m) Deferred financing costs:*

Deferred financing costs consist of costs relating to the establishment or amendment of our credit facility (including in connection with subsequent security arrangements). We defer financing costs related to our revolving facility as other assets on our consolidated balance sheet, and amortize these costs in our consolidated statement of operations on a straight-line basis over the term of the revolving facility (or the remainder of the term for amendments or subsequent security arrangements). We record financing costs relating to the issuance of our term loans as a reduction to the cost of the related debt (see note 11), which we amortize in our consolidated statement of operations using the effective interest rate method over the term of the related debt or when the debt is retired, if earlier.

*(n) Income taxes:*

Our income tax expense for a reporting period is comprised of current and deferred income taxes. Current income taxes and deferred income taxes are recognized in our consolidated statement of operations, except to the extent that they relate to items recognized in OCI or directly in equity, in which case they are recognized in OCI or directly in equity, respectively.

In the ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain until we resolve it with the relevant tax authority, which may take many years. The final tax outcome of these matters may be different from the estimates management originally made in determining our tax provision. Management periodically evaluates the positions taken in our tax returns where applicable tax rules are subject to interpretation. We establish provisions related to tax uncertainties where appropriate, based on our estimate of the amount that ultimately will be paid to or received from the tax authorities. We recognize accrued interest and penalties relating to tax uncertainties in current income tax expense. The various judgments and estimates used by management in establishing provisions related to tax uncertainties can significantly affect the amounts we recognize in our consolidated financial statements.

CELESTICA INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

We use the liability method of accounting for deferred income taxes. Under this method, we recognize deferred income tax assets and liabilities for future income tax consequences attributable to temporary differences between the financial statement carrying amounts of assets and liabilities and their respective income tax bases, and on unused tax losses and tax credit carryforwards. We measure deferred income taxes using tax rates and laws that have been enacted or substantively enacted at the reporting date and that we expect will apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. We recognize deferred income tax assets to the extent we believe it is probable, based on management's estimates, that future taxable profit will be available against which the deductible temporary differences as well as unused tax losses and tax credit carryforwards can be utilized. Estimates of future taxable profit in different tax jurisdictions are an area of estimation uncertainty. We review our deferred income tax assets at each reporting date and reduce them to the extent we determine it is no longer probable that we will realize the related tax benefits. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. We recognize the effect of a change in income tax rates in the period of enactment or substantive enactment.

We do not recognize deferred income taxes if they arise from the initial recognition of goodwill, or for temporary differences arising from the initial recognition of an asset or a liability in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. We also do not recognize deferred income taxes on temporary differences relating to investments in subsidiaries to the extent we are able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

During each period, we record current income tax expense or recovery based on taxable income earned or loss incurred in each tax jurisdiction where we operate, and for any adjustments to taxes payable in respect of previous years, using tax laws that are enacted or substantively enacted at the balance sheet date.

**(o) Financial assets and financial liabilities:**

We recognize financial assets and financial liabilities initially at fair value and subsequently measure these at either fair value or amortized cost based on their classification as described below. Also see note 2(q), "Impairment of financial assets."

*Fair value through profit or loss (FVTPL):*

Financial assets and any financial liabilities that we purchase or incur, respectively, with the intention of generating earnings in the near term, and derivatives other than cash flow hedges, are classified as FVTPL. This category includes short-term investments in money market funds (if applicable) that we group with cash equivalents, and derivative assets and derivative liabilities that do not qualify for hedge accounting. For investments that we classify as FVTPL, we initially recognize such financial assets on our consolidated balance sheet at fair value, and recognize subsequent changes in our consolidated statement of operations (unless they relate to effective hedging relationships for accounting purposes, in which case the subsequent changes are recorded in OCI). See note 2(p). We expense transaction costs related to financial instruments classified as FVTPL as incurred in our consolidated statement of operations. We do not currently hold any liabilities designated as FVTPL.

*Amortized cost:*

Financial assets that we hold with the intention of collecting the contractual cash flows (in the form of payment of principal and related interest) are measured at amortized cost, and include our A/R, term deposits and non-customer receivables. We initially recognize the carrying amount of such assets on our consolidated balance sheet at fair value plus directly attributable transaction costs, and subsequently measure these at amortized cost using the effective interest rate method, less any impairment losses. Financial liabilities that are not classified as FVTPL include our accounts payable (A/P), the majority of our accrued liabilities and certain other provisions, as well as borrowings under our credit facility, including our term loans. We initially recognize the carrying amount of such liabilities on our consolidated balance sheet at fair value plus transaction costs that are directly attributable to the issuance of such liabilities. These financial liabilities are measured at amortized cost subsequent to initial recognition.

CELESTICA INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

**(p) Derivatives and hedge accounting:**

We enter into forward exchange and swap contracts to hedge the cash flow risk associated with firm purchase commitments and forecasted transactions in foreign currencies that we consider to be highly probable, and to hedge foreign-currency denominated balances. We use estimates to forecast future cash flows and the future financial position of net monetary assets or liabilities denominated in foreign currencies. We enter into interest rate swap agreements to mitigate the interest rate risk on a portion of our term loan borrowings. We apply hedge accounting to those hedge relationships that are considered effective. Management assesses the effectiveness of hedges by comparing actual outcomes against our estimates on a regular basis. Subsequent revisions in estimates of future cash flow forecasts, if significant, may result in the discontinuation of hedge accounting for that hedge. We do not enter into derivative contracts for speculative purposes.

At the inception of a hedging relationship, we formally document the relationship between our hedging instrument and the hedged item, as well as our risk management objectives and strategy for undertaking the various hedge transactions. Our process includes linking all derivatives to specific assets and liabilities on our consolidated balance sheet or to specific firm commitments or forecasted transactions. We also formally assess, both at the hedge's inception and at the end of each quarter, whether the derivatives used in hedged transactions are highly effective in offsetting changes in the cash flows of the hedged items. We record the gain or loss from these forward exchange and swap contracts in the same line item where the underlying exposures are recognized in our consolidated statement of operations.

Forward exchange and swap contracts that are not effective hedges for accounting purposes are marked to market each period, resulting in a gain or loss in our consolidated statement of operations. We measure all derivative contracts at fair value on our consolidated balance sheet. The majority of our derivative assets and liabilities arise from the foreign currency forward and swap contracts and interest rate swaps that we designate as cash flow hedges. In a cash flow hedge, we defer the changes in the fair value of the hedging derivative, to the extent effective, in accumulated OCI until we recognize the hedged item in our consolidated statement of operations. Any cash flow hedge ineffectiveness is recognized in our consolidated statement of operations immediately. For hedging instruments that we discontinue before the end of the original hedge term, we amortize the unrealized hedge gain or loss in accumulated OCI to our consolidated statement of operations over the remaining term of the hedging relationship or when the hedged item is recognized in net income, if this occurs prior to the end of the original term of the hedging relationship. If the hedged item ceases to exist before the end of the original hedge term, we recognize the unrealized hedge gain or loss in accumulated OCI immediately in our consolidated statement of operations. For our current foreign currency forward and swap cash flow hedges, the majority of the underlying expenses we hedge are for inventory, labour and facility costs, which are included in cost of sales in our consolidated statement of operations. For our interest rate swap agreements, the underlying interest expenses that we hedge are included in finance costs in our consolidated statement of operations.

We value our derivative assets and liabilities based on inputs that are either readily available in public markets or derived from information available in public markets. The inputs we use include discount rates, forward exchange rates, interest rate yield curves and volatility, and credit risk adjustments. Changes in these inputs can cause significant volatility in the fair value of our financial instruments.

**(q) Impairment of financial assets:**

We review financial assets for impairment at each reporting date. Financial assets are deemed to be impaired when objective evidence resulting from one or more events subsequent to the initial recognition of the asset indicates the estimated future cash flows of the asset have decreased. We use a forward-looking expected credit loss (ECL) model in determining our allowance for doubtful accounts as it relates to trade receivables, contract assets (under IFRS 15, *Revenue from Contracts with Customers*), and other financial assets. Our allowance is based on historical experience, and includes consideration of the aging of the balances, the customer's creditworthiness, current economic conditions, expectation of bankruptcies, and political and economic volatility in the markets/location of our customers, among other factors. We measure an impairment loss as the excess of the carrying amount over the present value of the estimated future cash flows discounted using the financial asset's original discount rate, and we recognize this loss in our consolidated statement of operations. A financial asset is written-off or written-down to its net realizable value as soon as it is determined to be impaired. We adjust previous write-downs to reflect changes in estimates or actual experience.

CELESTICA INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

*(r) Revenue and deferred investment costs:*

We derive the majority of our revenue from the sale of electronic products we manufacture and services we provide to customer specifications. We recognize revenue from the sale of products and services rendered when our performance obligations have been satisfied or when the associated control over the products has passed to the customer and no material uncertainties remain as to the collection of our receivables. Where the products are custom-made to meet a customer's specific requirements, and such customer is obligated to compensate us for the work performed to date, we recognize revenue over time as production progresses to completion, or as services are rendered. We generally estimate revenue for our work in progress based on costs incurred to date plus a reasonable profit margin for eligible products for which we do not have alternative uses. For other contracts that do not qualify for revenue recognition over time, we recognize revenue at the point in time where control is passed to the customer, which is generally upon shipment when no further performance obligation remains except for our standard manufacturing or service warranties. We apply significant estimates, judgment and assumptions in interpreting our customer contracts, determining the timing of revenue recognition and measuring work in progress. As our invoices are typically issued at the time of the delivery of final products to the customers, the earlier recognition of revenue on certain custom-made products has resulted in unbilled contract assets which we include in A/R on our consolidated balance sheet.

We record certain investment costs, comprised of contract acquisition or fulfillment costs, to the extent we consider the recoverability of these costs probable, in other current and non-current assets on our consolidated balance sheet. We subsequently amortize these investment costs over the projected period of expected future economic benefits, or as recoveries are realized, from the new contracts. We monitor these deferred costs for potential impairment on a regular basis.

*(s) Government subsidies:*

We receive governmental subsidies, grants and credits (collectively, Subsidies), from time to time related to operating expenditures or equipment purchases. We recognize such Subsidies when there is reasonable assurance that we qualify for, and have complied with the conditions of, the Subsidy, and that the Subsidy will be received. If we receive a Subsidy but cannot reasonably assure that we have complied with its conditions, we will defer recognition of the Subsidy and record a liability on our consolidated balance sheet until the conditions are fulfilled. For Subsidies that relate to operating expenditures, we recognize the Subsidy as a reduction to the expenditure that the Subsidy was intended to offset, in the period the cost is incurred or when the conditions are fulfilled if they were not met when the costs were incurred. For Subsidies that relate to the purchase of equipment, we reduce the cost of the asset in the period the cost is incurred or when the conditions are fulfilled if they were not met when the costs were incurred, and we calculate amortization on the net amount. See note 23.

**3. ACQUISITIONS:**

On November 1, 2021, we completed the acquisition of 100% of the shares of PCI Private Limited (PCI), a fully integrated design, engineering and manufacturing solutions provider with five manufacturing and design facilities across Asia. The agreement governing the acquisition of PCI includes a customary post-closing net working capital adjustment (WCA). The purchase price for PCI was \$314.7, net of \$11.4 of cash acquired, and including a preliminary net WCA (which is subject to finalization in the first quarter of 2022). The purchase price was funded with a combination of cash and borrowings of \$220.0 under the revolving portion of our credit facility (see note 11).

Details of our preliminary purchase price allocation in the year of acquisition are as follows:

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

		PCI
Accounts receivable and other current assets	\$	68.9
Inventories		83.6
Property, plant and equipment		22.8
Customer intangible assets		173.4
Other non-current assets		6.9
Goodwill		126.0
Accounts payable and accrued liabilities		(121.3)
Other current liabilities		(8.1)
Deferred income taxes and other long-term liabilities		(37.5)
	\$	314.7

Acquired assets and liabilities are recorded on our consolidated balance sheet at their fair values as of the date of acquisition. We expect to finalize our purchase price allocation by the end of the first quarter of 2022, once the WCA has been finalized, and the work of third-party consultants in estimating the fair values of acquired intangible assets (customer intangible assets) has been completed.

Had the acquisition occurred on January 1, 2021, PCI would have contributed less than 10% to our consolidated revenue and net earnings for 2021.

Newly-recognized customer intangible assets from the acquisition will be amortized on a straight line basis over an estimated useful life of 10 years. As a result, our amortization of intangible assets will increase by approximately \$17 annually. Goodwill from the acquisition arose primarily from specific knowledge and capabilities of the acquired workforce and expected synergies from the combination of our operations. Such goodwill is attributable to our ATS segment and is not tax deductible.

We engaged third-party consultants to provide valuations of certain inventory, property, plant and equipment and intangible assets in connection with our acquisition of PCI. The fair value of the acquired tangible assets was measured based on their value in-use, by applying the market (sales comparison, brokers' quotes), cost or replacement cost, or the income (discounted cash flow) approach, as deemed appropriate. The valuation of the intangible assets by the third-party consultants will be primarily based on the income approach using a discounted cash flow model and forecasts based on management's subjective estimates and assumptions. Various Level 2 and 3 data inputs of the fair value measurement hierarchy (defined in note 20) were (and will be) used in the valuation of the foregoing assets.

We recorded Acquisition Costs (defined in note 15) of \$7.3 during 2021, including \$4.8 related to our acquisition of PCI, offset in part by a \$1.2 release of certain indirect tax liabilities previously recorded in connection with our acquisition of Impakt Holdings, LLC (Impakt). We recorded \$0.2 of Acquisition Costs in 2020 related to potential acquisitions, and \$3.9 of Acquisition Costs in 2019 (consisting of \$1.7 of costs related to potential acquisitions and \$2.2 of charges related to the subsequent re-measurement of indemnification assets recorded in connection with our Impakt acquisition). See note 15(e).

In 2019, we recorded purchase price adjustments totaling \$2.7 related to acquisitions completed in 2018 (Atrenne Integrated Solutions, Inc. (Atrenne) and Impakt). There were no purchase price adjustments related to such acquisitions in 2020 or 2021.

**4. ACCOUNTS RECEIVABLE:**

***A/R sales program and supplier financing programs (SFPs):***

Our previous agreement (Prior Program) to sell up to \$250.0 in A/R on an uncommitted basis (subject to pre-determined limits by customer) to two third-party banks was scheduled to expire in November 2019, but was extended to January 15, 2020 pursuant to its terms, at which time it expired. Based on a review of our then-requirements, we reduced the sales program limit from \$250.0 to \$200.0 during the extension period.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

To replace the Prior Program, we entered into an agreement in March 2020 with a third-party bank to sell up to \$300.0 in A/R on an uncommitted basis, subject to pre-determined limits by customer. This one-year agreement provides for automatic annual one-year extensions, and was so extended in each of March 2021 and March 2022. This agreement may be terminated at any time by the bank or by us upon 3 months' prior notice, or by the bank upon specified defaults. We are required to comply with covenants, including those relating to the fulfillment of payment obligations and restrictions on the sale, assignment or creation of liens, with respect to A/R sold under this agreement. At December 31, 2021 and December 31, 2020, we were in compliance with these covenants. Under our A/R sales programs, we continue to collect cash from our customers and remit amounts collected to the bank weekly.

On November 1, 2021, upon consummation of our acquisition of PCI, we commenced participation in an SFP pertaining to a PCI customer. As a result, as of December 31, 2021, we participated in three SFPs (one with a CCS segment customer, and two with ATS segment customers), pursuant to which we sell A/R from the relevant customer to third-party banks on an uncommitted basis. The SFPs have indefinite terms and may be terminated at any time by the customer or by us upon specified prior notice. We utilize the SFPs to substantially offset the effect of extended payment terms required by these customers on our working capital for the period. Under our SFPs, the third-party banks collect the relevant receivables directly from the customers.

At December 31, 2021, we sold \$45.8 of A/R under our current A/R sales program (December 31, 2020 — \$119.7) and \$98.0 of A/R under our three SFPs, including \$21.5 of A/R under the PCI customer's SFP (December 31, 2020 — \$65.3 under two SFPs).

The A/R sold under each of these programs are de-recognized from our A/R balance, and the proceeds are reflected as cash provided by operating activities in our consolidated statement of cash flows. Upon sale, we assign the rights to the A/R to the banks. A/R are sold net of discount charges, which are recorded as finance costs in our consolidated statement of operations.

**Contract assets:**

At December 31, 2021, our A/R balance included \$253.5 of contract assets recognized as revenue in accordance with our revenue recognition accounting policy (December 31, 2020 — \$231.8).

**5. INVENTORIES:**

Inventories are comprised of the following:

	December 31	
	2020	2021
Raw materials	\$ 956.2	\$ 1,585.8
Work in progress	71.5	71.2
Finished goods	63.8	40.0
	\$ 1,091.5	\$ 1,697.0

We record inventory provisions, net of valuation recoveries, in cost of sales. Inventory provisions reflect write-downs in the value of our inventory to net realizable value, and valuation recoveries primarily reflect realized gains on the disposition of previously written-down inventory. During 2021, we recorded net inventory provisions of \$4.9, consisting of \$7.2 in inventory provisions pertaining primarily to our ATS segment, offset in part by \$2.3 of valuation recoveries in our CCS segment. During 2020, we recorded net inventory provisions of \$17.0, split approximately evenly between our CCS and ATS segments. Our net inventory provisions for 2019 of \$4.1 were comprised of \$9.9 in provisions (approximately two-thirds of which related to specified aged inventory in our ATS segment), which were partially offset by \$5.8 of valuation recoveries (split relatively equally between our segments) recorded in the fourth quarter of 2019. We regularly review the estimates and assumptions we use to value our inventory through analysis of historical performance, current conditions and future expectations.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

We receive cash deposits from certain of our customers primarily to cover the impact of higher inventory levels carried due to the current constrained materials environment, and to reduce risks related to excess and obsolete inventory. Such deposits as of December 31, 2021 totaled \$434.0 (December 31, 2020 — \$174.7), and were recorded in accrued and other current liabilities on our consolidated balance sheet.

**6. PROPERTY, PLANT AND EQUIPMENT:**

Property, plant and equipment are comprised of the following:

		2020		
		Cost	Accumulated Depreciation and Impairment	Net Book Value
Land		\$ 36.2	\$ 12.0	\$ 24.2
Buildings including improvements		360.6	210.2	150.4
Machinery and equipment		721.8	563.9	157.9
		\$ 1,118.6	\$ 786.1	\$ 332.5

		2021		
		Cost	Accumulated Depreciation and Impairment	Net Book Value
Land		\$ 35.2	\$ 12.0	\$ 23.2
Buildings including improvements		383.5	228.0	155.5
Machinery and equipment		739.7	579.7	160.0
		\$ 1,158.4	\$ 819.7	\$ 338.7

The following table details the changes to the net book value of property, plant and equipment for the years indicated:

		Land	Buildings including Improvements	Machinery and Equipment	Total
Balance — January 1, 2020	Note	\$ 23.6	\$ 154.6	\$ 176.8	\$ 355.0
Additions		—	16.9	34.5	51.4
Depreciation		—	(20.9)	(47.9)	(68.8)
Write-down of assets and other disposals <sup>(i)</sup>		—	(0.9)	(4.3)	(5.2)
Foreign exchange and other		0.6	0.7	(1.2)	0.1
Balance — December 31, 2020		24.2	150.4	157.9	332.5
Additions		—	11.0	47.2	58.2
Acquisitions through business combination	3	—	17.8	5.0	22.8
Depreciation		—	(22.0)	(46.8)	(68.8)
Write-down of assets and other disposals <sup>(i)</sup>		—	(0.8)	(3.1)	(3.9)
Foreign exchange and other		(1.0)	(0.9)	(0.2)	(2.1)
Balance — December 31, 2021		\$ 23.2	\$ 155.5	\$ 160.0	\$ 338.7

(i) Includes the write-down of equipment primarily related to disengaged programs in 2020 and 2021 (recorded in each case as restructuring charges), as described in note 15(a).

We review the carrying amount of property, plant and equipment for impairment whenever events or changes in circumstances (triggering events) indicate that the carrying amount of such assets (or the related CGU or CGUs) may not be recoverable. If any such indication exists, we test the carrying amount of such assets or CGUs for impairment. We did not identify any triggering event during the course of 2019 through 2021 indicating that the carrying amount of such assets or related CGUs may not be recoverable.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

**7. RIGHT-OF-USE ASSETS:**

The following table details the changes to the net book value of ROU assets during the periods shown:

	<b>Land</b>	<b>Buildings</b>	<b>Other</b>	<b>Total</b>
Balance — January 1, 2020	\$ 7.0	\$ 94.7	\$ 2.4	\$ 104.1
Additions <sup>(i)</sup>	0.7	26.9	0.3	27.9
Depreciation	(0.6)	(29.2)	(0.5)	(30.3)
Write-down of assets and lease terminations <sup>(ii)</sup>	—	(1.1)	—	(1.1)
Foreign exchange and other	—	0.4	—	0.4
Balance — December 31, 2020	7.1	91.7	2.2	101.0
Additions <sup>(i)</sup>	0.1	42.1	0.4	42.6
Additions through business combination (note 3)	4.3	0.8	—	5.1
Depreciation	(0.5)	(31.0)	(0.5)	(32.0)
Write-down of assets and lease terminations <sup>(ii)</sup>	—	(0.3)	—	(0.3)
Foreign exchange and other	(0.3)	(2.3)	—	(2.6)
Balance — December 31, 2021	<u>\$ 10.7</u>	<u>\$ 101.0</u>	<u>\$ 2.1</u>	<u>\$ 113.8</u>

(i) Additions represent new leases and lease renewals as result of extension of lease terms. Additions for 2021 were reduced by \$0.4 (2020 — \$4.2) in tenant improvement allowances that we received in connection with a new building lease for one of our Atrenne sites.

(ii) During 2021, we recorded \$0.3 (2020 — \$1.1) (in each case as restructuring charges) to write down certain ROU assets in connection with restructuring actions pertaining to vacated properties, resulting in part from certain sublet recoveries that were lower than the carrying value of the related leases (Sublet Losses). See note 15(a).

We review the carrying amount of ROU assets for impairment whenever events or changes in circumstances (triggering events) indicate that the carrying amount of such assets (or the related CGU or CGUs) may not be recoverable. If any such indication exists, we test the carrying amount of such assets or CGUs for impairment. We did not identify any triggering event during the course of 2019, 2020 or 2021 indicating that the carrying amount of our ROU assets or related CGUs may not be recoverable. However, we recorded non-cash restructuring charges in such years to write-down certain ROU assets related to vacated properties (resulting in part from Sublet Losses, defined in footnote (ii) above) in connection with our restructuring activities, as described in footnote (ii) above and note 15(a).

**8. GOODWILL AND INTANGIBLE ASSETS:**

Goodwill and intangible assets are comprised of the following:

	<b>2020</b>		
	<b>Cost</b>	<b>Accumulated Amortization and Impairment</b>	<b>Net Book Value</b>
Goodwill	\$ 254.0	\$ 55.4	\$ 198.6
Intellectual property	\$ 111.3	\$ 111.3	\$ —
Other intangible assets	503.2	282.6	220.6
Computer software assets	294.4	285.6	8.8
	<u>\$ 908.9</u>	<u>\$ 679.5</u>	<u>\$ 229.4</u>



**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

	2021		
	Cost	Accumulated Amortization and Impairment	Net Book Value
	\$	\$	\$
Goodwill	379.6	55.4	324.2
Intellectual property	111.3	111.3	—
Other intangible assets	676.6	305.1	371.5
Computer software assets	298.8	288.3	10.5
	1,086.7	704.7	382.0

The following table details the changes to the net book value of goodwill and intangible assets for the years indicated:

	Note	Goodwill	Other Intangible Assets	Computer Software Assets	Total
Balance — January 1, 2020		\$ 198.3	\$ 242.3	\$ 9.0	\$ 449.6
Additions		—	—	3.5	3.5
Amortization		—	(21.8)	(3.8)	(25.6)
Foreign exchange and other		0.3	0.1	0.1	0.5
Balance — December 31, 2020		198.6	220.6	8.8	428.0
Additions		—	—	5.0	5.0
Acquisitions through business combination	3	126.0	173.4	—	299.4
Amortization		—	(22.5)	(3.0)	(25.5)
Foreign exchange and other		(0.4)	—	(0.3)	(0.7)
Balance — December 31, 2021		\$ 324.2	\$ 371.5	\$ 10.5	\$ 706.2

We review the carrying amounts of goodwill and intangible assets for impairment whenever events or changes in circumstances (triggering events) indicate that the carrying amount of such assets (or the related CGU or CGUs) may not be recoverable. If any such indication exists, we test the carrying amount of such assets or CGUs for impairment. No triggering events occurred during 2019 to 2021. However, see note 15(a) below for a description of write-downs of specified equipment and ROU assets during such period in connection with our restructuring activities. In addition to an assessment of triggering events during the year, we conduct an Annual Impairment Assessment of CGUs with goodwill in the fourth quarter of each year. We recorded no impairment charges against goodwill or intangible assets during 2019 to 2021 as a result of our 2019, 2020 or 2021 Annual Impairment Assessments.

For our Annual Impairment Assessments, we use cash flow projections based primarily on our plan for the following year, our three-year strategic plan, and other financial projections. Our plans, which are primarily based on financial projections submitted by our subsidiaries along with input from our customer teams, are reviewed by various levels of management as part of our annual planning cycle. Our three-year strategic plan and other financial projections were presented to our Board of Directors in July 2021. Our plan for 2022 was approved by management and presented to our Board of Directors in December 2021.

Determining the recoverable amount of a CGU is subjective and requires management to exercise significant judgment in estimating, among other things, future growth, profitability, and discount and terminal growth rates. The assumptions used in our 2021 Annual Impairment Assessment were determined based on past experiences adjusted for expected changes in future conditions. Where applicable, we also engaged independent brokers to obtain market prices to estimate our real property and other asset values. For our 2021 Annual Impairment Assessment, we used cash flow projections over a 5-year period, and applied a perpetuity growth rate of 2% thereafter (consistent with long-term inflation guidance).

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

Our goodwill balance at December 31, 2021 was \$324.2 (December 31, 2020 — \$198.6; December 31, 2019 — \$198.3). At December 31, 2021, our Capital Equipment CGU consisted of \$112.4 of goodwill attributable to our November 2018 acquisition of Impakt and \$19.5 attributable to prior acquisitions; our A&D CGU consisted of goodwill of \$3.7 attributable to our November 2016 acquisition of Lorenz, Inc. and Suntek Manufacturing Technologies, SA de CV (Karel Manufacturing); our Atrenne CGU consisted of goodwill of \$62.6 attributable to our April 2018 acquisition of Atrenne; and our PCI CGU consisted of goodwill of \$126.0 attributable to our November 2021 acquisition of PCI (based on our preliminary assessment, described in note 3).

We used the following assumptions for purposes of our Annual Impairment Assessments of goodwill for the periods shown:

Assumption	Capital Equipment CGU	A&D CGU	Atrenne CGU	PCI CGU
Annual revenue growth rate	2021 — 10% over 5 year period; 2020 — 13% over 5 year period; 2019 — 13% over 5 year period	2021 — 11% over 5 year period; 2020 — 8% over 5 year period; 2019 — modest growth over 5 year period	2021 — 19% over 5 year period; 2020 — 9% over 5 year period; 2019 — 4% over 5 year period	2021 — 9% over 5 year period; 2020 — N/A; 2019 — N/A
Average annual CGU margins over the 5-year period	2021 — above total company margin <sup>(i)</sup> ; 2020 — above total company margin <sup>(i)</sup> ; 2019 — above total company margin <sup>(i)</sup>	2021 — slightly above total company margin <sup>(i)</sup> ; 2020 — slightly above total company margin <sup>(i)</sup> ; 2019 — slightly above total company margin <sup>(i)</sup>	2021 — above total company margin <sup>(i)</sup> ; 2020 — above total company margin <sup>(i)</sup> ; 2019 — above total company margin <sup>(i)</sup>	2021 — above total company margin <sup>(i)</sup> ; 2020 — N/A; 2019 — N/A
Discount rate <sup>(ii)</sup>	2021 — 11%; 2020 — 12%; 2019 — 13%	2021 — 11%; 2020 — 11%; 2019 — 10%	2021 — 10%; 2020 — 10%; 2019 — 10%	2021 — 15%; 2020 — N/A; 2019 — N/A

(i) Total company margin is defined as total segment income as a percentage of total revenue. See note 25.

(ii) For 2021, the pre-tax discount rate by CGU is as follows: Capital Equipment CGU — 14%; A&D CGU — 13%; Atrenne CGU — 13%; and PCI CGU — 18%.

Future growth in revenue and margins for these CGUs is supported by new business awarded recently, customer forecasts, assumptions for additional future program wins based on our current revenue pipeline, margin improvements based on restructuring actions implemented, growth due to acquisitions (if included in a CGU), and external industry outlooks. Assumptions for our Capital Equipment CGU for our 2021 Annual Impairment Assessment reflect the continued recovery of, and demand strength (including from new programs and market share gains) in our semiconductor business in 2021 (which is expected to continue). We have also assumed margin expansion for this CGU during the forecast period based on anticipated increased productivity driven by expected additional volumes. Assumptions for our Atrenne CGU for our 2021 Annual Impairment Assessment reflect an expected broad-based market recovery from the impact of COVID-19, as well as anticipated accelerated growth over the 5-year forecast period primarily in our defense business, resulting from expected new program wins following the investment in, and expansion of, a facility (opened in 2021) to accommodate additional capacity for our defense customers and our licensing business. Although our A&D CGU was adversely affected by COVID-19 in 2021, particularly our commercial aerospace business, our assumptions for this CGU for our 2021 Annual Impairment Assessment reflect industry expectations for a recovery of demand within the 5-year forecast period. The discount rate for our PCI CGU reflects the risks inherent in the PCI business.

Future events and changing market conditions may impact our assumptions as to prices, costs or other factors that may result in changes to our estimates of future cash flows. Failure to realize the assumed revenues at an appropriate profit margin of a CGU could result in impairment losses in such CGU in future periods.

CELESTICA INC.  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

**9. OTHER NON-CURRENT ASSETS:**

	Note	December 31	
		2020	2021
Net pension assets	18	\$ 5.6	\$ 5.1
Land rights		9.3	8.9
Deferred investment costs		1.8	2.4
Deferred financing costs		1.5	2.3
Other		7.3	6.5
		\$ 25.5	\$ 25.2

**10. PROVISIONS:**

Our provisions include restructuring, warranty, legal and other provisions (described in note 2(k)). We include details of our restructuring provision in note 15(a). The following chart details the changes in our provisions for the year indicated:

	Restructuring	Warranty	Legal <sup>(i)</sup>	Other <sup>(ii)</sup>	Total
Balance — December 31, 2020	\$ 4.7	\$ 28.8	\$ 0.8	\$ 8.9	\$ 43.2
Provisions	10.3	11.9	—	0.7	22.9
Reversal of prior year provisions <sup>(iii)</sup>	(0.5)	(7.0)	—	—	(7.5)
Payments/usage	(8.4)	(4.8)	—	(0.2)	(13.4)
Accretion, foreign exchange and other	—	0.1	—	(0.2)	(0.1)
Balance — December 31, 2021	\$ 6.1	\$ 29.0	\$ 0.8	\$ 9.2	\$ 45.1
Current	\$ 6.1	\$ 10.2	\$ 0.8	\$ —	\$ 17.1
Non-current <sup>(iv)</sup>	—	18.8	—	9.2	28.0
December 31, 2021	\$ 6.1	\$ 29.0	\$ 0.8	\$ 9.2	\$ 45.1

(i) Legal represents our aggregate provisions recorded for various legal actions based on our estimates of the likely outcomes.

(ii) Other represents our asset retirement obligations relating to properties that we currently lease.

(iii) During 2021, we reversed prior year warranty provisions primarily as a result of expired warranties and changes in estimated costs based on historical experience.

(iv) Non-current balances are included in provisions and other non-current liabilities on our consolidated balance sheet.

At the end of each reporting period, we evaluate the appropriateness of our provisions, and may make adjustments to reflect actual experience or changes in our estimates.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

**11. CREDIT FACILITIES AND LEASE OBLIGATIONS:**

We are party to a credit agreement with Bank of America, N.A., as Administrative Agent, and the other lenders party thereto, which prior to the amendment described below, provided a term loan in the original principal amount of \$350.0 (Initial Term Loan) and a term loan in the original principal amount of \$250.0 (First Incremental Term Loan), each of which was scheduled to mature in June 2025, and a \$450.0 revolving credit facility (Revolver) that was scheduled to mature in June 2023. On December 6, 2021, the credit agreement was amended (as so amended, the Credit Facility) primarily: (i) to provide a new term loan (Second Incremental Term Loan) in the original principal amount of \$365.0 (all of which was drawn on the amendment date and used as described below); (ii) to increase the commitments under the Revolver to \$600.0 and extend its maturity date (see below), (iii) to ease certain covenant restrictions; and (iv) to include specified LIBOR successor provisions (see note 20). The Initial Term Loan and the Second Incremental Term Loan are collectively referred to as the Term Loans.

The Initial Term Loan was unchanged by the December 2021 amendment to the Credit Facility, and continues to mature in June 2025. The Second Incremental Term Loan and the Revolver each mature on March 28, 2025, unless either (i) the Initial Term Loan has been prepaid or refinanced or (ii) commitments under the Revolver are available and have been reserved to repay the Initial Term Loan in full, in which case such obligations mature on December 6, 2026.

The Second Incremental Term Loan requires quarterly principal repayments (commencing March 31, 2022) of \$4.5625, and each of the Term Loans requires a lump sum repayment of the remainder outstanding at maturity. The Initial Term Loan required quarterly principal repayments of \$0.875, and the First Incremental Term Loan required quarterly principal repayments of \$0.625, all of which (in each case) were paid by the end of the first half of 2020. We are also required to make annual prepayments of outstanding obligations under the Credit Facility (applied first to the Term Loans, then to the Revolver, in the manner set forth in the Credit Facility) ranging from 0% — 50% (based on a defined leverage ratio) of specified excess cash flow (ECF) for the prior fiscal year. A mandatory prepayment of \$107.0 (ECF Amount) was required and paid during the first half of 2020 based on this provision. No such prepayments based on 2020 ECF were required in 2021, or will be required in 2022 based on 2021 ECF. In addition, prepayments of outstanding obligations under the Credit Facility (applied as described above) may also be required in the amount of specified net cash proceeds received above a specified annual threshold (including proceeds from the disposal of certain assets). No Credit Facility prepayments based on 2020 net cash proceeds were required in 2021, or will be required in 2022 based on 2021 net cash proceeds. Any outstanding amounts under the Revolver are due at maturity. Except under specified circumstances, and subject to the payment of breakage costs (if any), we are generally permitted to make voluntary prepayments of outstanding amounts under the Revolver and the Term Loans without any other premium or penalty. Repaid amounts on the Term Loans may not be re-borrowed.

At December 31, 2021, the aggregate remaining mandatory principal repayments under the Credit Facility are as follows (assuming no further mandatory principal repayments are required based on ECF or net cash proceeds):

	<b>Total</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
Initial Term Loan	\$ 295.4	\$ —	\$ —	\$ —	\$ 295.4	\$ —
Second Incremental Term Loan <sup>(i)</sup>	\$ 365.0	\$ 18.25	\$ 18.25	\$ 18.25	\$ 18.25	\$ 292.0

(i) This assumes that the conditions required for a December 2026 maturity date are satisfied.

The Credit Facility has an accordion feature that allows us to increase the term loans and/or revolving loan commitments thereunder by \$150.0, plus an unlimited amount to the extent that a specified leverage ratio on a pro forma basis does not exceed specified limits, in each case on an uncommitted basis and subject to the satisfaction of certain terms and conditions. The Revolver also includes a \$50.0 sub-limit for swing line loans, providing for short-term borrowings up to a maximum of ten business days, as well as a \$150.0 sub-limit for letters of credit, in each case subject to the overall Revolver credit limit. The Revolver permits us and certain designated subsidiaries to borrow funds (subject to specified conditions) for general corporate purposes, including for capital expenditures, certain acquisitions, and working capital needs.

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

Borrowings under the Revolver bear interest, depending on the currency of the borrowing and our election for such currency, at LIBOR, Base Rate, Canadian Prime, an Alternative Currency Daily Rate, or an Alternative Currency Term Rate (each as defined in the Credit Facility) plus a specified margin. The margin for borrowings under the Revolver and the Second Incremental Term Loan ranges from 1.50% to 2.25% for LIBOR borrowings and Alternative Currency borrowings, and from 0.50% to 1.25% for Base Rate and Canadian Prime borrowings, in each case depending on the rate we select and our consolidated leverage ratio (as defined in the Credit Facility). Commitment fees range from 0.30% to 0.45% depending on our consolidated leverage ratio. The Initial Term Loan currently bears interest at LIBOR plus 2.125%. The Second Incremental Term Loan currently bears interest at LIBOR plus 2.0%. See note 20 for a description of the LIBOR successor provisions under the Credit Facility. Prior to the December 2021 Credit Facility amendment, the margin for borrowings under the Revolver ranged from 0.75% to 2.5%, commitment fees ranged from 0.35% to 0.50%, in each case depending on the rate we selected and our consolidated leverage ratio, the Initial Term Loan bore interest at LIBOR plus 2.125%, and the First Incremental Term Loan bore interest at LIBOR plus 2.5%. We have entered into interest rate swap agreements to hedge against our exposures to the interest rate variability on a portion of our Term Loans. See note 20 for further detail.

We are required to comply with certain restrictive covenants under the Credit Facility, including those relating to the incurrence of certain indebtedness, the existence of certain liens, the sale of certain assets, specified investments and payments, sale and leaseback transactions, and certain financial covenants relating to a defined interest coverage ratio and leverage ratio that are tested on a quarterly basis. Our Credit Facility also prohibits share repurchases for cancellation if our leverage ratio (as defined in such facility) exceeds a specified amount (Repurchase Restriction). At December 31, 2021 and December 31, 2020, we were in compliance with all restrictive and financial covenants under the Credit Facility, and the Repurchase Restriction was not in effect. In the third quarter of 2019, we were not in compliance with certain restrictive covenants related to the Repurchase Restriction. These defaults, as well as related cross defaults, were waived in October 2019 (Waivers). Also see note 15(d) below.

The obligations under the Credit Facility are guaranteed by us and certain specified subsidiaries. Subject to specified exemptions and limitations, all assets of the guarantors are pledged as security for the obligations under the Credit Facility. The Credit Facility contains customary events of default. If an event of default occurs and is continuing (and is not waived), the administrative agent may declare all amounts outstanding under the Credit Facility to be immediately due and payable, and may cancel the lenders' commitments to make further advances thereunder. In the event of a payment or other specified defaults, outstanding obligations accrue interest at a specified default rate. No such defaults occurred during 2020 or 2021.

In the first quarter of 2021 (Q1 2021), we repaid an aggregate of \$30.0 under the First Incremental Term Loan. On October 27, 2021, we borrowed \$220.0 under the Revolver to fund a portion of the purchase price for our November 2021 acquisition of PCI (see note 3). On December 6, 2021, upon receipt of the net proceeds from the \$365.0 Second Incremental Term Loan, we repaid all remaining amounts outstanding under the First Incremental Term Loan (\$145.0), terminating such loan, and repaid \$215.0 of the \$220.0 borrowed under the Revolver. On December 29, 2021, we repaid the remaining \$5.0 outstanding under the Revolver.

During the first quarter of 2020 (Q1 2020), we made the scheduled quarterly principal repayment of \$0.875 under the Initial Term Loan, and also prepaid an aggregate of \$60.0 under the First Incremental Term Loan. On April 27, 2020, we prepaid \$47.0 under the Initial Term Loan. These two prepayments were first applied to all remaining scheduled quarterly principal repayments of the Initial Term Loan and First Incremental Term Loan prior to maturity, as applicable, and thereafter to remaining applicable principal amounts outstanding thereunder. These prepayments also represented payment in full of the ECF Amount. In June 2020, we prepaid an additional \$1.5 under the Initial Term Loan and \$12.5 under the First Incremental Term Loan. No further prepayments were required or made thereafter during 2020.

During 2019, we borrowed \$48.0 under the Revolver, primarily to fund share repurchases in the first quarter of 2019 (Q1 2019) (see note 12) and repaid an aggregate of \$207.0 of the amount then-outstanding under the Revolver (including by use of \$110.0 of the \$113.0 in proceeds we received upon the completion of our 2019 Toronto real property sale (Toronto Proceeds)). We made scheduled principal repayments of \$1.5 in each quarter of 2019 under the Initial Term Loan and First Incremental Term Loan.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

Activity under our Credit Facility for the periods indicated is set forth below:

	<b>Revolver</b>	<b>Term loans</b>
Outstanding balances as of December 31, 2018	\$ 159.0	\$ 598.3
Amount borrowed in Q1 2019	48.0	—
Amount repaid in Q1 2019	(110.0)	(1.5)
Amount repaid in Q2 2019	(44.0)	(1.5)
Amount repaid in Q3 2019	(53.0)	(1.5)
Amount repaid in Q4 2019	—	(1.5)
Outstanding balances as of December 31, 2019	\$ —	\$ 592.3
Amount repaid in Q1 2020	—	(60.9)
Amount repaid in Q2 2020	—	(61.0)
Outstanding balances as of December 31, 2020	\$ —	\$ 470.4
Amount repaid in Q1 2021	—	(30.0)
Amount borrowed in Q4 2021	220.0	365.0
Amount repaid in Q4 2021	(220.0)	(145.0)
Outstanding balances as of December 31, 2021	\$ —	\$ 660.4

The following table sets forth, at the dates shown: outstanding borrowings under the Credit Facility, excluding ordinary course letters of credit (L/Cs); notional amounts under our interest rate swaps, outstanding lease obligations; and information regarding outstanding L/Cs, surety bonds and overdraft facilities:

	<b>Outstanding borrowings</b>		<b>Notional amounts under interest rate swaps (note 20)</b>	
	<b>December 31 2020</b>	<b>December 31 2021</b>	<b>December 31 2020</b>	<b>December 31 2021</b>
Borrowings under the Revolver <sup>(i)</sup>	\$ —	\$ —	\$ —	\$ —
Borrowings under the Term Loans <sup>(i)</sup>				
Initial Term Loan	\$ 295.4	\$ 295.4	\$ 175.0	\$ 100.0
First Incremental Term Loan	175.0	—	100.0	—
Second Incremental Term Loan	—	365.0	—	100.0
Total	\$ 470.4	\$ 660.4	\$ 275.0	\$ 200.0
Total borrowings under Credit Facility	\$ 470.4	\$ 660.4		
Unamortized debt issuance costs related to Term Loans <sup>(i)</sup>	(7.2)	(4.6)		
Lease obligations <sup>(ii)</sup>	122.7	138.6		
	\$ 585.9	\$ 794.4		
Total Credit Facility and lease obligations:				
Current portion	\$ 99.8	\$ 51.5		
Long-term portion	486.1	742.9		
	\$ 585.9	\$ 794.4		
L/Cs, surety bonds and overdraft facilities:				
Outstanding L/Cs under the Revolver	\$ 21.3	\$ 21.0		
Outstanding L/Cs and surety bonds outside the Revolver	20.2	27.1		
Total	\$ 41.5	\$ 48.1		
Available uncommitted bank overdraft facilities	\$ 162.7	\$ 198.5		
Amounts outstanding under available uncommitted bank overdraft facilities	\$ —	\$ —		

CELESTICA INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

- (i) We incur debt issuance costs upon execution and amendment of the Credit Facility. Debt issuance costs incurred in 2021 in connection with the Revolver totaling \$2.2 (\$0.3 in 2020; \$1.1 in 2019) were deferred as other assets on our consolidated balance sheets and are amortized on a straight line basis over the term (or remaining term, as applicable) of the Revolver. Debt issuance costs incurred in 2021 in connection with our term loans totaling \$1.8 (nil in 2020; \$1.6 in 2019) were deferred as long-term debt on our consolidated balance sheets and are amortized over their respective terms using the effective interest rate method. In December 2021, we accelerated the amortization of \$2.6 of unamortized deferred financing costs related to the termination of the First Incremental Term Loan, which we recorded in other charges (see note 15).
- (ii) Our lease obligations above represent the present value of unpaid lease payments which have been discounted using our incremental borrowing rate on the lease commencement dates. As of December 31, 2021, the current portion of our lease obligations was \$34.5 (2020 — \$32.2) and the long-term portion was \$104.1 (2020 — \$90.5).

At December 31, 2021, the contractual undiscounted cash flows for our lease obligations were as follows:

Years ending December 31	Total
2022	\$ 40.4
2023	33.5
2024	21.2
2025	16.1
2026	12.8
Thereafter	39.0
	<u>\$ 163.0</u>

In addition to the lease obligations we recorded in our financial statements at December 31, 2021 (set forth under "Lease obligations" and footnote (ii) in the table above), we had commitments under additional real property leases not recognized as liabilities as of such date because the relevant leases had not yet commenced. A description of, and minimum lease obligations under, these leases are disclosed in note 24.

Other lease related expenses that were recognized in the consolidated statement of operations are as follows:

Year ended December 31	2019	2020	2021
Interest expense on lease obligations	\$ 6.6	\$ 6.1	\$ 6.6
Variable lease payments not included in the measurement of lease obligations	\$ 0.7	\$ 0.8	\$ 0.9
Expenses relating to short-term leases or low-value leases	\$ 4.6	\$ 3.7	\$ 1.5

See note 16 for a discussion of finance costs.

12. CAPITAL STOCK:

We are authorized to issue an unlimited number of SVS, which entitle the holder to one vote per share, and an unlimited number of multiple voting shares (MVS), which entitle the holder to 25 votes per share. The SVS and MVS vote together as a single class on all matters submitted to a vote of shareholders, including the election of directors, except as otherwise required by law. The holders of the SVS and MVS are entitled to share ratably, as a single class, in any dividends declared subject to any preferential rights of any outstanding preferred shares in respect of the payment of dividends. Each MVS is convertible at any time at the option of the holder thereof and automatically, under certain circumstances, into one SVS. We are also authorized to issue an unlimited number of preferred shares, issuable in series. No preferred shares have been issued to date.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

**(a) Capital transactions:**

**Number of shares (in millions)**

	SVS	MVS
Issued and outstanding at December 31, 2018	117.7	18.6
Issued from treasury <sup>(i)</sup>	0.8	—
Cancelled under normal course issuer bid (NCIB)	(8.3)	—
Issued and outstanding at December 31, 2019	110.2	18.6
Issued from treasury <sup>(i)</sup>	0.3	—
Cancelled under NCIB	(0.0062)	—
Issued and outstanding at December 31, 2020	110.5	18.6
Issued from treasury <sup>(i)</sup>	0.03	—
Cancelled under NCIB	(4.37)	—
Issued and outstanding at December 31, 2021	<u>106.1</u>	<u>18.6</u>

(i) In 2021, 0.02 million SVS were issued from treasury upon the exercise of stock options for aggregate cash proceeds of \$0.2. No SVS were issued from treasury upon the exercise of stock options in either 2020 or 2019. In 2021, we issued 0.01 million (2020 — 0.3 million; 2019 — 0.8 million) SVS from treasury with an ascribed value of \$0.1 (2020 — \$2.2; 2019 — \$10.4) upon the vesting of certain RSUs and PSUs. We settled other RSUs and PSUs with SVS purchased in the open market (described below).

We have repurchased SVS in the open market and otherwise for cancellation in recent years pursuant to NCIBs, which allow us to repurchase a limited number of SVS during a specified period. We may not repurchase SVS for cancellation when the Repurchase Restriction is in effect (during a portion of 2019). The Repurchase Restriction was not in effect during 2020 or 2021 or at December 31, 2021. The maximum number of SVS we are permitted to repurchase for cancellation under each NCIB (when permitted) is reduced by the number of SVS purchased by a broker in the open market during the term of such NCIB to satisfy delivery obligations under our SBC plans. The Repurchase Restriction (when in effect) is not applicable to open market purchases for this purpose.

On November 19, 2020, the TSX accepted our notice to launch an NCIB (2020 NCIB), which allowed us to repurchase, at our discretion, from November 24, 2020 until the earlier of November 23, 2021 or the completion of purchases thereunder, up to approximately 9.0 million SVS in the open market, or as otherwise permitted, subject to the normal terms and limitations of such bids. As part of the NCIB process, we from time-to-time entered into automatic share purchase plans (ASPPs) with a broker, instructing the broker to purchase our SVS in the open market on our behalf (for cancellation under the 2020 NCIB), including during any applicable trading blackout periods (ASPP Purchases), up to specified daily quantities at specified prices through the term of each ASPP.

In each of December 2020, March 2021, and June 2021 we entered into ASPPs, each of which have since expired. At December 31, 2020, we had accrued \$15.0, representing the estimated contractual maximum number of permitted SVS repurchases (Contractual Maximum) for cancellation under the December 2020 ASPP (2.0 million SVS). This accrual was reversed in Q1 2021. No repurchases were made under the December 2020 ASPP prior to its expiration in January 2021. Repurchases of 1.7 million SVS (for cancellation) were made under the March 2021 and June 2021 ASPPs during 2021.

On December 2, 2021, the TSX accepted our notice to launch a new NCIB (2021 NCIB). The 2021 NCIB allows us to repurchase, at our discretion, from December 6, 2021 until the earlier of December 5, 2022 or the completion of purchases thereunder, up to approximately 9.0 million of our SVS in the open market, or as otherwise permitted, subject to the normal terms and limitations of such bids. As of December 31, 2021, approximately 8.3 million SVS remain available for repurchase under the 2021 NCIB either for cancellation or SBC delivery purposes.

In December 2021, we entered into an ASPP (NCIB ASPP) with a broker, instructing the broker to purchase on our behalf (for cancellation under the 2021 NCIB), during specified dates, including during any applicable trading blackout periods, up to the NYSE and TSX daily maximums (subject to certain conditions) at specified share prices. At December 31, 2021, we recorded an accrual of \$7.5 (NCIB Accrual), representing the estimated Contractual Maximum (0.7 million SVS) for cancellation under the NCIB ASPP. As of December 31, 2021, 0.0036 million SVS were repurchased under the NCIB ASPP. In December 2021, we entered into an additional ASPP (SBC ASPP) with a broker, instructing the broker to purchase on our behalf (for delivery obligations under our SBC plans), during specified dates (including during any applicable trading



**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

blackout periods), and subject to certain conditions, up to 3.7 million SVS. As of December 31, 2021, 0.7 million SVS were repurchased under the SBC ASPP. At December 31, 2021, we recorded an accrual of \$33.8 (SBC Accrual), representing the estimated remaining Contractual Maximum (3.0 million SVS) under the SBC ASPP.

In December 2019, we completed a previous NCIB, which allowed us to repurchase, at our discretion, up to approximately 9.5 million of our SVS in the open market, or as otherwise permitted. We purchased a total of 8.3 million SVS for cancellation under this NCIB.

Information regarding share repurchase activities for the years indicated is set forth below:

	<b>Year ended December 31</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Aggregate cost <sup>(1)</sup> of SVS repurchased for cancellation <sup>(2)</sup>	\$ 67.3	\$ 0.1	\$ 35.9
Number of SVS repurchased for cancellation (in millions) <sup>(3)</sup>	8.3	0.0062	4.37
Weighted average price per share for repurchases	\$ 8.15	\$ 7.45	\$ 8.21
Aggregate cost <sup>(1)</sup> of SVS repurchased for delivery under SBC plans <sup>(4)</sup>	\$ 9.2	\$ 19.1	\$ 20.6
Number of SVS repurchased for delivery under SBC plans (in millions) <sup>(5)</sup>	1.2	2.9	1.9

(1) Includes transaction fees.

(2) For 2020, excludes an accrual of \$15.0 we recorded at December 31, 2020 for the estimated Contractual Maximum for cancellation under the December 2020 ASPP. For 2021, excludes the \$7.5 NCIB Accrual.

(3) Includes 1.7 million ASPP Purchases of SVS for cancellation in 2021 (there were no ASPP Purchases in 2020 or 2019).

(4) For 2021, excludes the \$33.8 SBC Accrual.

(5) Includes 0.7 million ASPP Purchases for SBC delivery obligations in 2021 (there were no ASPP Purchases in 2020 or 2019).

	<b>December 31</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Number of SVS held by trustee for delivery under SBC plans <sup>(1)(2)</sup> (in millions)	1.7	2.4	1.4
Value of SVS held by trustee for delivery under SBC plans <sup>(2)</sup>	\$ 14.8	\$ 15.7	\$ 15.1

(1) For accounting purposes, we classify these shares as treasury stock until they are delivered pursuant to the plans.

(2) SVS held in 2021 exclude the SBC Accrual.

**(b) Employee SBC:**

**LTIP:**

Under the LTIP, we may grant stock options, stock appreciation rights, RSUs and PSUs to eligible employees, consultants and directors. We may, at the time of grant, authorize the grantees to settle these awards either in cash or in SVS. Absent such permitted election, vested grants under the LTIP will be settled in SVS (on a one-for-one basis), either with SVS purchased in the open market or issued from treasury (up to a maximum aggregate of 29.0 million SVS). As of December 31, 2021, 10.0 million SVS remain reserved for issuance from treasury under the LTIP, covering potential issuances of SVS for outstanding awards and for potential future award grants.

**Celestica Share Unit Plan (CSUP):**

Under the CSUP, we may grant RSUs and PSUs to eligible employees. We have the option to settle vested RSUs and PSUs issued thereunder in SVS (on a one-for-one basis) purchased in the open market, or in cash.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

*Employee SBC Expense:*

Employee SBC expense may fluctuate from period-to-period to account for, among other things, new grants, forfeitures resulting from employee terminations or resignations, and the recognition of accelerated SBC expense for employees eligible for retirement. The portion of employee SBC expense that relates to performance-based compensation is subject to adjustment in any period to reflect changes in the estimated level of achievement of pre-determined performance goals and financial targets. No significant adjustments were recorded in 2021 with respect to PSUs expected to vest at the beginning of February 2022. Based on reviews of the status of the non-market performance vesting condition and modifier, we recorded an \$8.4 expense reversal in 2020 to reflect reductions in the estimated number of PSUs expected to vest at the end of January 2021.

Information regarding employee SBC expense for the years indicated	is set forth below:		
	<b>Year ended December 31</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Employee SBC expense in cost of sales	\$ 14.6	\$ 11.1	\$ 13.0
Employee SBC expense in SG&A	19.5	14.7	20.4
Total	<u>\$ 34.1</u>	<u>\$ 25.8</u>	<u>\$ 33.4</u>

For RSUs and DSUs issued to eligible directors under our Directors' Share Compensation Plan (DSC Plan), see paragraph (c) below.

**(i) Stock options:** We are permitted to grant stock options under our LTIP. Stock options are granted at prices equal to the closing market price on the day prior to the grant date and are exercisable during a period not to exceed 10 years from the grant date. Stock option grants and exercises were as follows for the years indicated:

	<b>Number of Options</b>	<b>Weighted Average Exercise Price*</b>
	(in millions)	
Outstanding at January 1, 2019	0.3	\$ 11.93
Exercised	—	\$ —
Outstanding at December 31, 2019	<u>0.3</u>	<u>\$ 12.50</u>
Exercised	—	\$ —
Outstanding at December 31, 2020	<u>0.3</u>	<u>\$ 12.78</u>
Granted	0.09	\$ 10.58
Exercised	<u>(0.02)</u>	<u>\$ 6.54</u>
Outstanding at December 31, 2021	<u><u>0.4</u></u>	<u>\$ 12.70</u>

The following stock options\* were outstanding as at December 31, 2021:

<b>Range of Exercise Prices</b>	<b>Outstanding Options</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Remaining Life of Outstanding Options</b>	<b>Exercisable Options</b>	<b>Weighted Average Exercise Price</b>
	(in millions)		(years)	(in millions)	
\$6.56 to \$13.87	0.4	\$12.70	4.9	0.3	\$13.33

\* The exercise prices were determined by converting the grant date fair value into U.S. dollars at the year-end exchange rate.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

We amortize the estimated grant date fair value of stock options to expense over the vesting period (generally 4 years). The grant date fair value of outstanding stock options was determined using the Black-Scholes option pricing model and the following assumptions in the year of the grant: risk-free interest rate (based on U.S. government bond yields) of 1.09%, expected volatility of the market price of our shares (based on historical volatility of our share price) of 43%, and the expected option life of 7 years (based on historical option holder behavior). No stock options were granted in 2020 or 2019.

**(ii) RSUs and PSUs:**

We grant RSUs and PSUs to employees pursuant to our LTIP and CSUP. Each vested unit generally entitles the holder to receive one SVS. Under the CSUP, we have the option to satisfy the delivery of shares upon vesting of the awards by purchasing SVS in the open market or by settling such awards in cash. Under the LTIP, we may (at the time of grant) authorize the grantees to settle awards in either cash or SVS (absent such permitted election, grants will be settled in SVS purchased in the open market or issued from treasury, subject to certain limits). We have generally settled these awards with SVS purchased in the open market by a broker, or issued from treasury. Unless a grantee has been authorized, and elects, to settle these awards in cash, Celestica intends to settle all outstanding RSUs and PSUs with SVS purchased in the open market by a broker, or issued from treasury. As a result, we account for these share unit awards as equity-settled awards. We amortize the grant date fair value of RSUs and PSUs to expense over the vesting period.

The grant date fair value of RSUs is based on the market value of our SVS at the time of grant.

With respect to PSUs, employees are granted a target number of PSUs (set forth for the years indicated in the table below). The number of PSUs that will actually vest will vary from 0% to 200% of the target amount granted based on the level of achievement of the relevant performance conditions. PSUs (representing in each case 100% of target) are primarily granted in the first quarter of each year. These PSUs vest based on the level of achievement of a pre-determined non-market performance measurement in the final year of the three-year performance period, subject to modification by each of a separate pre-determined non-market financial target and our relative TSR performance over the three-year vesting period. See note 2(f). The grant date fair value of the TSR modifier is based on a Monte Carlo simulation model and a premium of 109% for 2021 (2020 — 112%; 2019 — 102%). The grant date fair value of the non-TSR-based performance measurement and modifier is based on the market value of our SVS at the time of grant and is subject to adjustment to reflect changes in the estimated level of achievement related to the applicable performance condition. Vested awards were settled with SVS purchased in the open market by a broker, or issued from treasury.

The assumptions used in the measurement of the grant date fair values of PSUs were as follows:	Year ended December 31		
	2019	2020	2021
Expected volatility	28	30	49
Expected life	3 years	3 years	3 years
Risk-free interest rate (based on 3-year Treasury bonds)	2.5	1.4	0.2

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

Information regarding aggregate RSU, PSU and stock option grants to employees, as applicable, for the years indicated is set forth below:

	Year ended December 31		
	2019	2020	2021
<b>RSUs Granted:</b>			
Number of awards (in millions)	3.0	2.4	3.0
Weighted average grant date fair value per unit	\$ 7.88	\$ 8.60	\$ 8.36
<b>PSUs Granted:</b>			
Number of awards (in millions, representing 100% of target)	2.1	1.7	2.9
Weighted average grant date fair value per unit	\$ 8.14	\$ 9.88	\$ 9.49
<b>Stock Options Granted:</b>			
Number of awards (in millions)	—	—	0.09
Weighted average grant date fair value per option	\$ —	\$ —	\$ 4.22
<b>December 31</b>			
	2019	2020	2021
Number of outstanding RSUs (in millions)	4.6	4.5	4.6
Number of outstanding PSUs (in millions, representing 100% of target granted)	3.8	4.6	6.1

**(c) Director SBC:**

We grant DSUs to certain members of our Board of Directors and Onex under our DSC Plan. We also grant RSUs (under specified circumstances) to certain directors as compensation under the DSC Plan. RSUs granted to directors vest ratably over a three-year period and are governed by the terms of our LTIP. Each vested RSU entitles the holder thereof to one SVS; however, if permitted by the Company under the terms of the grant, a director may elect to receive a payment of cash in lieu of SVS. Unvested RSUs vest immediately on the date the director Retires. See note 2(f) for additional detail. As Celestica is permitted to, and intends to, settle DSUs with shares purchased in the open market, we account for these awards as equity-settled awards. On January 29, 2020, William A. Etherington retired from Celestica's Board of Directors. In accordance with the DSC Plan, the DSUs held by Mr. Etherington will be redeemed on or prior to the 90<sup>th</sup> day following the date on which he is no longer a director or employee of any corporation that does not deal at arm's length with the Company. As of December 31, 2021, Mr. Etherington held 0.475 million DSUs.

Information regarding director SBC expense for the years indicated is set forth below:

	Year ended December 31		
	2019	2020	2021
Director SBC expense in SG&A <sup>(1)</sup>	\$ 2.4	\$ 2.0	\$ 2.1
<b>DSUs Granted:</b>			
Number of awards (in millions)	0.2	0.2	0.12
Weighted average grant date fair value per unit	\$ 7.62	\$ 5.64	\$ 8.98
<b>RSUs Granted:</b>			
Number of awards (in millions)	0.016	0.022	0.054
Weighted average grant date fair value per unit	\$ 7.62	\$ 5.71	\$ 8.92
<b>December 31</b>			
	2019	2020	2021
Number of DSUs outstanding (in millions)	1.8	2.0	2.2
Number of RSUs issued to directors outstanding (in millions)	0.02	0.03	0.07

(1) Expense consists of director compensation to be settled with SVS, or SVS and cash, as elected by each director.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

**13. ACCUMULATED OTHER COMPREHENSIVE LOSS, NET OF TAX:**

	Note	Year ended December 31		
		2019	2020	2021
Opening balance of foreign currency translation account		\$ (14.4)	\$ (14.6)	\$ (10.3)
Foreign currency translation adjustments		(0.2)	4.3	(7.7)
Closing balance		(14.6)	(10.3)	(18.0)
Opening balance of unrealized net gain (loss) on currency forward cash flow hedges		\$ (7.7)	\$ 3.1	\$ 11.6
Net gain (loss) on currency forward cash flow hedges <sup>(i)</sup>		6.7	9.0	(5.3)
Reclassification of net loss (gain) on currency forward cash flow hedges to operations <sup>(ii)</sup>		4.1	(0.5)	(8.2)
Closing balance <sup>(iii)</sup>		3.1	11.6	(1.9)
Opening balance of unrealized net loss on interest rate swap cash flow hedges		\$ (4.4)	\$ (12.1)	\$ (16.5)
Net gain (loss) on interest rate swap cash flow hedges		(10.2)	(12.8)	2.4
Reclassification of net loss on interest rate swap cash flow hedges to operations		2.5	8.4	7.2
Closing balance <sup>(iv)</sup>		(12.1)	(16.5)	(6.9)
Actuarial gains (losses) on pension and non-pension post-employment benefit plans	18	\$ (8.7)	\$ (9.1)	\$ 9.3
Reclassification of actuarial losses (gains) to deficit		8.7	9.1	(9.3)
Loss on purchase of pension annuities	18	—	(0.2)	—
Reclassification of loss on purchase of pension annuities to deficit	18	—	0.2	—
Closing balance		—	—	—
Accumulated other comprehensive loss		<u>\$ (23.6)</u>	<u>\$ (15.2)</u>	<u>\$ (26.8)</u>

(i) Net of income tax recovery of \$0.5 for 2021 (2020 — net of \$0.8 income tax expense; 2019 — net of \$0.2 income tax expense).

(ii) Net of release of \$0.6 income tax expense associated with the reclassification of net hedge (gain) loss to the consolidated statements of operations for 2021 (2020 — net of nil income tax expense; 2019 — net of release of \$0.5 of income tax benefit).

(iii) Net of income tax recovery of \$0.1 as of December 31, 2021 (December 31, 2020 — net of \$1.0 of income tax expense; December 31, 2019 — net of \$0.2 of income tax expense).

(iv) No income tax impact as of December 31, 2021, December 31, 2020 or December 31, 2019.

**14. EXPENSES BY NATURE:**

We have presented our consolidated statement of operations by function. Items included in our cost of sales and SG&A for the years indicated are set forth below:

	Year ended December 31		
	2019	2020	2021
Employee-related costs	\$ 815.2	\$ 810.7	\$ 819.4
SBC expense included in above employee-related costs	34.1	25.8	33.4
Freight and transportation costs	90.3	107.9	142.5
Depreciation expense <sup>(i)</sup>	105.8	99.1	100.8
Rental expense <sup>(i)</sup>	5.3	4.5	2.4

(i) The amortization of ROU assets is included in depreciation expense. See note 7. We expense the costs of low-value and short-term leases in our consolidated statement of operations on a straight-line basis as rental expense. See note 11 for disclosure of these lease expenses.

CELESTICA INC.  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

**15. OTHER CHARGES (RECOVERIES):**

	Note	Year ended December 31		
		2019	2020	2021
Restructuring charges (a)		\$ 37.9	\$ 25.8	\$ 10.5
Losses on post-employment benefit plan (b)	18	4.1	—	—
Transition costs (recoveries) (c)		(95.8)	—	1.2
Credit Facility-related charges (d)		2.0	—	3.0
Acquisition Costs and Other (e)		1.9	(2.3)	(4.4)
		<u>\$ (49.9)</u>	<u>\$ 23.5</u>	<u>\$ 10.3</u>

(a) *Restructuring:*

Our restructuring activities in 2021 consisted primarily of actions to adjust our cost base to address reduced levels of demand in certain of our businesses and geographies, due in part to the impact of COVID-19, including actions in the first half of 2021 to right-size our commercial aerospace facilities. We implemented restructuring actions in 2020 associated primarily with our previously-disclosed disengagement from programs with Cisco Systems, Inc., as well as other actions intended to adjust our cost base similar to (and for the same reasons as) those taken in 2021.

We recorded net restructuring charges of \$10.5 in 2021, consisting of cash restructuring charges of \$9.8, primarily for employee termination costs, and net non-cash charges of \$0.7 (consisting of non-cash restructuring charges of \$1.5 and non-cash restructuring recoveries of \$0.8). The non-cash charges consisted primarily of the write-down of equipment related to disengaged programs. The non-cash recoveries primarily reflect gains on the sale of surplus equipment. Our restructuring provision at December 31, 2021 was \$6.1 (December 31, 2020 — \$4.7; December 31, 2019 — \$11.2), which we recorded in the current portion of provisions on our consolidated balance sheet. See note 10.

We recorded restructuring charges of \$25.8 in 2020, consisting of cash charges of \$23.3, primarily for employee termination costs, and non-cash charges of \$2.5. The non-cash restructuring charges represented the write-down of ROU assets (\$1.1) in connection with vacated properties (resulting in part from Sublet Losses), and the write-down of certain equipment related to disengaged programs, offset in part by \$0.3 in gains on the disposition of surplus equipment in the fourth quarter of 2020 (Q4 2020).

At the end of 2019, we completed our cost efficiency initiative (CEI), which commenced in the fourth quarter of 2017, and consisted of restructuring actions related to our CCS segment portfolio review and our Capital Equipment business. The CEI resulted in reductions to our workforce, as well as consolidation of certain sites to better align capacity and infrastructure with then-anticipated customer demand, related transfers of customer programs and production, re-alignment of business processes, management reorganizations, and other associated activities. We recorded restructuring charges of \$37.9 in 2019, all in connection with our CEI, consisting of cash charges of \$28.1, primarily for employee termination costs, and non-cash charges of \$9.8, representing the write-down of certain equipment, primarily related to our Capital Equipment business and disengaged programs, and the write-down of ROU assets (\$1.0) pertaining to vacated properties, resulting in part from Sublet Losses.

See notes 2(k) and 10 for further details regarding our restructuring provisions.

(b) *Losses on post-employment benefit plan:*

During the fourth quarter of 2019 (Q4 2019), we recorded non-cash charges of \$4.1, representing additional obligations under our Thailand post-employment benefit plan as a result of changes in labor protection laws in Thailand that increased the severance benefits for specified employees upon termination.

(c) *Transition Costs (Recoveries):*

Transition Costs are comprised of transition-related relocation and duplicate costs pertaining to: (i) the relocation of our Toronto manufacturing operations and our corporate headquarters in connection with the 2019 sale of our Toronto real property (Toronto Transition Costs); and (ii) the transfer of manufacturing lines from closed sites to other sites within our

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions of U.S. dollars, except percentages and per share amounts)**

global network (Internal Relocation Costs). Transition Costs consist of direct relocation and duplicate costs (such as rent expense, utility costs, depreciation charges, and personnel costs) incurred during the transition periods, as well as cease-use costs incurred in connection with idle or vacated portions of the relevant premises. Transition Recoveries consist of the \$102.0 gain (Property Gain) we recorded in Q1 2019 in connection with our Toronto real property sale. See note 7 of our 2019 audited consolidated financial statements. We recorded \$1.2 of Internal Relocation Costs in 2021 (2020 — *de minimis*; 2019 — \$2.4).

*(d) Credit Facility-related charges:*

Credit Facility-related charges for 2021 consist primarily of a \$2.6 charge to accelerate the amortization of unamortized deferred financing costs upon termination of the First Incremental Term Loan in Q4 2021 in connection with our December 2021 amendment to the Credit Facility (described in note 11). During Q4 2019, we incurred \$2.0 in fees (Waiver Fees) in connection with obtaining the Waivers in October 2019 (described in note 11).

*(e) Acquisition Costs and Other:*

We incur consulting, transaction and integration costs relating to potential and completed acquisitions. We also incur charges or releases related to the subsequent re-measurement of indemnification assets or the release of indemnification or other liabilities recorded in connection with acquisitions, when applicable. Collectively, these costs, charges and releases are referred to as Acquisition Costs (Recoveries).

We recorded net Acquisition Costs in 2021 of \$6.1, consisting of \$7.3 in costs related to acquisition activities, including the acquisition of PCI, offset in part by a \$1.2 release of certain indirect tax liabilities previously recorded in connection with our acquisition of Impakt. We recorded \$0.2 of Acquisition Costs in 2020 related to potential acquisitions, and \$3.9 of Acquisition Costs in 2019 (consisting of \$1.7 of costs related to potential acquisitions and \$2.2 of charges related to the subsequent re-measurement of indemnification assets recorded in connection with our Impakt acquisition).

Other consists of legal recoveries (for prior period component parts in 2021 and 2020 and prior period freight charges in 2019) in connection with the settlement of class action lawsuits in which we were a plaintiff (2021 — \$10.5; 2020 — \$2.5; 2019 — \$2.0).

**16. FINANCE COSTS:**

Finance costs consist of interest expense and fees related to our Credit Facility (including debt issuance and related amortization costs), our interest rate swap agreements, our A/R sales program and SFPs, and interest expense on our lease obligations, net of interest income earned. See notes 4 and 11. We paid finance costs of \$26.0 in 2021 (2020 — \$29.5; 2019 — \$44.5), including \$3.6 in debt issuance costs in 2021 (2020 — \$0.6; 2019 — \$2.9). We also paid \$2.0 in Waiver Fees in 2019, which we recorded in other charges (recoveries) (see note 15(d)).

**17. RELATED PARTY TRANSACTIONS:**

Onex beneficially owns, controls, or directs, directly or indirectly, all of our outstanding MVS. Accordingly, Onex has the ability to exercise significant influence over our business and affairs and generally has the power to determine all matters submitted to a vote of our shareholders where the SVS and MVS vote together as a single class. Mr. Gerald Schwartz, the Chairman of the Board and Chief Executive Officer of Onex, indirectly owns shares representing the majority of the voting rights of the shares of Onex.

We are party to a services agreement with Onex for the services of Mr. Tawfiq Popatia, an officer of Onex, as a director of Celestica, pursuant to which Onex receives compensation for such services. This agreement automatically renews for successive one-year terms unless either party provides a notice of intent not to renew. Under such agreement, the annual fee payable to Onex is \$0.235, payable in DSUs in equal quarterly installments, in arrears. The services agreement terminates automatically and the rights of Onex to receive compensation (other than accrued and unpaid compensation) will terminate (a) 30 days after the first day on which Onex ceases to hold at least one MVS of Celestica or any successor company or (b) the date Mr. Popatia ceases to be a director of Celestica for any reason. The number of DSUs is determined using the closing price of the SVS on the NYSE on the last day of the fiscal quarter in respect of which the installment is to be credited. DSUs

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

granted to Onex prior to January 1, 2007 may be settled with SVS issued from treasury or purchased in the open market, or with cash (at the discretion of the Company). DSUs granted to Onex after January 1, 2007 may only be settled with SVS purchased in the open market, or with cash (at the discretion of the Company).

A consortium of four real estate partnerships, approximately 27% of the interests of which are held by a privately-held partnership in which Mr. Schwartz has a material interest; and approximately 25% of the interests of which are held by a partnership in which Mr. Schwartz has a non-voting interest, holds a 5% non-voting interest in the purchaser of our former Toronto real property, which we sold in 2019. See note 15(c).

*Compensation of key management personnel:*

Our key management team consists of directors and senior executive officers. The aggregate compensation expenses we recognized under IFRS for our directors and senior executive officers for the periods shown were as follows:

	<b>Year ended December 31</b>		
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Short-term employee benefits and costs	\$ 4.4	\$ 8.7	\$ 7.3
Post-employment and other long-term benefits	0.3	0.2	0.6
SBC (including DSUs and RSUs to eligible directors)	15.6	12.5	17.3
	<u>\$ 20.3</u>	<u>\$ 21.4</u>	<u>\$ 25.2</u>

**18. PENSION AND NON-PENSION POST-EMPLOYMENT BENEFIT PLANS:**

*(a) Plan summaries:*

We provide pension and non-pension post-employment benefit plans for our employees. At December 31, 2021, such plans included our pension plan for employees in the United Kingdom (U.K. Main pension plan), which generally provides participants with stated benefits on retirement based on their pensionable service, either in annuities and/or lump sum payments. The U.K. Main pension plan is closed to new members, and approximately 1% of such plan members remain active employees of the Company. Our previous supplementary pension plan for employees in the United Kingdom (U.K.) was wound-up in 2019. Defined contribution pension plans are offered to certain employees, mainly in Canada and the U.S. We provide non-pension post-employment benefits (under other benefit plans) to retired and terminated employees in Canada, the U.S., Mexico, Thailand and South Korea. These benefits may include one-time retirement and specified termination benefits, medical, surgical, hospitalization coverage, supplemental health, dental and/or group life insurance.

To mitigate the actuarial and investment risks of our defined benefit pension plans, we purchase annuities from time to time (using existing plan assets) from third party insurance companies for certain, or all, plan participants. The purchase of annuities by the pension plan substantially hedges the financial risks associated with the related pension obligations.

In August 2020, the trustees of our U.K. Main pension plan purchased annuities to hedge the pension benefits payable to newly-retired members of such plan. The purchase of the annuity resulted in a non-cash loss of \$0.2 for the third quarter of 2020 (Q3 2020) which we recorded in OCI and simultaneously re-classified to deficit.

The overall governance of our pension plans is conducted by our Human Resources and Compensation Committee which, through annual reviews, approves material plan changes, reviews funding levels, investment performance, compliance matters and plan assumptions, and ensures that the plans are administered in accordance with local statutory requirements. We have established a Canadian Pension Committee to govern our Canadian pension plans. The U.K. Main pension plan is governed by a Board of Trustees, composed of employee and company representation. Both the Canadian Pension Committee and the U.K. Board of Trustees review funding levels, investment performance and compliance matters for their respective plans. Our pension funding policy is to contribute amounts sufficient, at minimum, to meet local statutory funding requirements. For our defined benefit pension plans (primarily our U.K. Main pension plan), local regulatory bodies either define the minimum funding requirement or approve the funding plans submitted by us. We may make additional discretionary contributions taking into account actuarial assessments and other factors. The contributions that we make to support ongoing plan obligations are recorded in the respective asset or liability accounts on our consolidated balance sheet.



**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions of U.S. dollars, except percentages and per share amounts)**

Our U.K. Main pension plan requires an actuarial valuation to be completed every three years. The actuarial valuation was completed using a measurement date of April 2019; the next valuation will have a measurement date of April 2022.

We currently fund our non-pension post-employment benefit plans as we incur benefit payment obligations thereunder. Excluding our mandatory plans, the most recent actuarial measurements for our largest non-pension post-employment benefit plans were completed using valuation dates of May 2019 (Canada) and January 2020 (U.S.). The next actuarial measurements for these plans will have valuation dates of May 2022 and January 2022 (tentatively scheduled for mid-2022), respectively. We accrue the expected costs of providing non-pension post-employment benefits during the periods in which the employees render service. We used a measurement date of December 31, 2021 for the accounting valuation for pension and non-pension post-employment benefits.

Our pension plans are exposed to market risks such as changes in interest rates, inflation, and fluctuations in investment values, as well as financial risks including counterparty risks of financial institutions from which annuities have been purchased for specified plans. See note 20(c). Our plans are also exposed to non-financial risks, including the membership's mortality and demographic changes, as well as regulatory changes.

We manage the funding level risk of defined benefit pension plans through our asset allocation strategy for each plan. In the U.K., the majority of the obligations under our U.K. Main pension plan have been hedged with the purchase of annuities with insurance companies as described above, but are not designated as hedges for application of hedge accounting purposes.

Pension fund assets are invested primarily in fixed income and equity securities. Asset allocation between fixed income and equity securities is adjusted based on the expected life of the plan and the expected retirement dates of the plan participants. Our pension funds do not invest directly in our shares, but may invest indirectly as a result of the inclusion of our shares in certain investment funds. All of our plan assets are measured at their fair value using the fair value hierarchy inputs described in note 20. At December 31, 2021, \$33.2 (December 31, 2020 — \$31.8) of our plan assets were measured using Level 1 inputs of the fair value hierarchy and \$328.7 (December 31, 2020 — \$348.3) of our plan assets (comprised of insurance annuities) were measured using Level 3 inputs of the fair value hierarchy. None of our plan assets were measured using Level 2 inputs. Approximately 96% of our plan assets consist of annuities purchased with insurance companies, and assets held with financial institutions with a Standard and Poor's long-term rating of A or above at December 31, 2021. The annuities purchased for our U.K. Main pension plan are held with financial institutions that are governed by local regulatory bodies. The remaining assets are held with financial institutions where ratings are not available. For these institutions, Celestica monitors counterparty risk based on the diversification of plan assets. These plan assets are maintained in segregated accounts by a custodian that is independent from the fund managers. We believe that the counterparty risk is low.

Plan assets are measured at their fair values; however, the amounts we are permitted to record for defined benefit plan assets may be restricted under IFRS, as described in note 2(j). Based on a plan-by-plan review of the terms, conditions, and statutory minimum funding requirements of our defined benefit plans in 2021, we determined that the present value of future pension refunds or reductions in future contributions to our pension plans exceeds the total of the fair value of plan assets net of the present value of related obligations for all of our defined benefit plans, except for our defined benefit plan in Japan. As a result of this review, we reduced the recorded amount of our Japan defined benefit plan assets by \$1.6 as at December 31, 2021 (December 31, 2020 — nil), which was reflected in OCI.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

(b) *Plan financials:*

The table below presents the market value of defined pension and other benefit plan assets:

	Fair Market Value at December 31		Actual Asset Allocation (%) at December 31	
	2020	2021	2020	2021
Quoted market prices:				
Debt investment funds	\$ 10.8	\$ 10.6	3 %	3 %
Equity investment funds	7.8	7.6	2 %	2 %
Non-quoted market prices:				
Insurance annuities	348.3	328.7	92 %	91 %
Other	13.2	15.0	3 %	4 %
Total	<u>\$ 380.1</u>	<u>\$ 361.9</u>	<u>100 %</u>	<u>100 %</u>

The following tables provide a summary of the financial position of our defined pension and other benefit plans:

	Pension Plans Year ended December 31		Other Benefit Plans Year ended December 31	
	2020	2021	2020	2021
Plan assets, beginning of year	\$ 328.5	\$ 378.1	\$ 1.8	\$ 2.0
Interest income	6.4	5.2	—	—
Actuarial gains (losses) in other comprehensive income <sup>(i)</sup>	36.4	(5.2)	—	—
Administrative expenses paid from plan assets	(1.1)	(0.8)	—	—
Employer contributions	4.0	4.7	0.4	0.8
Employer direct benefit payments	1.1	1.4	2.6	1.7
Employer direct settlement payments	—	—	4.8	1.1
Settlement payments from employer	—	—	(4.8)	(1.1)
Settlement payments from plan	—	—	(0.1)	(0.2)
Benefit payments from plan	(12.5)	(16.8)	(0.2)	(0.5)
Benefit payments from employer	(1.1)	(1.4)	(2.6)	(1.7)
Foreign currency exchange rate changes and other	16.4	(5.3)	0.1	(0.1)
Plan assets, end of year	<u>\$ 378.1</u>	<u>\$ 359.9</u>	<u>\$ 2.0</u>	<u>\$ 2.0</u>

(i) Actuarial gains or losses are determined based on actual return on plan assets less interest income as set forth in the table above. For 2020, includes a \$0.2 loss resulting from the purchase of annuities in August 2020.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

	Pension Plans Year ended December 31		Other Benefit Plans Year ended December 31	
	2020	2021	2020	2021
Accrued benefit obligations, beginning of year	\$ 346.0	\$ 396.9	\$ 87.4	\$ 95.6
Current service cost	1.9	2.5	3.2	3.4
Past service cost (credit) and settlement/curtailment losses <sup>(i)</sup>	(0.8)	—	2.3	0.3
Interest cost	6.9	5.6	2.4	2.4
Actuarial losses (gains) in other comprehensive income from:				
— Changes in demographic assumptions	(1.2)	(1.1)	—	—
— Changes in financial assumptions	41.0	(7.6)	5.0	(7.5)
— Experience adjustments	0.1	—	1.3	0.1
Settlement payments from employer	—	—	(4.8)	(1.1)
Settlement payments from plan	—	—	(0.1)	(0.2)
Benefit payments from plan	(12.5)	(16.8)	(0.2)	(0.5)
Benefit payments from employer	(1.1)	(1.4)	(2.6)	(1.7)
Foreign currency exchange rate changes and other	16.6	(4.2)	1.7	(1.7)
Accrued benefit obligations, end of year	<u>\$ 396.9</u>	<u>\$ 373.9</u>	<u>\$ 95.6</u>	<u>\$ 89.1</u>
Weighted average duration of benefit obligations (in years)	18	18	13	12

(i) The settlement losses relate to employee terminations in connection with 2020 and 2021 restructuring actions.

The present value of the defined benefit obligations, the fair value of plan assets and the surplus or deficit in our defined benefit pension and other benefit plans are summarized as follows:

	Pension Plans December 31		Other Benefit Plans December 31	
	2020	2021	2020	2021
Accrued benefit obligations, end of year	\$ (396.9)	\$ (373.9)	\$ (95.6)	\$ (89.1)
Plan assets, end of year	378.1	359.9	2.0	2.0
Reduction of plan assets due to IFRS restrictions described in note 2(f)	—	(1.6)	—	—
Deficiency of plan assets over accrued benefit obligations	<u>\$ (18.8)</u>	<u>\$ (15.6)</u>	<u>\$ (93.6)</u>	<u>\$ (87.1)</u>

The following table outlines the plan balances as reported on our consolidated balance sheet:

	December 31 2020			December 31 2021		
	Pension Plans	Other Benefit Plans	Total	Pension Plans	Other Benefit Plans	Total
Pension and non-pension post-employment benefit obligations	\$ (24.4)	\$ (92.9)	\$ (117.3)	\$ (20.7)	\$ (86.8)	\$ (107.5)
Current other post-employment benefit obligations	—	(0.7)	(0.7)	—	(0.3)	(0.3)
Non-current net pension assets (note 9)	5.6	—	5.6	5.1	—	5.1
	<u>\$ (18.8)</u>	<u>\$ (93.6)</u>	<u>\$ (112.4)</u>	<u>\$ (15.6)</u>	<u>\$ (87.1)</u>	<u>\$ (102.7)</u>

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

The following table outlines the net expense recognized in our consolidated statement of operations for pension and non-pension post-employment benefit plans:

	Pension Plans			Other Benefit Plans		
	Year ended December 31			Year ended December 31		
	2019	2020	2021	2019	2020	2021
Current service cost	\$ 1.9	\$ 1.9	\$ 2.5	\$ 2.6	\$ 3.2	\$ 3.4
Net interest cost	0.6	0.5	0.4	2.6	2.4	2.4
Past service cost (credit) and settlement/curtailment losses	—	(0.8)	—	8.0	2.3	0.3
Plan administrative expenses and other	1.5	1.1	1.3	—	—	—
	4.0	2.7	4.2	13.2	7.9	6.1
Defined contribution pension plan expense (note 18(c))	10.1	10.6	11.6	—	—	—
Total expense for the year	<u>\$ 14.1</u>	<u>\$ 13.3</u>	<u>\$ 15.8</u>	<u>\$ 13.2</u>	<u>\$ 7.9</u>	<u>\$ 6.1</u>

We generally record the expenses for pension plans and non-pension post-employment benefits in cost of sales, SG&A expenses, or other charges (see note 15), depending on the nature of the expenses.

The following table outlines the gains and losses, net of tax, recognized in OCI and reclassified directly to deficit for the years shown:

	Year ended December 31		
	2019	2020	2021
Cumulative losses, beginning of year	\$ 69.0	\$ 77.7	\$ 87.0
Loss on pension annuity purchases (see note 18(a))	—	0.2	—
Actuarial losses (gains) recognized during the year <sup>(i)</sup>	8.7	9.1	(9.3)
Cumulative losses, end of year <sup>(ii)</sup>	<u>\$ 77.7</u>	<u>\$ 87.0</u>	<u>\$ 77.7</u>

(i) Net of income tax expense of nil for 2021 (2020 — net of \$0.4 income tax recovery; 2019 — net of \$0.3 income tax recovery).

(ii) Net of income tax recovery of \$1.5 as at December 31, 2021 (December 31, 2020 — net of \$1.5 income tax recovery; December 31, 2019 — net of \$1.1 income tax recovery).

The following percentages and assumptions were used in measuring the plans for the years indicated:

	Pension Plans			Other Benefit Plans		
	2019	2020	2021	2019	2020	2021
Weighted average discount rate at December 31 <sup>(i)</sup> for:						
Benefit obligations	2.1	1.4	1.8	2.9	2.5	3.2
Net pension cost	2.9	2.1	1.4	3.8	2.9	2.5
Weighted average rate of compensation increase for:						
Benefit obligations	3.8	1.1	1.1	4.6	4.6	4.6
Net pension cost	4.1	3.8	1.1	4.2	4.6	4.6
Healthcare cost trend rates:						
Immediate trend	—	—	—	5.3	5.3	5.2
Ultimate trend	—	—	—	4.0	4.0	4.0
Year the ultimate trend rate is expected to be achieved	—	—	—	2040	2040	2040

(i) The weighted average discount rate is determined using publicly available rates for highly-rated bonds by currency in countries where we have a pension or non-pension benefit plan. A lower discount rate would increase the present value of the benefit obligation.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

We evaluate these assumptions on a regular basis taking into consideration current market conditions and historical market data. Actual results could differ materially from those estimates and assumptions.

A one percentage-point increase or decrease in one of the following actuarial assumptions, holding other assumptions constant in each case, would increase (decrease) our benefit obligations as follows:

	Pension Plans		Other Benefit Plans	
	Year ended		Year ended	
	December 31, 2021		December 31, 2021	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Discount rate	\$ (58.4)	\$ 76.1	\$ (9.8)	\$ 11.9
Healthcare cost trend rate	\$ —	\$ —	\$ 7.2	\$ (5.9)

The sensitivity figures shown above were calculated by determining the change in our benefit obligations as at December 31, 2021 due to a 100 basis point increase or decrease to each of our significant actuarial assumptions used, specifically the discount rate and healthcare cost trend rate, in isolation, leaving all other assumptions unchanged from the original calculation.

(c) *Plan contributions:*

We made the following plan contributions for the years indicated below and estimate our contribution for 2022 to be as follows:

	Year ended December 31			Estimated
	2019	2020	2021	Contribution*
Defined contribution plan	\$ 10.1	\$ 10.6	\$ 11.6	\$ 11.6
Defined benefit plan	3.7	5.1	6.1	2.9
Total	<u>\$ 13.8</u>	<u>\$ 15.7</u>	<u>\$ 17.7</u>	<u>\$ 14.5</u>
Non-pension post-employment benefit plans <sup>(i)</sup>	\$ 9.1	\$ 7.8	\$ 3.6	\$ 4.9

\* Our actual contributions could differ materially from these estimates.

(i) Contributions for 2019 and 2020 include higher settlement payments than in 2021 as a result of higher employee terminations in connection with our restructuring actions during such years. See note 15(a).

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

**19. INCOME TAXES**

	Year ended December 31		
	2019	2020	2021
Current income tax expense:			
Current year <sup>(i)</sup>	\$ 35.1	\$ 38.9	\$ 44.3
Adjustments for prior years, including changes to net provisions related to tax uncertainties <sup>(ii)</sup>	(12.3)	(6.0)	(3.4)
	<u>22.8</u>	<u>32.9</u>	<u>40.9</u>
Deferred income tax expense (recovery):			
Origination and reversal of temporary differences <sup>(i) (iii) (iv)</sup>	15.4	10.1	1.3
Changes in previously unrecognized tax losses and deductible temporary differences, including adjustments for prior years <sup>(iv)</sup>	(8.7)	(13.4)	(10.1)
	<u>6.7</u>	<u>(3.3)</u>	<u>(8.8)</u>
Income tax expense	<u>\$ 29.5</u>	<u>\$ 29.6</u>	<u>\$ 32.1</u>

A reconciliation of income taxes calculated at the statutory income tax rate to the income tax expense at the effective tax rate is as follows:

	Year ended December 31		
	2019	2020	2021
Earnings before income taxes	\$ 99.8	\$ 90.2	\$ 136.0
Income tax expense at Celestica's statutory income tax rate of 26.5% (2019 - 2021)	\$ 26.4	\$ 23.9	\$ 36.1
Impact on income taxes from:			
Foreign income taxed at different rates	(6.7)	(16.3)	(16.9)
Foreign exchange	5.0	(8.6)	1.2
Other, including non-taxable/non-deductible items and changes to net provisions related to tax uncertainties <sup>(i) (ii) (iv)</sup>	(5.8)	25.0	8.2
Change in tax rates <sup>(iii)</sup>	(0.8)	—	(7.6)
Change in unrecognized tax losses and deductible temporary differences <sup>(iv)</sup>	11.4	5.6	11.1
Income tax expense	<u>\$ 29.5</u>	<u>\$ 29.6</u>	<u>\$ 32.1</u>

- (i) These line items for 2021 in the two tables above include a deferred tax expense of \$6.0 related to taxable temporary differences associated with the anticipated repatriation of undistributed earnings (Repatriation Expense) from certain of our Chinese subsidiaries. These line items for 2020 in the two tables above include a \$16.5 Repatriation Expense related to certain of our Chinese and Thai subsidiaries (\$7.2 of which was realized as a current tax expense for withholding tax on dividends paid in 2021), and current tax expense of \$1.8 for withholding tax on dividends paid in 2020. These items for 2019 in the two tables above include a \$6.0 Repatriation Expense related to certain of our Chinese and Thai subsidiaries, which was realized as a current tax expense for withholding tax on dividends paid in 2020.
- (ii) These line items for 2019, 2020 and 2021 in the two tables above include tax benefits related to return-to-provision adjustments for changes in estimates related to prior years based on changes in facts or circumstances (RTP Adjustments), and net adjustments for tax liabilities and uncertainties (discussed below).
- (iii) This line item for 2021 in the table above relates to a deferred tax recovery recorded in connection with the revaluation of certain temporary differences using the future effective tax rate of our Thailand subsidiary in connection with the transition from a 100% income tax exemption to a 50% exemption in 2022 under an applicable tax incentive (Revaluation Impact). See the discussion of tax incentives below.
- (iv) These line items for 2019 in the two tables above include the tax expense related to the taxable portion of the Property Gain and the recognition of offsetting previously-unrecognized tax losses (discussed below).

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions of U.S. dollars, except percentages and per share amounts)**

Our effective income tax rate can vary significantly period-to-period for various reasons, including as a result of the mix and volume of business in various tax jurisdictions within the Americas, Europe and Asia, in jurisdictions with tax holidays and tax incentives, and in jurisdictions for which no net deferred income tax assets have been recognized because management believes it is not probable that future taxable profit will be available against which tax losses and deductible temporary differences could be utilized. Our effective income tax rate can also vary due to the impact of restructuring charges, foreign exchange fluctuations, operating losses, cash repatriations, and changes in our provisions related to tax uncertainties.

During 2021, we recorded net income tax expense of \$32.1, which included a \$7.6 Revaluation Impact, largely offset by a \$6.0 Repatriation Expense related to certain of our Chinese subsidiaries. Taxable foreign exchange impacts (Currency Impacts) were not significant in 2021.

During 2020, we recorded a net income tax expense of \$29.6, which included \$18.3 of tax expenses relating to current and future withholding taxes associated with repatriations of undistributed earnings from certain of our Chinese and Thai subsidiaries that occurred in 2020 or were then-anticipated to occur in the foreseeable future, offset in large part by the following favorable impacts: (i) \$4.1 in RTP Adjustments, (ii) the recognition of \$2.6 of previously unrecognized deferred tax assets of our Japanese subsidiary, (iii) \$5.1 in favorable Currency Impacts arising primarily from the strengthening of the Chinese renminbi relative to the U.S. dollar (our functional currency), and (iv) a \$5.7 reversal of tax uncertainties in certain of our Asian subsidiaries in Q1 2020.

During 2019, we recorded a net income tax expense of \$29.5, which was favorably impacted by \$6.4 in tax benefits arising from RTP Adjustments, and an aggregate of \$4.5 in reversals of certain previously-recorded tax liabilities and uncertainties, offset in part by \$6.0 in withholding taxes associated with the then-anticipated repatriations of undistributed earnings with respect to certain of our Chinese and Thai subsidiaries. While our net income tax expense included Currency Impacts from fluctuations in foreign currencies relative to the U.S. dollar during each quarter of 2019, overall net Currency Impacts for 2019 were not significant. In connection with the sale of our Toronto real property, there was no net tax impact (see note 15(c)), as the deferred tax expense of \$5.7 was offset by the recognition of previously unrecognized tax losses.

Changes in deferred tax assets and liabilities for the periods indicated are as follows:

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

	Unrealized foreign exchange gains	Accounting provisions not currently deductible	Pensions and non-pension post-retirement benefits	Tax losses carried forward	Property, plant and equipment and intangibles	Other	Reclassification between deferred tax assets and deferred tax liabilities <sup>(i)</sup>	Total
<b>Deferred tax assets:</b>								
Balance — January 1, 2020	\$ —	\$ 9.6	\$ (0.2)	\$ 62.9	\$ —	\$ 11.4	\$ (50.1)	\$ 33.6
Credited to net earnings	—	0.9	0.4	8.6	—	—	—	9.9
Credited (charged) directly to equity	—	—	0.6	(0.3)	—	—	—	0.3
Effects of foreign exchange	—	—	(0.1)	1.0	—	—	—	0.9
Other	—	—	—	—	—	(11.4)	6.6	(4.8)
Balance — December 31, 2020	—	10.5	0.7	72.2	—	—	(43.5)	39.9
Credited (charged) to net earnings	—	7.2	2.1	(3.2)	—	2.7	—	8.8
Credited directly to equity	—	—	—	—	—	1.1	—	1.1
Additions from business combinations	—	0.1	—	—	—	1.0	—	1.1
Effects of foreign exchange	—	(0.1)	—	0.2	—	(0.5)	—	(0.4)
Other	—	—	—	—	—	(3.1)	0.3	(2.8)
Balance — December 31, 2021	\$ —	\$ 17.7	\$ 2.8	\$ 69.2	\$ —	\$ 1.2	\$ (43.2)	\$ 47.7
<b>Deferred tax liabilities:</b>								
Balance — January 1, 2020	\$ 26.4	\$ —	\$ —	\$ —	\$ 52.1	\$ —	\$ (50.1)	\$ 28.4
Charged (credited) to net earnings	(0.2)	—	—	—	(6.7)	13.5	—	6.6
Charged directly to equity	—	—	—	—	—	0.8	—	0.8
Effects of foreign exchange	1.0	—	—	—	0.1	0.2	—	1.3
Other	—	—	—	—	—	(11.4)	6.6	(4.8)
Balance — December 31, 2020	27.2	—	—	—	45.5	3.1	(43.5)	32.3
Charged (credited) to net earnings	(0.2)	—	—	—	0.2	—	—	—
Additions from business combinations	—	—	—	—	30.7	—	—	30.7
Effects of foreign exchange	0.2	—	—	—	(0.2)	—	—	—
Other	—	—	—	—	—	(3.1)	0.3	(2.8)
Balance — December 31, 2021	\$ 27.2	\$ —	\$ —	\$ —	\$ 76.2	\$ —	\$ (43.2)	\$ 60.2

(i) This reclassification reflects the offsetting of deferred tax assets and deferred tax liabilities to the extent they relate to the same taxing authorities and there is a legally enforceable right to such offset.

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been recognized at December 31, 2021 was \$1,764.1 (December 31, 2020 — \$1,721.9). We have not recognized deferred tax assets in respect of these items because, based on management's estimates, it is not probable that future taxable profit will be available against which we can utilize the benefits. A portion of our unused tax losses expires between 2022 and 2041 and a portion can be carried forward indefinitely. Deductible temporary differences do not expire under current applicable tax legislation.

The aggregate amount of temporary differences associated with investments in subsidiaries for which we have not recognized deferred tax liabilities is \$10.4 (December 31, 2020 — \$1.1). As of December 31, 2021, we recorded aggregate net deferred tax assets of \$4.9 for one of our Asian subsidiaries which realized losses in 2021, and for our U.S. group of subsidiaries which realized losses in 2019, 2020, and 2021. As of December 31, 2020, we recorded aggregate net deferred tax assets of \$8.3 for one of our Asian subsidiaries which realized losses in 2020, another Asian subsidiary which realized losses in 2019, and for our U.S. group of subsidiaries which realized losses in 2019 and 2020. As of December 31, 2019, we recorded aggregate net deferred tax assets of \$6.8 for one of our Asian subsidiaries which realized losses in 2019 and for our U.S. group of subsidiaries which realized losses in 2018 and 2019. We recognize deferred tax assets based on our estimate of the future taxable profit we expect these subsidiaries to achieve based on our review of financial projections.



**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions of U.S. dollars, except percentages and per share amounts)**

Certain countries in which we do business grant tax incentives to attract or retain our business. Our tax expense could increase significantly if certain tax incentives from which we benefit are retracted. A retraction could occur if we fail to satisfy the conditions on which these tax incentives are based, or if they are not renewed or replaced upon expiration. Our tax expense could also increase if tax rates applicable to us in such jurisdictions are otherwise increased, or due to changes in legislation or administrative practices. Changes in our outlook in any particular country could impact our ability to meet the required conditions.

Our tax incentives currently consist of tax exemptions for the profits of, and for dividend withholding taxes for, our Thailand and Laos subsidiaries. These tax exemptions are subject to certain conditions with which we intend to comply, and expire as described below.

We have two income tax incentives in Thailand (one of our previous Thailand tax incentives expired in Q4 2019, and another expired in Q3 2020). One of our remaining incentives initially allows for a 100% income tax exemption (including distribution taxes), and after eight years transitions to a 50% income tax exemption for the next five years (excluding distribution taxes). This incentive will transition to the 50% exemption in January 2022 and will expire in 2027. The impact of this transition is discussed above (see the Revaluation Impact described in footnote (iii) to the income tax rate to expense reconciliation table above). The second incentive, approved in Q4 2019, allows for a 100% income tax exemption (including distribution taxes) for eight years, and expires in 2028. Upon full expiry of each of the incentives, taxable profits associated therewith become fully taxable. Our tax incentive in Laos allows for a 100% income tax exemption (including distribution taxes) until 2025, and a reduced income tax rate thereafter. The aggregate tax benefit arising from all of our tax incentives was approximately \$15 for 2021 (2020 — \$10; 2019 — \$1.5).

We received an approval from the Malaysian authorities in Q4 2020 for an income tax incentive for one of our Malaysian subsidiaries, which provides for a 50% income tax exemption for a period of five years for certain product sets manufactured by such subsidiary. At the end of 2021, the commencement date of this incentive had yet to be determined by the Malaysian authorities. Although a significant portion of this incentive may be retroactively applicable to past periods, we cannot assure that this will be the case. Due to uncertainty of the period for which this incentive applies, we cannot currently quantify the applicable benefit.

See note 24 for contingencies regarding a Brazilian sales tax matter and a Romanian income and value-added tax matter.

**20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT:**

Our financial assets are comprised primarily of cash and cash equivalents, A/R, and derivatives used for hedging purposes. Our financial liabilities are comprised primarily of A/P, certain accrued and other liabilities, the Term Loans, borrowings under the Revolver, lease obligations, and derivatives. Subsequent to initial recognition, we record the majority of our financial assets and liabilities at amortized cost except for derivative assets and liabilities, which we measure at fair value.

Cash and cash equivalents are comprised of the following:

	<b>December 31</b>	
	<b>2020</b>	<b>2021</b>
Cash	\$ 447.0	\$ 384.4
Cash equivalents	16.8	9.6
	<u>\$ 463.8</u>	<u>\$ 394.0</u>

Our current portfolio of cash equivalents consists of bank deposits. The majority of our cash and cash equivalents are held with financial institutions each of which had at December 31, 2021 a Standard and Poor's short-term rating of A-1 or above.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

**Financial risk management objectives:**

We have exposures to a variety of financial risks through our operations. We regularly monitor these risks and have established policies and business practices to mitigate the adverse effects of these potential exposures. We have used derivative financial instruments, such as foreign currency forward and swap contracts, as well as interest rate swap agreements, to reduce the effects of some of these risks. We do not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) *Currency risk:*

Due to the global nature of our operations, we are exposed to exchange rate fluctuations on our financial instruments denominated in various currencies. The majority of our currency risk is driven by operational costs, including income tax expense, incurred in local currencies by our subsidiaries. As part of our risk management program, we attempt to mitigate currency risk through a hedging program using forecasts of our anticipated future cash flows and monetary assets and monetary liabilities denominated in foreign currencies. We enter into foreign currency forward contracts and swaps, generally for periods of up to 12 months, to lock in the exchange rates for future foreign currency transactions, which are intended to reduce the foreign currency risk related to our operating costs and future cash flows denominated in local currencies. While these contracts are intended to reduce the effects of fluctuations in foreign currency exchange rates on our operating costs and cash flows, our hedging strategy does not mitigate the longer-term impacts of changes to foreign exchange rates. Although our functional currency is the U.S. dollar, currency risk on our income tax expense arises as we are generally required to file our tax returns in the local currency for each particular country in which we have operations. While our hedging program is designed to mitigate currency risk vis-à-vis the U.S. dollar, we remain subject to taxable foreign exchange impacts in our translated local currency financial results relevant for tax reporting purposes.

We cannot predict changes in currency exchange rates, the impact of exchange rate changes on our operating results, nor the degree to which we will be able to manage the impact of currency exchange rate changes. Such changes, including negative impacts on currency exchange rates related to the COVID-19 pandemic, could have a material effect on our business, financial performance and financial condition.

Our major currency exposures at December 31, 2021 are summarized in U.S. dollar equivalents in the following table. The local currency amounts have been converted to U.S. dollar equivalents using spot rates at December 31, 2021.

	Canadian dollar	Euro	Thai baht	Chinese renminbi	Malaysian ringgit
Cash and cash equivalents	\$ 3.6	\$ 9.2	\$ 0.8	\$ 16.9	\$ 3.4
A/R	7.8	39.3	—	19.6	8.4
Income taxes and value-added taxes receivable	14.1	1.0	10.5	6.5	4.4
Other financial assets	—	2.0	0.5	0.6	1.6
Pension and non-pension post-employment liabilities	(84.8)	(0.6)	(19.7)	(1.2)	—
Income taxes and value-added taxes payable	(1.2)	(0.3)	(5.9)	(14.2)	(0.4)
A/P and certain accrued and other liabilities and provisions	(88.7)	(39.2)	(32.5)	(56.7)	(28.7)
Net financial assets (liabilities)	<u>\$ (149.2)</u>	<u>\$ 11.4</u>	<u>\$ (46.3)</u>	<u>\$ (28.5)</u>	<u>\$ (11.3)</u>

*Foreign currency risk sensitivity analysis:*

The financial impact of a one-percentage point strengthening or weakening of the following currencies against the U.S. dollar for our financial instruments denominated in such non-functional currencies is summarized in the following table as at December 31, 2021. The financial instruments impacted by a change in exchange rates include our exposures to the above financial assets or liabilities denominated in non-functional currencies and our foreign exchange forward contracts and swaps.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

	Canadian dollar	Euro	Thai baht	Chinese renminbi	Malaysian ringgit
	Increase (decrease)				
1% Strengthening					
Net earnings	\$ (0.6)	\$ —	\$ (0.1)	\$ (0.2)	\$ (0.1)
OCI	\$ 1.1	\$ (0.1)	\$ 0.8	\$ 0.4	\$ 0.5
1% Weakening					
Net earnings	\$ 0.6	\$ —	\$ 0.1	\$ 0.2	\$ 0.1
OCI	\$ (1.0)	\$ 0.1	\$ (0.7)	\$ (0.4)	\$ (0.4)

(b) *Interest rate risk:*

Borrowings under the Credit Facility bear interest at specified rates, plus specified margins. See note 11. Our borrowings under this facility at December 31, 2021 totaled \$660.4 (December 31, 2020 — \$470.4), comprised of an aggregate of \$660.4 under the Term Loans (December 31, 2020 — \$470.4 under the Initial Term Loan and the First Incremental Term Loan), and other than ordinary course letters of credit (described below), no amounts outstanding under the Revolver (December 31, 2020 — other than ordinary course letters of credit, no amounts outstanding under the Revolver). Such borrowings expose us to interest rate risk due to the potential variability of market interest rates. Without accounting for the interest rate swaps described below, a one-percentage point increase in these rates would increase interest expense, based on outstanding borrowings of \$660.4 as at December 31, 2021, by \$6.6 annually.

As part of our risk management program, we attempt to mitigate interest rate risk through interest rate swaps. In order to partially hedge against our exposure to interest rate variability on our Term Loans, we have entered into various agreements with third-party banks to swap the variable interest rate (based on LIBOR plus a margin) with a fixed rate of interest for a portion of the borrowings under our Term Loans. At December 31, 2021, we had: (i) interest rate swaps hedging the interest rate risk associated with \$100.0 of our Initial Term Loan borrowings that expire in August 2023, reflecting our exercise of a partial cancellation option in September 2021, as described below (Initial Swaps), and additional interest rate swaps hedging the interest rate risk associated with \$100.0 of our Initial Term Loan borrowings, for which the cash flows commence upon the expiration of the Initial Swaps and continue through June 2024 (First Extended Initial Swaps) and (ii) interest rate swaps hedging the interest rate risk associated with \$100.0 of our Second Incremental Term Loan borrowings, which expire in December 2023 (Incremental Swaps). Prior to repayment in full of the First Incremental Term Loan on December 6, 2021 (see note 11), we had interest rate swaps hedging the interest rate risk associated with \$100.0 of outstanding borrowings thereunder, which were scheduled to expire in December 2023 (reflecting our exercise of a partial cancellation option in December 2020, as described below). As the First Incremental Term Loan and the Second Incremental Term Loan have the same interest rate risk, these interest rate swaps continued, and now cover \$100.0 of outstanding borrowings under the Second Incremental Term Loan. In December 2020, we exercised an option to cancel \$75.0 of the notional amount of interest rate swaps covering the First Incremental Term Loan (increasing the unhedged amount under the First Incremental Term Loan by a corresponding amount, and leaving \$100.0 of notional amount in place for outstanding borrowings under the First Incremental Term Loan). In September 2021, we exercised an option to cancel \$75.0 of the notional amount of the Initial Swaps (increasing the unhedged amount under the Initial Term Loan by a corresponding amount, and leaving \$100.0 of notional amount in place for outstanding borrowings under the Initial Term Loan). The cancelled portion of the interest rate swaps covering the First Incremental Term Loan and the Initial Term Loan were remeasured to their fair value on the date of cancellation and as a result, no gain or loss was incurred upon cancellation. The terms of the interest rate swap agreements with respect to the floating market rate and the interest payment dates match that of the underlying debt, such that any hedge ineffectiveness is not expected to be significant. At December 31, 2021, the interest rate risk related to \$460.4 of borrowings under the Credit Facility was unhedged, consisting of unhedged amounts outstanding under the Term Loans (\$195.4 under the Initial Term Loan and \$265.0 under the Second Incremental Term Loan), and no amounts outstanding (other than ordinary course letters of credit) under the Revolver (December 31, 2020 — \$195.4, consisting of \$120.4 under the Initial Term Loan and \$75.0 under the First Incremental Term Loan, and no amounts outstanding (other than ordinary course letters of credit) under the Revolver). A one-percentage point increase in applicable interest rates would increase interest expense, based on the outstanding borrowings under the Credit Facility at December 31, 2021, and including the impact of our interest rate swap agreements, by \$4.6 annually.

CELESTICA INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

In February 2022, we entered into the following additional interest rate swaps with various third-party banks: (i) interest rate swaps hedging the interest rate risk associated with \$100.0 of our Initial Term Loan borrowings (and any subsequent term loans replacing the Initial Term Loans), for which the cash flows commence upon expiration of the First Extended Initial Swaps and continue through December 2025, (ii) interest rate swaps hedging the interest rate risk associated with \$100.0 of our Second Incremental Term Loan borrowings, for which the cash flows commence upon expiration of the Incremental Swaps and continue through December 2025, and (iii) interest rate swaps hedging the interest rate risk associated with another \$130.0 of our Second Incremental Term Loan borrowings (Additional Incremental Swaps) effective from February 2022 through December 2025. We have an option to cancel up to \$50.0 of the notional amount of the Additional Incremental Swaps from January 2024 through October 2025.

We obtain third-party valuations of the swaps under the interest rate swap agreements. The valuations of the swaps are primarily measured through various pricing models or discounted cash flow analyses that incorporate observable market parameters, such as interest rate yield curves and volatility, and credit risk adjustments. The valuations of the interest rate swaps are measured primarily based on Level 2 data inputs of the fair value measurement hierarchy. The unrealized portion of the change in fair value of the swaps is recorded in OCI. The realized portion of the change in fair value of the swaps is released from accumulated OCI and recognized under finance costs in our consolidated statement of operations in the respective interest payment periods. At December 31, 2021, the fair value of our interest rate swap agreements was a net unrealized loss of \$6.9, consisting of aggregate unrealized gains of \$0.5 for certain of our swaps, which we recorded in other non-current assets, and aggregate unrealized losses of \$7.4 on the remainder (December 31, 2020 — aggregate unrealized loss of \$16.5 (no unrealized gains)), which we recorded in other non-current liabilities on our consolidated balance sheet. As we have swapped \$200.0 of our borrowings under the Term Loans from floating to fixed rates as at December 31, 2021, the financial impact of a 25 basis point increase in the floating market interest rate would decrease the net unrealized loss by \$1.0 and a 25 basis point decrease in the floating interest rate would increase our unrealized loss on the interest rate swaps by \$1.0.

Global reform of major interest rate benchmarks is currently underway, including the anticipated replacement of some IBORs (including LIBOR) with alternative nearly risk-free rates. See note 2, "*Recently issued accounting standards and amendments.*" We have obligations under our Credit Facility, certain lease arrangements and derivative instruments, that are indexed to LIBOR (LIBOR Agreements). The interest rates under these agreements are subject to change when relevant LIBOR benchmark rates cease to exist. There remains uncertainty over the timing and methods of transition to such alternate rates.

Our Credit Facility provides that when the administrative agent, the majority of lenders or we determine that LIBOR (or the corresponding rate for any Alternative Currency, as defined in the Credit Facility), is unavailable or being replaced (or, in the case of LIBOR borrowings under the Revolver and the Second Incremental Term Loan, at our joint election with the administrative agent), then we and the administrative agent may amend the underlying credit agreement to reflect a successor rate as specified therein. Once LIBOR becomes unavailable and if no successor rate has been established, applicable loans under the Credit Facility accruing interest at LIBOR will convert to Base Rate loans. The Credit Facility has not yet been amended to reflect a successor rate for LIBOR. Certain of our lease arrangements that include progress payments provide that a successor rate will be determined by the lessor when LIBOR ceases to be available or is no longer representative, or if earlier, by mutually-agreed amendments to the lease agreements to adopt a replacement benchmark. It remains uncertain when the benchmark transitions will be complete or what replacement rates will be used.

Our variable rate Term Loans are partially hedged with interest rate swap agreements (as of December 31, 2021 — 30% hedged with an aggregate notional amount of \$200.0). Hedge ineffectiveness could result due to the cessation of LIBOR, if such agreements transition using a different benchmark or spread adjustment as compared to the underlying hedged debt. As of December 31, 2021, we are in the process of negotiating a successor rate to LIBOR with one of the two counterparty banks under the Incremental Swaps (with a notional amount of \$50.0), to ensure that such agreements mirror the LIBOR successor provisions under the Credit Facility. However, we cannot assure the outcome of these negotiations, or what the LIBOR successor provisions will be. We have not begun the process to amend relevant LIBOR provisions with the other counterparty bank, or with the counterparty banks under the Initial Swaps and the First Extended Initial Swaps. As a result, we cannot assure that benchmark transitions under our interest rate swap agreements will be successful, or if so, what replacement rates will be used.

Our A/R sales program and three customers SFPs have transitioned to alternative benchmark rates with predetermined spreads, with no significant impact on our consolidated financial statements for the year ended December 31, 2021.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

While we expect that reasonable alternatives to LIBOR benchmarks will be implemented in advance of their cessation dates, we cannot assure that this will be the case. If LIBOR is no longer available and the alternative reference rate is higher, interest rates under the affected LIBOR Agreements would increase, which would adversely impact our interest expense, our financial performance and cash flows. We will continue to monitor developments with respect to the cessation of LIBOR and the selection of alternative benchmark rates, and evaluate potential impacts on our LIBOR Agreements, processes, systems, risk management methodology and valuations, financial reporting, taxes, and financial results. However, we are currently unable to predict what the future replacement rate or consequences on our operations or financial results will be.

*(c) Credit risk:*

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss to us. We believe our credit risk of counterparty non-performance continues to be relatively low. We are in regular contact with our customers, suppliers and logistics providers, and have not experienced significant counterparty credit-related non-performance. However, if a key supplier (or any company within such supplier's supply chain) or customer fails to comply with their contractual obligations, this could result in a significant financial loss to us. We would also suffer a significant financial loss if an institution from which we purchased foreign currency exchange contracts or swaps, interest rate swaps, or annuities for our pension plans defaults on their contractual obligations. With respect to our financial market activities, we have adopted a policy of dealing only with credit-worthy counterparties to help mitigate the risk of financial loss from defaults. We monitor the credit risk of the counterparties with whom we conduct business, through a combined process of credit rating reviews and portfolio reviews. To attempt to mitigate the risk of financial loss from defaults under our foreign currency forward contracts and swaps, and our interest rate swaps, our contracts are held by counterparty financial institutions, each of which had a Standard and Poor's rating of A-2 or above at December 31, 2021. In addition, we maintain cash and short-term investments in highly-rated investments or on deposit with major financial institutions. Each financial institution with which we had our A/R sales program and our SFPs had a Standard and Poor's short-term rating of A-2 or above and a long-term rating of A- or above at December 31, 2021. The financial institutions from which annuities have been purchased for the defined benefit component of our U.K. Main pension plan are governed by local regulatory bodies.

We also provide unsecured credit to our customers in the normal course of business. Customer exposures that potentially subject us to credit risk include our A/R, inventory on hand, and non-cancellable purchase orders in support of customer demand. From time to time, we extend the payment terms applicable to certain customers, and/or provide longer payment terms when deemed commercially reasonable. Longer payment terms could adversely impact our working capital requirements, and increase our financial exposure and credit risk. We attempt to mitigate customer credit risk by monitoring our customers' financial condition and performing ongoing credit evaluations as appropriate. In certain instances, we obtain letters of credit or other forms of security from our customers. We may also purchase credit insurance from a financial institution to reduce our credit exposure to certain customers. We consider credit risk in determining our allowance for doubtful accounts, and we believe that such allowance, as adjusted from time to time, is adequate. The carrying amount of financial assets recorded in our consolidated financial statements, net of our allowance for doubtful accounts, represents our estimate of maximum exposure to credit risk. In light of COVID-19, we assessed the financial stability and liquidity of our customers in Q1 2020. We also enhanced the monitoring of, and/or developed plans intended to mitigate, the limited number of identified exposures in Q1 2020, which enhancements and plans remain in effect. No significant adjustments were made to our allowance for doubtful accounts during 2021 in connection with our ongoing assessments and monitoring initiatives. At December 31, 2021, less than 2% of our gross A/R was over 90 days past due (December 31, 2020 — 1%). A/R are net of an allowance for doubtful accounts of \$5.7 at December 31, 2021 (December 31, 2020 — \$5.0).

*(d) Liquidity risk:*

Liquidity risk is the risk that we may not have cash available to satisfy our financial obligations as they come due. The majority of our financial liabilities recorded in accounts payable, accrued and other current liabilities and provisions are due within 90 days. We manage liquidity risk through maintenance of cash on hand and access to the various financing arrangements described in notes 4 and 11. We believe that cash flow from operating activities, together with cash on hand, cash from accepted sales of A/R, and borrowings available under the Revolver and potentially available under uncommitted intraday and overnight bank overdraft facilities, are sufficient to fund our currently anticipated financial obligations, and will remain available in the current environment. As our A/R sales program and SFPs are each uncommitted, there can be no assurance that any participant bank will purchase any of the A/R that we wish to sell.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

**Fair values:**

We estimate the fair value of each class of financial instrument. The carrying values of cash and cash equivalents, our A/R, A/P, accrued liabilities and provisions, and our borrowings under the Revolver approximate their fair values due to their short-term nature. The carrying value of the Term Loans approximates their fair value as they bear interest at a variable market rate. The fair values of foreign currency contracts are estimated using generally accepted valuation models based on a discounted cash flow analysis with inputs of observable market data, including currency rates and discount factors. Discount factors are adjusted by our own credit risk or the credit risk of the counterparty, depending on whether the fair values are in liability or asset positions, respectively. We obtained third-party valuations of the swaps under our interest rate swap agreements. The valuations of the swaps are primarily measured through various pricing models or discounted cash flow analyses that incorporate observable market parameters, such as interest rate yield curves and volatility, and credit risk adjustments, and are based on Level 2 data inputs of the fair value measurement hierarchy (described below).

**Fair value measurements:**

In the table below, we have segregated our financial assets and liabilities that are measured at fair value, based on the inputs used to determine fair value at the measurement date. The three levels within the fair value hierarchy, based on the reliability of inputs, are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (*i.e.* prices) or indirectly (*i.e.* derived from prices); and
- Level 3 inputs are inputs for the asset or liability that are not based on observable market data (*i.e.* unobservable inputs).

	December 31, 2020		December 31, 2021	
	Level 1	Level 2	Level 1	Level 2
<b>Assets:</b>				
Interest rate swaps	\$ —	\$ —	\$ —	\$ 0.5
Foreign currency forwards and swaps	—	29.4	—	7.4
	<u>\$ —</u>	<u>\$ 29.4</u>	<u>\$ —</u>	<u>\$ 7.9</u>
<b>Liabilities:</b>				
Interest rate swaps	\$ —	\$ (16.5)	\$ —	\$ (7.4)
Foreign currency forwards and swaps	—	(6.1)	—	(6.2)
	<u>\$ —</u>	<u>\$ (22.6)</u>	<u>\$ —</u>	<u>\$ (13.6)</u>

See note 18 for the input levels used to measure the fair value of our pension assets. Foreign currency forward and swap contracts are valued using an income approach, by comparing the current quoted market forward rates to our contract rates and discounting the values with appropriate market observable credit risk adjusted rates. We have not valued any of the financial instruments described in the table above using Level 3 (unobservable) inputs. There were no transfers of fair value measurements between Level 1 and Level 2 of the fair value hierarchy in 2021 or 2020.

**Currency derivatives and hedging activities:**

We enter into foreign currency forward contracts and foreign currency swaps to hedge our foreign currency risk related to anticipated future cash flows, monetary assets and monetary liabilities denominated in foreign currencies. At December 31, 2021 and 2020, we had foreign currency forwards and swaps to trade U.S. dollars in exchange for the following currencies:

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

As at December 31, 2021 Currency	Contract amount of U.S. dollars	Weighted average exchange rate in U.S. dollars <sup>(i)</sup>	Maximum period in months	Fair value gain/(loss)
Canadian dollar	\$ 195.5	0.79	12	\$ 0.6
Thai baht	109.9	0.03	12	(1.0)
Malaysian ringgit	48.8	0.24	12	0.2
Mexican peso	23.5	0.05	12	0.2
Chinese renminbi	55.2	0.15	12	1.2
Euro	20.6	1.14	4	0.6
Romanian leu	40.6	0.23	12	(1.1)
Singapore dollar	27.8	0.74	12	—
Japanese yen	11.6	0.0088	4	0.5
Korean won	6.0	0.0008	4	—
Total <sup>(ii)</sup>	<u>\$ 539.5</u>			<u>\$ 1.2</u>

December 31, 2020 Currency	Contract amount of U.S. dollars	Weighted average exchange rate in U.S. dollars <sup>(i)</sup>	Maximum period in months	Fair value gain/(loss)
Canadian dollar	\$ 230.8	0.76	12	\$ 11.7
Thai baht	107.7	0.03	12	4.7
Malaysian ringgit	48.7	0.24	12	1.6
Mexican peso	20.1	0.05	12	1.6
British pound	0.8	1.33	4	0.1
Chinese renminbi	44.0	0.15	12	2.8
Euro	39.5	1.21	10	(1.5)
Romanian leu	28.6	0.23	12	2.0
Singapore dollar	27.5	0.73	12	1.0
Japanese yen	8.0	0.01	4	(0.2)
Korean won	6.9	0.0009	1	(0.5)
Total <sup>(ii)</sup>	<u>\$ 562.6</u>			<u>\$ 23.3</u>

(i) Represents the U.S. dollar equivalent (not in millions) of one unit of the foreign currency, weighted based on the notional amounts of the underlying foreign currency forward and swap contracts outstanding as at December 31, 2021.

(ii) As of December 31, 2021, the fair value of outstanding foreign currency forward and swap contracts related to effective cash flow hedges where we applied hedge accounting was a loss of \$2.2 (December 31, 2020 — gain of \$14.5), and the fair value of outstanding foreign currency forward and swap contracts related to economic hedges where we record the changes in the fair values of such contracts through our consolidated statement of operations was a gain of \$3.4 (December 31, 2020 — gain of \$8.8).

At December 31, 2021, the fair value of our outstanding contracts was a net unrealized gain of \$1.2 (December 31, 2020 — net unrealized gain of \$23.3), resulting from fluctuations in foreign exchange rates between the contract execution and the period-end date. Changes in the fair value of hedging derivatives to which we apply cash flow hedge accounting, to the extent effective, are deferred in accumulated OCI until the expenses or items being hedged are recognized in our consolidated statement of operations. Any hedge ineffectiveness, which at December 31, 2021 was not significant, is recognized immediately in our consolidated statement of operations. At December 31, 2021, we recorded \$7.4 of derivative assets in other current assets and \$6.2 of derivative liabilities in accrued and other current liabilities (December 31, 2020 — \$29.4 of derivative assets in other current assets and \$6.1 of derivative liabilities in accrued and other current liabilities). Certain foreign currency forward and swap contracts to trade U.S. dollars do not qualify as hedges, most significantly certain Canadian dollar contracts, and we mark these contracts to market each period in our consolidated statement of operations. See note 2(p).

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

**21. CAPITAL DISCLOSURES:**

Our main objectives in managing our capital resources are to ensure liquidity and to have funds available for working capital or other investments we determine are required to grow our business. Our capital resources consist of cash provided by operating activities, access to the Revolver, uncommitted intraday and overnight bank overdraft facilities, an uncommitted A/R sales program and SFPs, and our ability to issue debt or equity securities.

We regularly review our borrowing capacity and make adjustments, as permitted, for changes in economic conditions and changes in our requirements. See note 11 for a discussion of the terms of the Credit Facility, and amounts outstanding thereunder at December 31, 2021. We had \$579.0 available as of December 31, 2021 under the Revolver for future borrowings. As of December 31, 2021, we also had access (in each case on an uncommitted basis) to \$198.5 in intraday and overnight bank overdraft facilities, our \$300.0 A/R sales program and the SFPs to provide short-term liquidity. At December 31, 2021, we sold \$45.8 of A/R under our A/R sales program and \$98.0 under the SFPs (see note 4). The timing and the amounts we borrow and repay under these facilities can vary significantly from month-to-month depending on our working capital and other cash requirements.

We have repurchased and canceled SVS under NCIBs in recent years. In addition, we purchase SVS from time-to-time in the open market through a broker to satisfy delivery obligations under our SBC plans. See note 12 for details. We have not distributed, nor do we have any current plan to distribute, any dividends to our shareholders.

Our strategy on capital risk management has not changed significantly since the end of 2020. Other than the restrictive and financial covenants associated with our Credit Facility described in note 11, we are not subject to any contractual or regulatory capital requirements. While some of our international operations are subject to government restrictions on the flow of capital into and out of their jurisdictions, these restrictions have not had a material impact on our operations or cash flows.

**22. WEIGHTED AVERAGE NUMBER OF SHARES DILUTED (in millions):**

	2019	2020	2021
Weighted average number of shares (basic)	131.0	129.1	126.7
Dilutive effect of outstanding awards under SBC plans	0.8	—	—
Weighted average number of shares (diluted)	131.8	129.1	126.7

For each of the years ended December 31, 2021, December 31, 2020, and December 31, 2019, we excluded 0.3 million stock options from the diluted weighted average per share calculation as they were out-of-the-money. References to shares in this note 22 are to our SVS and MVS taken collectively.

**23. COVID-19 GOVERNMENT SUBSIDIES:**

The governments of various jurisdictions in which we have operations have approved legislation and taken administrative actions intended to aid businesses that have been adversely impacted by COVID-19, including making Subsidies available to eligible entities to subsidize or offset qualifying expenses, including employee wages, or to lower payroll taxes or required social insurance program contributions (in certain countries), in each case subject to limits and other specified criteria (collectively, COVID Subsidies). We determined that we qualified for COVID Subsidies during 2021 and 2020, the most significant of which were provided under the Canadian Emergency Wage Subsidy (CEWS) first announced by the Government of Canada in April 2020. Due to changes in legislation, however, we have not applied for further COVID Subsidies under the CEWS since June 2021.

For 2021, we determined that we qualified for an estimated aggregate of approximately \$11 (2020 — approximately \$34) of COVID Subsidies, which we recognized as a reduction to the related expenses in cost of goods sold of approximately \$8 (2020 — approximately \$27) and SG&A of approximately \$3 (2020 — approximately \$7) in our consolidated statement of operations. All recognized COVID Subsidies have been received.



**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

**24. COMMITMENTS, CONTINGENCIES AND GUARANTEES:**

At December 31, 2021, we had commitments (not recognized as liabilities as of such date) under IT support agreements that require future minimum payments as follows:

2022	\$	27.3
2023		23.5
2024		20.9
2025		16.8
2026		13.3
Thereafter		24.9
Total future minimum payments	\$	126.7

As at December 31, 2021, management had approved \$45.9 for capital expenditures, primarily for machinery and equipment to support new customer programs, and issued \$10.1 of such amount in purchase orders to third-party vendors. We also have a contractual commitment with a supplier to purchase \$8 of component parts in 2022.

We have contingent liabilities in the form of L/Cs, letters of guarantee and surety bonds (collectively, Guarantees) which we have provided to various third parties. The Guarantees cover various payments, including customs and excise taxes, utility commitments and certain bank guarantees. At December 31, 2021, we had \$48.1 of Guarantees (December 31, 2020 — \$41.5), including \$21.0 (December 31, 2020 — \$21.3) of L/Cs outstanding under our Revolver.

We are required to make scheduled quarterly principal amortization payments under the Second Incremental Term Loan, certain annual mandatory prepayments under the Credit Facility under specified circumstances, payments of outstanding amounts under the Credit Facility at maturity (see note 11), contractual payments under our lease obligations (described in note 11 and below), and contributions to our pension and non-pension post-employment benefit plans (see note 18). We are also required to make interest payments on amounts outstanding under the Credit Facility, and to pay fees and charges related to our Credit Facility, our A/R sales program and SFPs, and under our interest rate swap agreements, the amounts under the swap to be determined based on market rates at the time the interest payments are due (see notes 4, 11 and 20). See note 20 for our obligations under the foreign exchange contracts we held at December 31, 2021.

***Additional real property lease commitments:***

In March 2019, as part of the sale of our Toronto real property, we entered into a 10-year lease for our new corporate headquarters (Headquarters Lease), to be built by the purchaser of such property on the site of our former location. The commencement date of this lease will be determined by such purchaser based on completion of construction of the new building, and is currently targeted to be May 2023, with occupancy in November 2023. Upon such commencement, our estimated annual basic rent will be approximately \$2.1 million Canadian dollars for each of the first five years, and approximately \$2.2 million Canadian dollars for each of the remaining five years. We may, at our option, extend the lease for two further consecutive five-year periods. We intend to remain in our temporary headquarters location until that time. Our temporary headquarters lease expires in January 2023, but can be extended for an additional one-year period. We intend to exercise this extension option. The rental amounts that will be due under this lease were not recognized as liabilities as of December 31, 2021, because the lease had not yet commenced.

In September 2021, in connection with an outsourcing arrangement with a new customer, we agreed to lease a portion of their facilities located in Richardson, Texas for a 10-year period (Texas Lease). The commencement dates for this lease were/are September 2021, April 2022 and April 2027 (each for different portions of the total amount leased). The rental amounts for the portions of the lease that had not yet commenced (\$2.6 in 2022; \$3.5 in 2023; \$3.6 in 2024; \$3.7 in 2025, \$3.8 in 2026 and \$28.3 thereafter), were not recognized as liabilities as of December 31, 2021.

CELESTICA INC.  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
(in millions of U.S. dollars, except percentages and per share amounts)

At December 31, 2021, we had lease commitments under the Headquarters Lease and the Texas Lease (not recognized as liabilities as of such date) which require future minimum lease payments as follows:

2022	\$
2023	
2024	
2025	
2026	
Thereafter	
Total future minimum lease payments	<u><u>\$</u></u>

**Indemnifications:**

We provide routine indemnifications, the terms of which range in duration and scope, and often are not explicitly defined, including for third-party intellectual property infringement, certain negligence claims, and for our directors and officers. We have also provided indemnifications in connection with the sale of certain assets. The maximum potential liability from these indemnifications cannot be reasonably estimated. In some cases, we have recourse against other parties or insurance to mitigate our risk of loss from these indemnifications. Historically, we have not made significant payments relating to these types of indemnifications.

**Litigation:**

In the normal course of our operations, we may be subject to lawsuits, investigations and other claims, including environmental, labor, product, customer disputes, and other matters. Management believes that adequate provisions have been recorded where required. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of all such pending matters will not have a material adverse impact on our financial performance, financial position or liquidity.

**Income taxes and other matters:**

We are subject to tax audits in various jurisdictions. Reviews by tax authorities generally focus on, but are not limited to, the validity of our inter-company transactions, including financing and transfer pricing policies which may involve subjective areas of taxation and significant judgment.

The successful pursuit of assertions made by any government authority, including tax authorities, could result in our owing significant amounts of tax or other reimbursements, interest and possibly penalties. We believe we adequately accrue for any probable potential adverse ruling. However, there can be no assurance as to the final resolution of any claims and any resulting proceedings. If any claims and any ensuing proceedings are determined adversely to us, the amounts we may be required to pay could be material, and in excess of amounts accrued.

In 2017, the Brazilian Ministry of Science, Technology, Innovation and Communications (MCTIC) issued assessments seeking to disqualify certain research and development (R&D) expenses for the years 2006 to 2009, which entitled our Brazilian subsidiary (which ceased operations in 2009) to charge reduced sales tax levies to its customers. We received lower re-assessments for 2007 and 2008 during Q1 2020 in response to our initial appeal, and in Q4 2021, the MCTIC accepted our appeal in respect of 2006 resulting in no adjustment to our original filing position for such year. We intend to continue to appeal the original assessments for 2009 and the re-assessments for 2007 and 2008. As of December 31, 2021, the assessments and re-assessments, including interest and penalties, total approximately 12 million Brazilian real (approximately \$2 at year-end exchange rates) for all such years, reduced from original assessments totaling approximately 39 million Brazilian real (approximately \$7 at year-end exchange rates).

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions of U.S. dollars, except percentages and per share amounts)**

In the third quarter of 2021 (Q3 2021), the Romanian tax authorities issued a final assessment in the aggregate amount of approximately 31 million Romanian leu (approximately \$7 at period-end exchange rates), for additional income and value-added taxes for one of our Romanian subsidiaries for the 2014 to 2018 tax years. In order to advance our case to the appeals phase and reduce or eliminate potential interest and penalties, we paid the Romanian tax authorities the full amount assessed in Q3 2021 (without agreement to all or any portion of such assessment). We believe that our originally-filed tax return positions are in compliance with applicable Romanian tax laws and regulations, and intend to vigorously defend our position through all necessary appeals or other judicial processes.

**25. SEGMENT AND GEOGRAPHIC INFORMATION:**

Operating segments are defined as components of an enterprise that engage in business activities from which they may earn revenue and incur expenses; for which discrete financial information is available; and whose operating results are regularly reviewed by the chief operating decision maker in deciding how to allocate resources and to assess performance. No operating segments have been aggregated to determine our reportable segments.

We have two operating and reportable segments: ATS and CCS. Our ATS segment consists of our ATS end market, and is comprised of our A&D, Industrial, Energy, HealthTech, and Capital Equipment (semiconductor, display, and power & signal distribution equipment) businesses. Our CCS segment consists of our Communications and Enterprise (servers and storage) end markets.

Factors considered in determining the two reportable segments include the nature of applicable business activities, management structure, market strategy and margin profiles. Products and services in our ATS segment are extensive and are often more regulated than in our CCS segment, and can include the following: government-certified and highly-specialized manufacturing, electronic and enclosure-related services for A&D customers; high-precision semiconductor and display equipment and integrated subsystems; a wide range of industrial automation, controls, test and measurement devices; advanced solutions for surgical instruments, diagnostic imaging and patient monitoring; and efficiency products to help manage and monitor the energy and power industries. Our ATS segment businesses typically have higher margin profiles and margin volatility, higher working capital requirements, and longer product life cycles than the businesses in our CCS segment. Products and services in our CCS segment consist predominantly of enterprise-level data communications and information processing infrastructure products, and can include routers, switches, data center interconnects, servers and storage-related products used by a wide range of businesses and cloud-based and other service providers to manage digital connectivity, commerce and social media applications. Our CCS segment businesses typically have lower margin profiles, lower working capital requirements, and higher volumes than the businesses in our ATS segment. Within our CCS segment, however, our Hardware Platform Solutions (HPS) business (which includes firmware/software enablement across all primary IT infrastructure data center technologies and aftermarket services), typically has a higher margin profile than our traditional CCS businesses, but also requires specific investments (including R&D) and higher working capital. Our CCS segment generally experiences a high degree of volatility in terms of revenue and product/service mix and as a result, our CCS segment margin can fluctuate from period to period.

Segment performance is evaluated based on segment revenue, segment income and segment margin (segment income as a percentage of segment revenue). Revenue is attributed to the segment in which the product is manufactured or the service is performed. Segment income is defined as a segment's net revenue less its cost of sales and its allocable portion of selling, general and administrative expenses and research and development expenses (collectively, Segment Costs). Identifiable Segment Costs are allocated directly to the applicable segment while other Segment Costs, including indirect costs and certain corporate charges, are allocated to our segments based on an analysis of the relative usage or benefit derived by each segment from such costs. Segment income excludes finance costs (defined in note 16), employee SBC expense, amortization of intangible assets (excluding computer software), and other charges (recoveries) (the components of which are described in note 15), as these costs and charges/recoveries are managed and reviewed by our CEO at the company level. Our segments do not record inter-segment revenue. Although segment income and segment margin are used to evaluate the performance of our segments, we may incur operating costs in one segment that may also benefit the other segment. Our accounting policies for segment reporting are the same as those applied to the Company as a whole.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
(in millions of U.S. dollars, except percentages and per share amounts)

Information regarding each reportable segment for the periods indicated is set forth below:

Revenue by segment:	Year ended December 31					
	2019		2020		2021	
		% of total		% of total		% of total
ATS	\$ 2,285.6	39%	\$ 2,086.3	36%	\$ 2,315.1	41%
CCS	3,602.7	61%	3,661.8	64%	3,319.6	59%
Communications revenue as a % of total revenue		40 %		42 %		40 %
Enterprise revenue as a % of total revenue		21 %		22 %		19 %
Total	<u>\$ 5,888.3</u>		<u>\$ 5,748.1</u>		<u>\$ 5,634.7</u>	

Segment income, segment margin, and reconciliation of segment income to IFRS earnings before income taxes:	Year ended December 31					
	2019		2020		2021	
		Segment Margin		Segment Margin		Segment Margin
ATS segment income and margin	\$ 64.2	2.8 %	\$ 69.7	3.3 %	\$ 105.0	4.5 %
CCS segment income and margin	93.9	2.6 %	129.3	3.5 %	128.9	3.9 %
Total segment income	158.1		199.0		233.9	
Reconciling items:						
Finance costs	49.5		37.7		31.7	
Employee SBC expense	34.1		25.8		33.4	
Amortization of intangible assets (excluding computer software)	24.6		21.8		22.5	
Other charges (recoveries) (note 15)	(49.9)		23.5		10.3	
IFRS earnings before income taxes	<u>\$ 99.8</u>		<u>\$ 90.2</u>		<u>\$ 136.0</u>	

The following table details our external revenue allocated by manufacturing location among countries that generated 10% or more of total revenue for the years indicated:

	Year ended December 31			
	2019	2020	2020	2021
Thailand		34 %	35 %	36 %
China		18 %	20 %	16 %
Malaysia		12 %	*	13 %
Canada		*	*	*

\* Less than 10%.

The following table details our allocation of property, plant and equipment and ROU assets among countries that represented 10% or more of total property, plant and equipment and ROU assets for the years indicated:

	December 31		
	2020	2020	2021
China		14 %	11 %
Thailand		17 %	16 %
United States		18 %	22 %
Canada		*	*

\* Less than 10%.

**CELESTICA INC.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**(in millions of U.S. dollars, except percentages and per share amounts)**

The following table details our allocation of intangible assets and goodwill among countries that represented 10% or more of total intangible assets and goodwill for the years indicated:

	<b>December 31</b>	
	<b>2020</b>	<b>2021</b>
United States	85 %	49 %
South Korea	11 %	*
Singapore	*	42 %
Canada	*	*

\* Less than 10%.

**Customers:**

No individual customer represented 10% or more of total revenue in 2020 or 2021. Cisco Systems, Inc. (a former CCS segment customer) was the only customer that individually represented 10% or more of total revenue for 2019 (12%).

At December 31, 2021, we had two customers that individually represented 10% or more of total A/R (each in our CCS segment) (December 31, 2020 — two customers (each in our CCS segment); December 31, 2019 — two customers (one from each of our segments)).

FIFTH AMENDMENT

Dated as of December 6, 2021

to

CREDIT AGREEMENT  
Dated as of June 27, 2018

among

CELESTICA INC.,  
CELESTICA INTERNATIONAL LP,  
CELESTICA (USA) INC. and  
CERTAIN SUBSIDIARIES OF CELESTICA INC. IDENTIFIED THEREIN,  
as the Borrowers,

CELESTICA INC. and  
CERTAIN SUBSIDIARIES OF CELESTICA INC.,  
as the Guarantors,

BANK OF AMERICA, N.A.,  
as Administrative Agent, Swing Line Lender and an L/C Issuer,

and

THE OTHER LENDERS PARTY THERETO

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CANADIAN IMPERIAL BANK OF COMMERCE,  
MUFG BANK, LTD. and  
THE BANK OF NOVA SCOTIA,  
as Co-Documentation Agents

BOFA SECURITIES, INC.,  
CANADIAN IMPERIAL BANK OF COMMERCE and  
THE BANK OF NOVA SCOTIA,  
as Joint Lead Arrangers and Joint Bookrunners

FIFTH AMENDMENT

This FIFTH AMENDMENT (this "Amendment") dated as of December 6, 2021 to the Credit Agreement referenced below is by and among Celestica Inc., an Ontario corporation (the "Company"), Celestica International LP, an Ontario limited partnership, Celestica (USA) Inc., a Delaware corporation (together with the Company and Celestica International LP, the "Borrowers"), the Guarantors party hereto, the Lenders party hereto and Bank of America, N.A., a national banking association organized and existing with limited liability under the laws of the United States of America, in its capacity as Administrative Agent (in such capacity, the "Administrative Agent").

WITNESSETH

WHEREAS, revolving credit and term loan facilities have been extended to the Borrowers (together with the additional Borrowers party thereto from time to time) pursuant to that certain Credit Agreement dated as of June 27, 2018 (as amended by that certain First Incremental Facility Amendment, dated as of November 14, 2018, as further amended by that certain Second Amendment, dated as of December 21, 2018, as further amended by that certain Third Amendment and Waiver, dated as of October 23, 2019, as further amended by that certain Fourth Amendment, dated as of June 26, 2020, and as further amended, modified, increased, extended, restated, renewed, replaced and/or supplemented from time to time prior to the date hereof, the "Credit Agreement"; the Credit Agreement, as amended by this Amendment, the "Amended Credit Agreement") by and among the Borrowers (including any such additional Borrowers), the Guarantors identified therein, the Lenders identified therein and the Administrative Agent;

WHEREAS, the Company has notified the Administrative Agent that, pursuant to Section 2.16 of the Credit Agreement, certain of the Lenders party hereto (collectively, the "Incremental Term A Lenders") have agreed to provide a term loan to the Company, which term loan shall constitute an Incremental Tranche A Term Loan as such term is defined and used in the Credit Agreement (the "Incremental Term A Loan");

WHEREAS, the Company has notified the Administrative Agent that, pursuant to Section 10.01 of the Credit Agreement, certain of the Lenders party hereto (collectively, the "Incremental Revolving Lenders") have agreed to provide an incremental revolving commitment to the Borrowers (the "Fifth Amendment Incremental Revolving Increase");

WHEREAS, the Company has requested certain other modifications to the Credit Agreement, and the Lenders party hereto have agreed to such modifications, in each case, upon the terms, and subject to the conditions, set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein shall, unless otherwise provided herein, have the meanings provided to such terms in the Amended Credit Agreement.

2. Establishment of Incremental Tranche A Term Loan.

2.1. Establishment of Incremental Term A Loan.

(a) Subject to the terms and conditions provided herein, the Incremental Term A Loan is hereby established pursuant to Section 2.16 of the Credit Agreement in the original aggregate principal amount of THREE HUNDRED SIXTY-FIVE MILLION DOLLARS (\$365,000,000).

(b) Subject to the terms and conditions set forth herein and in the Amended Credit Agreement, each Incremental Term A Lender agrees to make its portion of the Incremental Term A Loan to the Company in Dollars in a single advance on the date hereof in an amount not to exceed such Lender's Incremental Term A Loan Commitment as set forth on Schedule 2.01 of Annex B attached hereto.

(c) The Incremental Term A Loan shall constitute a new and separate Term Loan under the Credit Agreement and may consist of Base Rate Loans or Eurocurrency Rate Loans, or a combination thereof, as further provided in the Credit Agreement, provided, however, that any Borrowings made on the date hereof shall be made as Base Rate Loans unless the Company delivers a funding indemnity letter not less than three (3) Business Days (or such shorter period as the Administrative Agent may agree in its sole discretion) prior to the date hereof. Amounts repaid on the Incremental Term A Loan may not be reborrowed.

(d) The Incremental Term A Loan is an Incremental Term Facility incurred, in part, utilizing the amount set forth in the compliance certificate delivered to the Administrative Agent pursuant to Section 5.6 below of the \$108,900,000 aggregate capacity for Incremental Facilities set forth in Section 2.16(a)(i) of the Credit Agreement, with the remaining aggregate principal amount of the Incremental Term A Loan incurred utilizing the ratio incurrence basket set forth in Section 2.16(a)(ii) of the Credit Agreement.

2.2. Maturity Date. The Incremental Term A Loan shall have the same maturity date as the Maturity Date applicable to Revolving Loans under the Amended Credit Agreement after giving effect to this Amendment.

2.3. Amortization. The Company shall repay the outstanding principal amount of the Incremental Term A Loan in equal quarterly installments of \$4,562,500, commencing on March 31, 2022 and on each June 30, September 30, December 31 and March 31 thereafter, with the remaining outstanding principal balance of the Incremental Term A Loan due and payable on the Maturity Date of the Incremental Term A Loan (as such installments may hereafter be adjusted as a result of (a) prepayments of the Incremental Term A Loan made pursuant to Section 2.06 of the Credit Agreement and (b) any increase to the Incremental Term A Loan made pursuant to Section 2.16 of the Credit Agreement), unless accelerated sooner pursuant to Section 8.02 of the Credit Agreement.

2.4. Applicable Rate. The Incremental Term A Loan shall have an Applicable Rate equal to the Applicable Rate applicable to Revolving Loans under the Amended Credit Agreement after giving effect to this Amendment.



2.5. Incremental Tranche A Term Loan. The Incremental Term A Loan is an Incremental Term Loan and an Incremental Tranche A Term Loan as such terms are defined and used in the Credit Agreement.

2.6. Use of Proceeds. The Company shall use the proceeds of the Incremental Term A Loan (a) to repay the Outstanding Amount of the Incremental Term B-2 Loan (as defined in the Credit Agreement) and all accrued and unpaid interest, fees and other amounts owing under the Credit Agreement in connection therewith, (b) to repay substantially all of the Outstanding Amount of the Revolving Loans previously borrowed by the Company to finance a portion of the Acquisition by 2863862 Ontario Inc., a corporation incorporated under the laws of the Province of Ontario and a wholly-owned direct Subsidiary of the Company, of all of the equity interests in PCI Private Limited, a company incorporated in Singapore, and all accrued and unpaid interest, fees and other amounts owing under the Credit Agreement in connection therewith, and (c) to pay professional fees and other expenses associated therewith.

3. Establishment of Incremental Revolving Increase.

3.1. Establishment of Fifth Amendment Incremental Revolving Increase.

(a) Subject to the terms and conditions provided herein, the Fifth Amendment Incremental Revolving Increase is hereby established in accordance with Section 10.01 of the Credit Agreement in the amount of ONE HUNDRED FIFTY MILLION DOLLARS (\$150,000,000).

(b) Subject to the terms and conditions set forth herein and in the Amended Credit Agreement, each Incremental Revolving Lender agrees to provide a portion of the Fifth Amendment Incremental Revolving Increase such that, as of the date hereof and after giving effect to the Fifth Amendment Incremental Revolving Increase and to this Amendment, the Revolving Commitments and Applicable Percentages with respect thereto of each Incremental Revolving Lender as set forth on the applicable section of Schedule 2.01 of Annex B attached hereto are the Revolving Commitments and Applicable Percentages with respect thereto of such Lender as of the date hereof after giving effect to the Fifth Amendment Incremental Revolving Increase and this Amendment.

(c) The Fifth Amendment Incremental Revolving Increase shall have the same terms (including interest rate and interest rate margins) applicable to the Revolving Facility under and as defined in the Amended Credit Agreement after giving effect to this Amendment.

4. Amendments to the Credit Agreement. Pursuant to Section 10.01 (*Amendments, Etc.*) of the Credit Agreement, the Credit Agreement is hereby amended in the following respects:

4.1. Body of Credit Agreement. The body of the Credit Agreement (but not the Schedules and/or the Exhibits thereto) is hereby amended and restated in its entirety to read as attached hereto as Annex A.

4.2. Schedules to Credit Agreement. Schedule 2.01 (*Commitments and Applicable Percentages*), Schedule 5.13 (*Subsidiaries*), Schedule 5.17 (*Identification Numbers for Canadian Borrowers and Designated Borrowers that are Non-U.S. Subsidiaries*), Schedule 5.21 (*Labor Matters*), Part B of Schedule 6.19 (*Post-Closing Obligations*), Schedule 7.01 (*Existing Liens*), Schedule 7.02 (*Permitted Investments*), Schedule 7.03 (*Existing Indebtedness*), Schedule 7.04 (*Permitted Dissolutions*), Schedule 7.08 (*Existing Transactions with Affiliates*), Schedule 7.09

(Existing Burdensome Agreements) and Schedule 10.02 (Administrative Agent's Office; Certain Addresses for Notices) to the Credit Agreement are each hereby amended and restated in their entirety with the applicable Schedule attached hereto as Annex B.

4.3. Exhibits to Credit Agreement. Exhibit A (Form of Loan Notice) and Exhibit C (Form of Notice of Loan Prepayment) to the Credit Agreement are each hereby amended and restated in their entirety with the applicable Exhibit attached hereto as Annex C.

5. Conditions Precedent. This Amendment shall become effective as of the date hereof upon satisfaction of each of the following conditions precedent, in each case, in a manner reasonably satisfactory to the Administrative Agent:

5.1. Amendment. Receipt by the Administrative Agent of executed counterparts of this Amendment properly executed by a Responsible Officer of each Loan Party, each Incremental Term A Lender, each Revolving Lender, the Swing Line Lender, each L/C Issuer, the Required Lenders and the Administrative Agent.

5.2. Opinions of Counsel. Receipt by the Administrative Agent of a favorable opinion of each of (a) Arnold & Porter Kaye Scholer LLP, U.S. counsel to the Loan Parties, (b) Blake, Cassels & Graydon LLP, Canadian (Ontario) counsel to the Loan Parties, (c) Stewart McKelvey, Canadian (Nova Scotia) counsel to the Loan Parties, (d) Barbados, Cayman Islands and Malaysian counsel to the Loan Parties and (e) Dutch, Hong Kong, Singapore and English counsel to the Administrative Agent, in each case, addressed to the Administrative Agent and the Lenders and dated as of the date hereof, as to such matters concerning the Loan Parties and this Amendment as the Administrative Agent may reasonably request.

5.3. Organization Documents and Resolutions. Receipt by the Administrative Agent of (a) an officer's certificate of each Loan Party, attaching and certifying copies of such Loan Party's Organization Documents (or certifying that there have been no changes to such Organization Documents since their prior delivery to the Administrative Agent) and any applicable statutory registers and (b) such certificates of resolutions or other action, incumbency certificates, certificates of good standing and/or other certificates of a Responsible Officer of each Loan Party as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Amendment.

5.4. Officer's Closing Certificate. Receipt by the Administrative Agent of a certificate of a Responsible Officer of the Company certifying that:

(a) before and after giving effect to the Incremental Term A Loan and the Fifth Amendment Incremental Revolving Increase established hereunder on the date hereof, the representations and warranties of the Loan Parties contained in Article V of the Credit Agreement and in each other Loan Document, or which are contained in any document furnished at any time under or in connection therewith, are true and correct in all material respects (or, in the case of any such representations and warranties qualified by materiality or Material Adverse Effect, in all respects as drafted) as of the date hereof with the same effect as if made on and as of the date hereof, except to the extent such representations and warranties specifically refer to an earlier date, in which case, such representations and warranties were true and correct in all material respects (or, in the case of any such representations and warranties qualified by materiality or Material Adverse Effect, in all respects as drafted) as of such earlier date;

(b) before and after giving effect to the Incremental Term A Loan and the Fifth Amendment Incremental Revolving Increase established hereunder on the date

hereof, no event has occurred and is continuing which constitutes a Default or an Event of Default; and

(c) each of the Incremental Term A Loan and the Fifth Amendment Incremental Revolving Increase established hereunder has been incurred in compliance with the Credit Agreement, including, in the case of the Incremental Term A Loan, Section 2.16 thereof.

5.5. Officer's Certificate of Malaysian Loan Parties. Receipt by the Administrative Agent of an officer's certificate of each Malaysian Loan Party confirming and undertaking that (a) each Borrower is not an entity set up solely for the purpose of borrowing and is an operating business unit; and (b) it has not and shall not enter into any formal or informal arrangement(s) to make repayment of all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Loan Documents other than following the occurrence of an Event of Default.

5.6. Pro Forma Compliance Certificate. Receipt by the Administrative Agent of a Pro Forma Compliance Certificate demonstrating that after giving effect to the incurrence of each Incremental Facility established hereunder on a Pro Forma Basis (without "netting" the cash proceeds of such Incremental Facility or any other simultaneous incurrence of debt on the consolidated balance sheet of the Company and assuming, in the case of the Fifth Amendment Incremental Revolving Increase, the full amount thereof is fully drawn) the Loan Parties would be in Pro Forma Compliance.

5.7. Request for Credit Extension. Receipt by the Administrative Agent of a Request for Credit Extension from the Company relating to the Incremental Term A Loan.

5.8. Prepayment of Incremental Term B-2 Loan. The Outstanding Amount of the Incremental Term B-2 Loan (as defined in the Credit Agreement) and all accrued and unpaid interest, fees and other amounts owing under the Credit Agreement in connection therewith shall be paid in full on or prior to the date hereof (which payment, for the avoidance of doubt, may be made with the proceeds of the Incremental Term A Loan).

5.9. Deed of Confirmation. Receipt by the Administrative Agent of an executed customary deed of confirmation with respect to the Collateral Documents governed by the laws of the Cayman Islands.

5.10. Beneficial Ownership; Anti-Money Laundering. Upon the reasonable request of any Lender party hereto made at least ten (10) days prior to the date hereof, the Company and each other Loan Party shall have provided to such Lender the documentation and other information so requested in connection with applicable "know your customer", beneficial ownership, anti-money laundering and anti-terrorist financing rules and regulations, including the PATRIOT Act and the Canadian AML Acts, in each case, at least five (5) days prior to the date hereof.

5.11. Fees. Receipt by the Administrative Agent, each arranger for the transactions contemplated by this Amendment, and each Lender party hereto of any fees required to be paid on or before the date of this Amendment.

5.12. Attorney Costs. The Loan Parties shall have paid all reasonable and documented fees, charges and disbursements of counsel to the Administrative Agent to the extent invoiced prior to or on the date hereof.

6. Waiver of Breakage Costs; Reallocation of Revolving Commitments; Interest on Outstanding Loans Denominated in Alternative Currencies.

6.1. **Waiver of Breakage Costs.** Inasmuch as any Loans (under and as defined in the Credit Agreement) are outstanding at the time of the advance of additional Borrowings on the date hereof and reallocation of Applicable Percentages pursuant to this Amendment, the Borrowers must make prepayments and adjustments on the applicable Loans (under and as defined in the Credit Agreement) as are necessary to give effect to such additional Borrowings and reallocated Applicable Percentages. The Borrowers, in consultation with the Administrative Agent, have endeavored to manage the allocation of Applicable Percentages and the selection of Interest Periods with respect to outstanding Eurodollar Rate Loans (under and as defined in the Credit Agreement) in such a manner as to minimize break-funding costs. Nonetheless, such prepayments of Loans (under and as defined in the Credit Agreement) likely will cause breakage costs. Notwithstanding the provisions of Section 3.05 of the Credit Agreement, to the extent applicable thereto, each Lender party hereto hereby waives its right to receive compensation or reimbursement for such breakage costs (i) in connection with the reallocation of Applicable Percentages on the date hereof pursuant to this Amendment and the transactions contemplated hereby, (ii) in connection with any resetting of the Interest Period for any Loans (under and as defined in the Credit Agreement) outstanding as of the date hereof and (iii) any other prepayment (or deemed prepayment) that occurs in connection with the transactions contemplated hereby to occur on the date hereof. This waiver is a one-time waiver and shall not be construed to be a waiver of, or in any way obligate any Lender to waive, compensation otherwise payable to such Lender under Section 3.05 of the Credit Agreement or Section 3.05 of the Amended Credit Agreement, in each case, in any other circumstance.

6.2. **Reallocation of Revolving Commitments.** Each of the Administrative Agent, the Swing Line Lender, each L/C Issuer, each Revolving Lender party hereto (including, without limitation, each Incremental Revolving Lender) and the Company hereby acknowledges and agrees that the Revolving Commitments and Applicable Percentages with respect thereto of each Revolving Lender as set forth on the applicable section of Schedule 2.01 of Annex B attached hereto are the Revolving Commitments and Applicable Percentages with respect thereto of such Lender as of the date hereof after giving effect to this Amendment. Each Lender under the Revolving Facility shall on the date hereof make such assignments (which assignments shall not be subject to the requirements set forth in Section 10.06(b) of the Amended Credit Agreement) of the outstanding Revolving Loans and participation interests in Letters of Credit and Swing Line Loans under the Revolving Facility to the Incremental Revolving Lenders, and the Administrative Agent may make such adjustments to the Register, as are necessary so that, after giving effect to such assignments and adjustments, each Lender under the Revolving Facility (including the Incremental Revolving Lenders) will hold Revolving Loans and participation interests in Letters of Credit and Swing Line Loans under the Revolving Facility equal to its *pro rata* share thereof.

6.3. **Interest on Outstanding Loans Denominated in Alternative Currencies.** Notwithstanding anything to the contrary set forth herein or in the Amended Credit Agreement, to the extent any Loan denominated in an Alternative Currency bearing interest at the Eurocurrency Rate (as defined in the Credit Agreement) is outstanding on the Fifth Amendment Effective Date, such Loan shall continue to bear interest at the Eurocurrency Rate (as defined in the Credit Agreement) in accordance with, and subject to the terms of, the Credit Agreement until the end of the current Interest Period (as defined in the Credit Agreement) applicable thereto.

7. **Reaffirmation.** The Loan Parties hereby acknowledge and reaffirm that: (a) they are bound by all of the terms of the Loan Documents to which they are party; (b) this Amendment does not operate to reduce or discharge, or constitute a novation of, their obligations under the Loan Documents; and (c) they are responsible for the observance and full performance of all Obligations, including, without limitation, the repayment of the Loans and reimbursement of any drawings on any Letter of Credit. Furthermore, the Loan Parties acknowledge and confirm that the Liens and security interests referred to in the Credit Agreement are created and granted in favor of the Administrative Agent pursuant to the Collateral Documents and/or other Loan Documents and are valid and subsisting, and agree that this Amendment is not intended to, and does not, adversely affect or impair, or constitute a novation of, such liens and security interests in any manner.

8. Miscellaneous.

8.1. The Amended Credit Agreement and the obligations of the Loan Parties thereunder and under the other Loan Documents are hereby ratified and confirmed and shall remain in full force and effect according to their terms. This Amendment shall not be deemed or construed to be a satisfaction, reinstatement, novation or release of any Loan Document or a waiver by the Administrative Agent, any Lender or any L/C Issuer of any rights and remedies under the Loan Documents, at law or in equity.

8.2. Each of the Loan Parties hereby represents and warrants to the Administrative Agent, the Lenders and the L/C Issuers as follows:

(a) The execution, delivery and performance by such Loan Party of this Amendment (i) has been duly authorized by all necessary corporate or other organizational action and (ii) does not and will not (A) contravene the terms of such Person's Organization Documents, (B) conflict with or result in any breach or contravention of, or the creation of any Lien (other than Liens under the Loan Documents) under, or require any payment to be made under (x) any material Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any Restricted Subsidiary, or (y) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject, or (C) violate any material Law.

(b) This Amendment has been duly executed and delivered by such Loan Party and constitutes a legal, valid and binding obligation of such Loan Party, enforceable against such Loan Party in accordance with its terms, except to the extent that the enforceability hereof may be limited by applicable Debtor Relief Laws or by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

(c) No material approval, consent, exemption, authorization, or other material action by, or material notice to, or material filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, such Loan Party of this Amendment other than those that have already been obtained and are in full force and effect.

8.3. This Amendment constitutes an Incremental Facility Amendment as such term is defined and used in each of the Credit Agreement and the Amended Credit Agreement. This Amendment shall constitute a Loan Document for all purposes.

8.4. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Amendment constitutes the entire contract among the parties relating to the subject matter hereof and supersedes any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Subject to Section 5, this Amendment shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic imaging means (e.g., "pdf" or "tif") shall be effective as delivery of a manually executed counterpart of this Amendment.

8.5. The provisions of this Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted under the Credit Agreement.

8.6. THE TERMS OF SECTIONS 10.14 (GOVERNING LAW; JURISDICTION; ETC.) AND 10.16 (WAIVER OF JURY TRIAL) OF THE AMENDED CREDIT AGREEMENT ARE INCORPORATED HEREIN BY REFERENCE, *MUTATIS MUTANDIS*.

8.7. For purposes of Section 4(3) of the Stamp Act 1949 of Malaysia, the parties hereto hereby agree that (a) this Amendment and the other Loan Documents are instruments in one transaction to secure the repayment of the Obligations denominated in Agreed Currencies, and (b) the Share Charge dated 26 June 2020 between Celestica Electronics (S) Pte Ltd and the Administrative Agent is deemed to be the principal instrument and this Amendment shall be deemed to be the secondary instrument.

*[Signature Pages Follow]*

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Fifth Amendment to be duly executed and delivered as of the date first above written.

BORROWERS: CELESTICA INC.,  
an Ontario corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Chief Financial Officer

CELESTICA INTERNATIONAL LP,  
an Ontario limited partnership, by its general partner,  
CELESTICA INTERNATIONAL GP INC.,  
an Ontario corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Chief Financial Officer

CELESTICA (USA) INC.,  
a Delaware corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: President

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

U.S. GUARANTORS:

CELESTICA (USA) INC.,  
a Delaware corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: President

CELESTICA LLC,  
a Delaware limited liability company

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Executive Vice President

CELESTICA OREGON LLC,  
a Delaware limited liability company

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Executive Vice President

CELESTICA PRECISION MACHINING LTD.,  
a California corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: President

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)



ABELCONN HOLDINGS, LLC,  
a Delaware limited liability company

By: /s/ Mark Wallace  
Name: Mark Wallace  
Title: President and Chief Executive Officer

ABELCONN, LLC,  
a Delaware limited liability company

By: /s/ Mark Wallace  
Name: Mark Wallace  
Title: President and Chief Executive Officer

ATRENNE COMPUTING SOLUTIONS, LLC,  
a Delaware limited liability company

By: /s/ Chris A. Boutilier  
Name: Chris A. Boutilier  
Title: President and Chief Executive Officer

ATRENNE INTEGRATED SOLUTIONS, INC.,  
a Delaware corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Treasurer

EXT HOLDING, LLC,  
a Delaware limited liability company

By: /s/ Chris A. Boutilier  
Name: Chris A. Boutilier  
Title: President and Chief Executive Officer

[Signature Pages Continue]

SUN SURFACE TECHNOLOGY,  
a California corporation

By: /s/ Greg Marvell  
Name: Greg Marvell  
Title: President

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

NON-U.S. GUARANTORS: CELESTICA INC.,  
an Ontario corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Chief Financial Officer

CELESTICA INTERNATIONAL LP,  
an Ontario limited partnership, by its general partner,  
CELESTICA INTERNATIONAL GP INC.,  
an Ontario corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Chief Financial Officer

1282088 ONTARIO INC.,  
an Ontario corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Chief Financial Officer & Corporate Treasurer

1287347 ONTARIO INC.,  
an Ontario corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Chief Financial Officer & Corporate Treasurer

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

2480333 ONTARIO INC.,  
an Ontario corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Chief Financial Officer & Corporate Treasurer

3265598 NOVA SCOTIA COMPANY,  
a Nova Scotia unlimited company

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Chief Financial Officer & Corporate Treasurer

CELESTICA INTERNATIONAL GP INC.,  
an Ontario corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Chief Financial Officer

CELESTICA INTERNATIONAL INC.,  
an Ontario corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Executive Vice-President, Finance & Chief Financial Officer

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

1204362 ONTARIO INC.,  
an Ontario corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Chief Financial Officer & Corporate Treasurer

2281302 ONTARIO INC.,  
an Ontario corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Chief Financial Officer & Corporate Treasurer

2863862 ONTARIO INC.,  
an Ontario corporation

By: /s/ Mandeep Chawla  
Name: Mandeep Chawla  
Title: Chief Executive Officer

MSL SPV SPAIN, INC.,  
a Delaware corporation

By: /s/ Robert Ellis  
Name: Robert Ellis  
Title: Senior Vice President & Secretary

EXTRUSION TECHNOLOGY PRC HOLDINGS, LLC,  
a Delaware limited liability company

By: /s/ Chris A. Boutilier  
Name: Chris A. Boutilier  
Title: President & Chief Executive Officer

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

CELESTICA CAYMAN HOLDINGS 1 LIMITED,  
a Cayman Islands corporation

By: /s/ Charles Poon  
Name: Charles Poon  
Title: Director

CELESTICA CAYMAN HOLDINGS 2 LIMITED,  
a Cayman Islands corporation

By: /s/ Charles Poon  
Name: Charles Poon  
Title: Director

CELESTICA CAYMAN HOLDINGS 9 LIMITED,  
a Cayman Islands corporation

By: /s/ Charles Poon  
Name: Charles Poon  
Title: Director

CELESTICA LIMITED,  
a company incorporated in England and Wales

By: /s/ Ioana Mariana Balint  
Name: Ioana Mariana Balint  
Title: Director

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

CELESTICA GLOBAL LIMITED,  
a company incorporated in Hong Kong

By: /s/ Charles Poon  
Name: Charles Poon  
Title: Director

CELESTICA HONG KONG HOLDINGS 1 LIMITED,  
a company incorporated in Hong Kong

By: /s/ Charles Poon  
Name: Charles Poon  
Title: Director

CELESTICA HONG KONG HOLDINGS 3 LIMITED,  
a company incorporated in Hong Kong

By: /s/ Charles Poon  
Name: Charles Poon  
Title: Director

CELESTICA HONG KONG LIMITED,  
a company incorporated in Hong Kong

By: /s/ Charles Poon  
Name: Charles Poon  
Title: Director

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

CELESTICA HOLDINGS PTE LTD,  
a company incorporated in Singapore

By: /s/ Charles Poon  
Name: Charles Poon  
Title: Director

CELESTICA ELECTRONICS (S) PTE LTD,  
a company incorporated in Singapore

By: /s/ Charles Poon  
Name: Charles Poon  
Title: Director

CELESTICA INDUSTRIES (CHINA) PTE LTD,  
a company incorporated in Singapore

By: /s/ Charles Poon  
Name: Charles Poon  
Title: Director

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)



CELESTICA ELECTRONICS (M) SDN. BHD.,  
a company incorporated in Malaysia  
(Registration No. 198501007193 (139635-U))

By: /s/ Yong Chong Chin  
Name: Yong Chong Chin  
Title: Director

CELESTICA GBS MALAYSIA SDN. BHD.,  
a company incorporated in Malaysia  
(Registration No. 201501044607 (1169928-P))

By: /s/ Yong Chong Chin  
Name: Yong Chong Chin  
Title: Director

CELESTICA MALAYSIA SDN. BHD.,  
a company incorporated in Malaysia  
(Registration No. 199801013130 (469259-D))

By: /s/ Yong Chong Chin  
Name: Yong Chong Chin  
Title: Director

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

CELESTICA (NETHERLANDS) B.V.,  
a Dutch company with limited liability

By: /s/ P.C.G. van Duuren  
Name: P.C.G. van Duuren  
Title: Attorney-in-Fact A - TMF Netherlands B.V.

By: /s/ S.A.J. Engel  
Name: S.A.J. Engel  
Title: Attorney-in-Fact B - TMF Netherlands B.V.

MSL OVERSEAS FINANCE B.V.,  
a Dutch company with limited liability

By: /s/ P.C.G. van Duuren  
Name: P.C.G. van Duuren  
Title: Attorney-in-Fact A - TMF Netherlands B.V.

By: /s/ S.A.J. Engel  
Name: S.A.J. Engel  
Title: Attorney-in-Fact B - TMF Netherlands B.V.

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

EMS MANUFACTURING SERVICES (HOLDINGS) LIMITED,  
a company incorporated under the laws of Barbados as company number 21666

By: /s/ Robert Ellis  
Name: Robert Ellis  
Title: Director

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

ADMINISTRATIVE AGENT: BANK OF AMERICA, N.A.,  
as Administrative Agent

By: /s/ Felicia Brinson  
Name: Felicia Brinson  
Title: Assistant Vice President

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

LENDERS: BANK OF AMERICA, N.A.,  
as Swing Line Lender, an L/C Issuer and a Lender

By: /s/ Amanuel Assefa  
Name: Amanuel Assefa  
Title: Director

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

BANK OF AMERICA, N.A., acting through its Canada Branch,  
as a Lender

By: /s/ Sylwia Durkiewicz  
Name: Sylwia Durkiewicz  
Title: Vice President

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

THE BANK OF NOVA SCOTIA,  
as a Lender and an L/C Issuer

By: /s/ Eddy Popp  
Name: Eddy Popp  
Title: Director

By: /s/ Eduardo Bejarano  
Name: Eduardo Bejarano  
Title: Associate Director

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

CANADIAN IMPERIAL BANK OF COMMERCE,  
as a Lender and an L/C Issuer

By: /s/ Martin Danaj \_\_\_\_\_  
Name: Martin Danaj  
Title: Director

By: /s/ Stephen Redding \_\_\_\_\_  
Name: Stephen Redding  
Title: Managing Director

*[Signature Pages Continue]*



MUFG BANK, LTD., CANADA BRANCH,  
as a Lender

By: /s/ Samin Atique  
Name: Samin Atique  
Title: Managing Director

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

BNP PARIBAS (acting through its Canada Branch),  
as a Lender

By: /s/ Zainuddin Ahmed  
Name: Zainuddin Ahmed  
Title: Director

By: /s/ Rod O'Hara  
Name: Rod O'Hara  
Title: Managing Director

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

CITIBANK, N.A., CANADIAN BRANCH,  
as a Lender

By: /s/ Siddharth Sagar  
Name: Siddharth Sagar  
Title: Authorized Signatory

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

CREDIT AGRICOLE CORPORATE AND INVESTMENT  
BANK (CANADIAN BRANCH),  
as a Lender

By: /s/ Gary Herzog  
Name: Gary Herzog  
Title: Managing Director

By: /s/ Gordon Yip  
Name: Gordon Yip  
Title: Director

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

EXPORT DEVELOPMENT CANADA,  
as a Lender

By: /s/ Guillaume Couture  
Name: Guillaume Couture  
Title: Financing Manager

By: /s/ Stefan Fedorowicz  
Name: Stefan Fedorowicz  
Title: Sr Associate

*[Signature Pages Continue]*

Signature Page to Fifth Amendment (Celestica Inc.)

ROYAL BANK OF CANADA,  
as a Lender

By: /s/ Mike Elsey \_\_\_\_\_  
Name: Mike Elsey  
Title: Director

*[Signature Pages Continue]*

ICICI BANK CANADA,  
as a Lender

By: /s/ Lester Fernandes  
Name: Lester Fernandes  
Title: Head, Corporate & Commercial Banking

By: /s/ Sumit Chatterjee  
Name: Sumit Chatterjee  
Title: Chief Risk Officer

*[Signature Pages End]*

Signature Page to Fifth Amendment (Celestica Inc.)

ANNEX A  
TO FIFTH AMENDMENT

CREDIT AGREEMENT AS AMENDED BY THE FIFTH AMENDMENT

DEAL CUSIP: C2348CAA5  
REVOLVER CUSIP: C2348CAB3  
TERM A CUSIP: C2348CAE7  
TERM B CUSIP: C2348CAC1

CREDIT AGREEMENT

Dated as of June 27, 2018

among

CELESTICA INC.,  
CELESTICA INTERNATIONAL LP,  
CELESTICA (USA) INC. and  
CERTAIN SUBSIDIARIES OF CELESTICA INC. IDENTIFIED HEREIN,  
as the Borrowers,

CELESTICA INC. and  
CERTAIN SUBSIDIARIES OF CELESTICA INC. IDENTIFIED HEREIN,  
as the Guarantors,

BANK OF AMERICA, N.A.,  
as Administrative Agent, Swing Line Lender and an L/C Issuer,

and

THE OTHER LENDERS PARTY HERETO

---

CANADIAN IMPERIAL BANK OF COMMERCE, CITIBANK, N.A.,  
MUFU BANK, LTD., RBC CAPITAL MARKETS<sup>1</sup> and THE BANK OF NOVA SCOTIA,  
as Co-Documentation Agents

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,  
CANADIAN IMPERIAL BANK OF COMMERCE, CITIBANK, N.A.,  
MUFU BANK, LTD., RBC CAPITAL MARKETS and THE BANK OF NOVA SCOTIA,  
as Joint Lead Arrangers and Joint Bookrunners with respect to the Term B Loan

MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,  
CANADIAN IMPERIAL BANK OF COMMERCE, CITIBANK, N.A., CANADIAN BRANCH,  
MUFU BANK, LTD., RBC CAPITAL MARKETS and THE BANK OF NOVA SCOTIA,  
as Joint Lead Arrangers and Joint Bookrunners with respect to the Revolving Facility

---

<sup>1</sup> RBC Capital Markets is the global brand name of the corporate and investment banking business of Royal Bank of Canada and its affiliates.



## TABLE OF CONTENTS

	PAGE
<a href="#">Article I. DEFINITIONS AND ACCOUNTING TERMS</a>	1
<a href="#">1.01 Defined Terms</a>	1
<a href="#">1.02 Other Interpretive Provisions</a>	52
<a href="#">1.03 Accounting Terms</a>	54
<a href="#">1.04 Rounding</a>	55
<a href="#">1.05 Exchange Rates; Currency Equivalents; Rates</a>	55
<a href="#">1.06 Additional Alternative Currencies</a>	55
<a href="#">1.07 Change of Currency</a>	56
<a href="#">1.08 Times of Day</a>	57
<a href="#">1.09 Letter of Credit Amounts</a>	57
<a href="#">1.10 Limited Condition Acquisition</a>	57
<a href="#">Article II. THE COMMITMENTS AND CREDIT EXTENSIONS</a>	58
<a href="#">2.01 Revolving Loans, Term B Loan and Incremental Term A Loan</a>	58
<a href="#">2.02 Borrowings, Conversions and Continuations of Loans</a>	59
<a href="#">2.03 Letters of Credit</a>	61
<a href="#">2.04 Bankers' Acceptances</a>	71
<a href="#">2.05 Swing Line Loans</a>	73
<a href="#">2.06 Prepayments</a>	76
<a href="#">2.07 Termination or Reduction of Commitments</a>	80
<a href="#">2.08 Repayment of Loans</a>	81
<a href="#">2.09 Interest</a>	81
<a href="#">2.10 Fees</a>	82
<a href="#">2.11 Computation of Interest and Fees</a>	83
<a href="#">2.12 Evidence of Debt</a>	84

<a href="#"><u>2.13 Payments Generally; Administrative Agent's Clawback</u></a>	<a href="#"><u>84</u></a>
<a href="#"><u>2.14 Sharing of Payments by Lenders</u></a>	<a href="#"><u>86</u></a>
<a href="#"><u>2.15 Designated Borrowers</u></a>	<a href="#"><u>87</u></a>
<a href="#"><u>2.16 Increase in Commitments</u></a>	<a href="#"><u>88</u></a>
<a href="#"><u>2.17 Cash Collateral</u></a>	<a href="#"><u>92</u></a>
<a href="#"><u>2.18 Defaulting Lenders</u></a>	<a href="#"><u>93</u></a>
<a href="#"><u>2.19 Designated Lenders</u></a>	<a href="#"><u>95</u></a>
<a href="#"><u>2.20 Joint and Several Liability</u></a>	<a href="#"><u>95</u></a>
<a href="#"><u>Article III. TAXES, YIELD PROTECTION AND ILLEGALITY</u></a>	<a href="#"><u>96</u></a>
<a href="#"><u>3.01 Taxes</u></a>	<a href="#"><u>96</u></a>
<a href="#"><u>3.02 Illegality</u></a>	<a href="#"><u>101</u></a>
<a href="#"><u>3.03 Inability to Determine Rates</u></a>	<a href="#"><u>102</u></a>
<a href="#"><u>3.04 Increased Costs; Reserves on Eurocurrency Rate Loans</u></a>	<a href="#"><u>103</u></a>
<a href="#"><u>3.05 Compensation for Losses</u></a>	<a href="#"><u>105</u></a>
<a href="#"><u>3.06 Mitigation Obligations; Replacement of Lenders</u></a>	<a href="#"><u>106</u></a>
<a href="#"><u>3.07 Successor LIBOR; Replacement of Relevant Rates</u></a>	<a href="#"><u>107</u></a>
<a href="#"><u>3.08 Survival</u></a>	<a href="#"><u>111</u></a>
<a href="#"><u>Article IV. CONDITIONS PRECEDENT TO Credit Extensions</u></a>	<a href="#"><u>111</u></a>
<a href="#"><u>4.01 Conditions of Initial Credit Extension</u></a>	<a href="#"><u>111</u></a>
<a href="#"><u>4.02 Conditions to all Credit Extensions</u></a>	<a href="#"><u>113</u></a>
<a href="#"><u>Article V. REPRESENTATIONS AND WARRANTIES</u></a>	<a href="#"><u>114</u></a>
<a href="#"><u>5.01 Existence, Qualification and Power</u></a>	<a href="#"><u>114</u></a>
<a href="#"><u>5.02 Authorization; No Contravention</u></a>	<a href="#"><u>115</u></a>
<a href="#"><u>5.03 Governmental Authorization; Other Consents</u></a>	<a href="#"><u>115</u></a>
<a href="#"><u>5.04 Binding Effect</u></a>	<a href="#"><u>115</u></a>
<a href="#"><u>5.05 Financial Statements; No Material Adverse Effect</u></a>	<a href="#"><u>115</u></a>

<a href="#"><u>5.06 Litigation</u></a>	<a href="#"><u>116</u></a>
<a href="#"><u>5.07 No Default</u></a>	<a href="#"><u>116</u></a>
<a href="#"><u>5.08 Ownership of Property; Liens</u></a>	<a href="#"><u>116</u></a>
<a href="#"><u>5.09 Environmental Compliance</u></a>	<a href="#"><u>116</u></a>
<a href="#"><u>5.10 Insurance</u></a>	<a href="#"><u>116</u></a>
<a href="#"><u>5.11 Taxes</u></a>	<a href="#"><u>116</u></a>
<a href="#"><u>5.12 ERISA and Canadian Pension Plan Compliance</u></a>	<a href="#"><u>117</u></a>
<a href="#"><u>5.13 Subsidiaries; Equity Interests</u></a>	<a href="#"><u>118</u></a>
<a href="#"><u>5.14 Margin Regulations; Investment Company Act</u></a>	<a href="#"><u>118</u></a>
<a href="#"><u>5.15 Disclosure</u></a>	<a href="#"><u>118</u></a>
<a href="#"><u>5.16 Compliance with Laws</u></a>	<a href="#"><u>119</u></a>
<a href="#"><u>5.17 Taxpayer Identification Number; Other Identifying Information</u></a>	<a href="#"><u>119</u></a>
<a href="#"><u>5.18 Casualty, Etc</u></a>	<a href="#"><u>119</u></a>
<a href="#"><u>5.19 Solvency</u></a>	<a href="#"><u>119</u></a>
<a href="#"><u>5.20 Intellectual Property; Licenses, Etc</u></a>	<a href="#"><u>119</u></a>
<a href="#"><u>5.21 Labor Matters</u></a>	<a href="#"><u>119</u></a>
<a href="#"><u>5.22 OFAC</u></a>	<a href="#"><u>119</u></a>
<a href="#"><u>5.23 Anti-Corruption Laws</u></a>	<a href="#"><u>120</u></a>
<a href="#"><u>5.24 Collateral Documents</u></a>	<a href="#"><u>120</u></a>
<a href="#"><u>5.25 Representations as to Non-U.S. Obligors</u></a>	<a href="#"><u>120</u></a>
<a href="#"><u>5.26 Affected Financial Institutions</u></a>	<a href="#"><u>121</u></a>
<a href="#"><u>Article VI. AFFIRMATIVE COVENANTS</u></a>	<a href="#"><u>121</u></a>
<a href="#"><u>6.01 Financial Statements</u></a>	<a href="#"><u>121</u></a>
<a href="#"><u>6.02 Certificates; Other Information</u></a>	<a href="#"><u>122</u></a>
<a href="#"><u>6.03 Notices</u></a>	<a href="#"><u>124</u></a>
<a href="#"><u>6.04 Payment of Obligations</u></a>	<a href="#"><u>124</u></a>

<a href="#"><u>6.05 Preservation of Existence, Etc</u></a>	<a href="#"><u>125</u></a>
<a href="#"><u>6.06 Maintenance of Properties</u></a>	<a href="#"><u>125</u></a>
<a href="#"><u>6.07 Maintenance and Evidence of Insurance</u></a>	<a href="#"><u>125</u></a>
<a href="#"><u>6.08 Compliance with Laws</u></a>	<a href="#"><u>126</u></a>
<a href="#"><u>6.09 Books and Records</u></a>	<a href="#"><u>126</u></a>
<a href="#"><u>6.10 Inspection Rights</u></a>	<a href="#"><u>126</u></a>
<a href="#"><u>6.11 Use of Proceeds</u></a>	<a href="#"><u>126</u></a>
<a href="#"><u>6.12 Compliance with Environmental Laws</u></a>	<a href="#"><u>127</u></a>
<a href="#"><u>6.13 Maintenance of Ratings</u></a>	<a href="#"><u>127</u></a>
<a href="#"><u>6.14 Covenant to Guarantee Obligations</u></a>	<a href="#"><u>127</u></a>
<a href="#"><u>6.15 Covenant to Give Security</u></a>	<a href="#"><u>128</u></a>
<a href="#"><u>6.16 Anti-Corruption Laws</u></a>	<a href="#"><u>130</u></a>
<a href="#"><u>6.17 Further Assurances</u></a>	<a href="#"><u>130</u></a>
<a href="#"><u>6.18 Pari Passu Ranking</u></a>	<a href="#"><u>130</u></a>
<a href="#"><u>6.19 Post-Closing Obligations</u></a>	<a href="#"><u>130</u></a>
<a href="#"><u>6.20 Designation of Subsidiaries</u></a>	<a href="#"><u>131</u></a>
<a href="#"><u>Article VII. NEGATIVE COVENANTS</u></a>	<a href="#"><u>132</u></a>
<a href="#"><u>7.01 Liens</u></a>	<a href="#"><u>132</u></a>
<a href="#"><u>7.02 Investments</u></a>	<a href="#"><u>135</u></a>
<a href="#"><u>7.03 Indebtedness</u></a>	<a href="#"><u>137</u></a>
<a href="#"><u>7.04 Fundamental Changes</u></a>	<a href="#"><u>140</u></a>
<a href="#"><u>7.05 Dispositions</u></a>	<a href="#"><u>141</u></a>
<a href="#"><u>7.06 Restricted Payments and Junior Payments</u></a>	<a href="#"><u>144</u></a>
<a href="#"><u>7.07 Change in Nature of Business</u></a>	<a href="#"><u>145</u></a>
<a href="#"><u>7.08 Transactions with Affiliates</u></a>	<a href="#"><u>145</u></a>
<a href="#"><u>7.09 Burdensome Agreements</u></a>	<a href="#"><u>145</u></a>

<a href="#">7.10 Use of Proceeds</a>	<a href="#">147</a>
<a href="#">7.11 Financial Covenants</a>	<a href="#">147</a>
<a href="#">7.12 Organization Documents; Fiscal Year; Legal Name, Jurisdiction of Formation and Form of Entity</a>	<a href="#">147</a>
<a href="#">7.13 Sale Leasebacks</a>	<a href="#">148</a>
<a href="#">7.14 Amendments to and Prepayments of Additional Indebtedness</a>	<a href="#">148</a>
<a href="#">7.15 Canadian Pension Matters</a>	<a href="#">148</a>
<a href="#">7.16 Sanctions</a>	<a href="#">148</a>
<a href="#">7.17 Anti-Corruption Laws</a>	<a href="#">148</a>
<a href="#">Article VIII. EVENTS OF DEFAULT AND REMEDIES</a>	<a href="#">149</a>
<a href="#">8.01 Events of Default</a>	<a href="#">149</a>
<a href="#">8.02 Remedies Upon Event of Default</a>	<a href="#">151</a>
<a href="#">8.03 Application of Funds</a>	<a href="#">152</a>
<a href="#">Article IX. ADMINISTRATIVE AGENT</a>	<a href="#">154</a>
<a href="#">9.01 Appointment and Authority</a>	<a href="#">154</a>
<a href="#">9.02 Rights as a Lender</a>	<a href="#">155</a>
<a href="#">9.03 Exculpatory Provisions</a>	<a href="#">155</a>
<a href="#">9.04 Reliance by Administrative Agent</a>	<a href="#">156</a>
<a href="#">9.05 Delegation of Duties</a>	<a href="#">156</a>
<a href="#">9.06 Resignation of Administrative Agent</a>	<a href="#">156</a>
<a href="#">9.07 Non-Reliance on Administrative Agent and Other Lenders</a>	<a href="#">158</a>
<a href="#">9.08 No Other Duties, Etc</a>	<a href="#">159</a>
<a href="#">9.09 Administrative Agent May File Proofs of Claim; Credit Bidding</a>	<a href="#">159</a>
<a href="#">9.10 Collateral and Guaranty Matters</a>	<a href="#">160</a>
<a href="#">9.11 Secured Cash Management Agreements and Secured Swap Contracts</a>	<a href="#">161</a>
<a href="#">9.12 Certain ERISA Matters</a>	<a href="#">161</a>

<a href="#"><u>9.13 Recovery of Erroneous Payments</u></a>	<a href="#"><u>162</u></a>
<a href="#"><u>Article X. MISCELLANEOUS</u></a>	<a href="#"><u>163</u></a>
<a href="#"><u>10.01 Amendments, Etc</u></a>	<a href="#"><u>163</u></a>
<a href="#"><u>10.02 Notices; Effectiveness; Electronic Communication</u></a>	<a href="#"><u>167</u></a>
<a href="#"><u>10.03 No Waiver; Cumulative Remedies; Enforcement</u></a>	<a href="#"><u>169</u></a>
<a href="#"><u>10.04 Expenses; Indemnity; Damage Waiver</u></a>	<a href="#"><u>170</u></a>
<a href="#"><u>10.05 Payments Set Aside</u></a>	<a href="#"><u>173</u></a>
<a href="#"><u>10.06 Successors and Assigns</u></a>	<a href="#"><u>173</u></a>
<a href="#"><u>10.07 Treatment of Certain Information; Confidentiality</u></a>	<a href="#"><u>179</u></a>
<a href="#"><u>10.08 Right of Setoff</u></a>	<a href="#"><u>180</u></a>
<a href="#"><u>10.09 Interest Rate Limitation</u></a>	<a href="#"><u>181</u></a>
<a href="#"><u>10.10 Integration; Effectiveness</u></a>	<a href="#"><u>181</u></a>
<a href="#"><u>10.11 Survival of Representations and Warranties</u></a>	<a href="#"><u>181</u></a>
<a href="#"><u>10.12 Severability</u></a>	<a href="#"><u>182</u></a>
<a href="#"><u>10.13 Replacement of Lenders</u></a>	<a href="#"><u>182</u></a>
<a href="#"><u>10.14 Governing Law; Jurisdiction; Etc</u></a>	<a href="#"><u>183</u></a>
<a href="#"><u>10.15 Service of Process on the Designated Borrowers</u></a>	<a href="#"><u>184</u></a>
<a href="#"><u>10.16 Waiver of Jury Trial</u></a>	<a href="#"><u>184</u></a>
<a href="#"><u>10.17 No Advisory or Fiduciary Responsibility</u></a>	<a href="#"><u>185</u></a>
<a href="#"><u>10.18 Electronic Execution; Electronic Records; Counterparts</u></a>	<a href="#"><u>185</u></a>
<a href="#"><u>10.19 USA PATRIOT Act and Canadian AML Acts</u></a>	<a href="#"><u>186</u></a>
<a href="#"><u>10.20 Judgment Currency</u></a>	<a href="#"><u>187</u></a>
<a href="#"><u>10.21 Acknowledgement and Consent to Bail-In of Affected Financial Institutions</u></a>	<a href="#"><u>187</u></a>
<a href="#"><u>10.22 Appointment of Company as Agent</u></a>	<a href="#"><u>188</u></a>
<a href="#"><u>10.23 Acknowledgement Regarding Any Supported OFCs</u></a>	<a href="#"><u>188</u></a>

<a href="#"><u>10.24 Parallel Debt (Covenant to Pay the Administrative Agent)</u></a>	<a href="#"><u>189</u></a>
<a href="#"><u>Article XI. GUARANTY</u></a>	<a href="#"><u>190</u></a>
<a href="#"><u>11.01 Guaranty</u></a>	<a href="#"><u>190</u></a>
<a href="#"><u>11.02 Obligations Unconditional</u></a>	<a href="#"><u>191</u></a>
<a href="#"><u>11.03 Reinstatement</u></a>	<a href="#"><u>192</u></a>
<a href="#"><u>11.04 Certain Additional Waivers</u></a>	<a href="#"><u>193</u></a>
<a href="#"><u>11.05 Remedies</u></a>	<a href="#"><u>193</u></a>
<a href="#"><u>11.06 Rights of Contribution</u></a>	<a href="#"><u>194</u></a>
<a href="#"><u>11.07 Guarantee of Payment; Continuing Guarantee</u></a>	<a href="#"><u>194</u></a>
<a href="#"><u>11.08 Keepwell</u></a>	<a href="#"><u>195</u></a>

## SCHEDULES

- 1.01 Existing Letters of Credit
- 2.01 Commitments and Applicable Percentages
- 5.13 Subsidiaries
- 5.17 Identification Numbers for Canadian Borrowers and Designated Borrowers that are Non-U.S. Subsidiaries
- 5.21 Labor Matters
- 6.19 Post-Closing Obligations; Certain Subsidiaries
- 7.01 Existing Liens
- 7.02 Permitted Investments
- 7.03 Existing Indebtedness
- 7.04 Permitted Dissolutions
- 7.08 Existing Transactions with Affiliates
- 7.09 Existing Burdensome Agreements
- 10.02 Administrative Agent's Office; Certain Addresses for Notices
- 10.06 Disqualified Institutions

## EXHIBITS

- A Form of Loan Notice
- B Form of Swing Line Loan Notice
- C Form of Notice of Loan Prepayment
- D Form of Note
- E Form of Compliance Certificate
- F-1 Form of Assignment and Assumption
- F-2 Form of Administrative Questionnaire
- G Form of Designated Borrower Request and Assumption Agreement
- H Form of Designated Borrower Notice
- I Form of U.S. Tax Compliance Certificate
- J Form of Joinder Agreement
- K Form of Secured Party Designation Notice



## CREDIT AGREEMENT

This CREDIT AGREEMENT (“Agreement”) is entered into as of June 27, 2018, among CELESTICA INC., an Ontario corporation (the “Company”), CELESTICA INTERNATIONAL LP, an Ontario limited partnership (together with the Company, the “Canadian Borrowers”), certain Non-U.S. Subsidiaries of the Company party hereto pursuant to Section 2.15 (each a “Non-U.S. Designated Borrower” and, together with the Canadian Borrowers, the “Non-U.S. Borrowers”), CELESTICA (USA) INC., a Delaware corporation (the “Initial U.S. Borrower”), certain U.S. Subsidiaries of the Company party hereto pursuant to Section 2.15 (each a “U.S. Designated Borrower” and, together with the Initial U.S. Borrower, the “U.S. Borrowers”; the U.S. Designated Borrowers together with the Non-U.S. Designated Borrowers, the “Designated Borrowers” and each, a “Designated Borrower”; the U.S. Borrowers together with the Non-U.S. Borrowers, the “Borrowers” and each a, “Borrower”), each Guarantor from time to time party hereto, each Lender from time to time party hereto, and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and an L/C Issuer.

The Company has requested that the Lenders provide revolving and term loan credit facilities for the purposes set forth herein, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

### ARTICLE I.

#### DEFINITIONS AND ACCOUNTING TERMS

**1.01 Defined Terms.** As used in this Agreement, the following terms shall have the meanings set forth below:

“Accepting Lenders” has the meaning specified in Section 10.01(c).

“Acquired Indebtedness” has the meaning specified in Section 7.03(i).

“Acquisition” means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of fifty percent (50%) of the Equity Interests of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger, amalgamation or consolidation or any other combination with another Person (other than a Person that is a Restricted Subsidiary before giving effect to such merger, amalgamation or consolidation, provided that the Company or the Restricted Subsidiary is the surviving entity).

“Additional Indebtedness” has the meaning specified in Section 7.03(b).

“Additional Secured Obligations” means (a) all debts, liabilities, obligations, covenants and duties of any Loan Party or any Subsidiary arising under any Secured Swap Contract and (b) all debts, liabilities, obligations, covenants and duties of any Loan Party or any Subsidiary arising under any Secured Cash Management Agreement, in the case of each of clauses (a) and (b), whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including all costs and expenses incurred in connection with the enforcement and collection of the foregoing and interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding; provided that Additional Secured Obligations of a Loan Party shall exclude any Excluded Swap Obligations with respect to such.

“Administrative Agent” means Bank of America (or any of its designated branch offices or affiliates, including Bank of America, N.A., acting through its Canada Branch for Loans denominated in Canadian Dollars) in its capacity as administrative agent under any of the Loan Documents, or any

successor administrative agent; provided that, for purposes of the Collateral Documents, each reference to the Administrative Agent with respect to the identity of the holder of the Lien or security interest granted therein shall mean Bank of America, N.A., in its capacity as Administrative Agent under any of the Loan Documents (except as may be expressly stated otherwise in such Collateral Document).

“Administrative Agent’s Office” means, with respect to any currency, the Administrative Agent’s address and, as appropriate, account as set forth on Schedule 10.02 with respect to such currency, or such other address or account with respect to such currency as the Administrative Agent may from time to time notify the Company and the Lenders.

“Administrative Questionnaire” means an Administrative Questionnaire in substantially the form of Exhibit F-2 or any other form approved by the Administrative Agent.

“Affected Financial Institution” means (a) any EEA Financial Institution or (b) any U.K. Financial Institution.

“Affiliate” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“Aggregate Commitments” means the Commitments of all the Lenders.

“Aggregate Revolving Commitments” means the Revolving Commitments of all the Revolving Lenders. The initial amount of the Aggregate Revolving Commitments in effect on the Closing Date is FOUR HUNDRED FIFTY MILLION DOLLARS (\$450,000,000). The amount of the Aggregate Revolving Commitments in effect on the Fifth Amendment Effective Date is SIX HUNDRED MILLION DOLLARS (\$600,000,000).

“Agreed Currency” means Dollars or any Alternative Currency, as applicable.

“Agreement” means this Credit Agreement.

“Agreement Currency” has the meaning specified in Section 10.20.

“All-In-Yield” means, with respect to any Term Facility, the weighted average yield to maturity with respect to such Term Facility which shall take into account any interest rate margins, interest rate floors or similar devices and shall be deemed to include any original issue discount and any fees (other than facility arrangement, underwriting or other closing fees and expenses not paid for the account of, or distributed to, all Lenders providing such Term Facility) paid or payable to such Lenders in connection with such Term Facility, in each case, as reasonably determined by the Administrative Agent in a manner consistent with customary financial practice based on the Weighted Average Life of such Term Facility, commencing from the borrowing date of such Term Facility and assuming that the interest rate (including the Applicable Rate) for such Term Facility in effect on such borrowing date (after giving effect to the Indebtedness incurred in connection with such Term Facility) shall be the interest rate for the entire Weighted Average Life of such Term Facility.

“Alternative Currency” means each of the following currencies: Canadian Dollars, Euro and Sterling, together with each other currency (other than Dollars) that is approved in accordance with Section 1.06; provided that for each Alternative Currency, such requested currency is an Eligible Currency.

“Alternative Currency Daily Rate” means, for any day, with respect to any Credit Extension:

- (a) denominated in Sterling, the rate per annum equal to SONIA determined pursuant to the definition thereof plus the SONIA Adjustment; and

(b) denominated in any other Alternative Currency (to the extent such Loans denominated in such currency will bear interest at a daily rate), the daily rate per annum as designated with respect to such Alternative Currency at the time such Alternative Currency is approved by the Administrative Agent and the relevant Lenders pursuant to Section 1.06(a) plus the adjustment (if any) determined by the Administrative Agent and the relevant Lenders pursuant to Section 1.06(a);

provided, that, if any Alternative Currency Daily Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement. Any change in an Alternative Currency Daily Rate shall be effective from and including the date of such change without further notice.

“Alternative Currency Daily Rate Loan” means a Loan that bears interest at a rate based on the definition of “Alternative Currency Daily Rate”. All Alternative Currency Daily Rate Loans must be denominated in an Alternative Currency.

“Alternative Currency Equivalent” means, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in the applicable Alternative Currency as determined by the Administrative Agent or the applicable L/C Issuer, as the case may be, by reference to Bloomberg (or such other publicly available service for displaying exchange rates), to be the exchange rate for the purchase of such Alternative Currency with Dollars at approximately 11:00 a.m. on the date two (2) Business Days prior to the date as of which the foreign exchange computation is made; provided, however, that if no such rate is available, the “Alternative Currency Equivalent” shall be determined by the Administrative Agent or the applicable L/C Issuer, as the case may be, using any reasonable method of determination it deems appropriate in its sole discretion (and such determination shall be conclusive absent manifest error).

“Alternative Currency Loan” means an Alternative Currency Daily Rate Loan or an Alternative Currency Term Rate Loan, as applicable.

“Alternative Currency Term Rate” means, for any Interest Period, with respect to any Loan:

(a) denominated in Euros, the rate per annum equal to the Euro Interbank Offered Rate (“EURIBOR”), as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) on the day that is two TARGET Days preceding the first day of such Interest Period with a term equivalent to such Interest Period;

(b) denominated in Canadian Dollars, the rate per annum equal to the Canadian Dollar Offered Rate, as published on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) (in such case, the “CDOR Rate”) on the first day of such Interest Period (or if such day is not a Business Day, then on the immediately preceding Business Day) with a term equivalent to such Interest Period; and

(c) denominated in any other Alternative Currency (to the extent such Loans denominated in such currency will bear interest at a term rate), the term rate per annum as designated with respect to such Alternative Currency at the time such Alternative Currency is approved by the Administrative Agent and the relevant Lenders pursuant to Section 1.06(a) plus the adjustment (if any) determined by the Administrative Agent and the relevant Lenders pursuant to Section 1.06(a);

provided, that, if any Alternative Currency Term Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Alternative Currency Term Rate Loan” means a Loan that bears interest at a rate based on the definition of “Alternative Currency Term Rate”. All Alternative Currency Term Rate Loans must be denominated in an Alternative Currency.

“**Alternative Currency Sublimit**” means an amount equal to the lesser of (a) \$100,000,000 and (b) the Aggregate Revolving Commitments. The Alternative Currency Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

“**Applicable Authority**” means, with respect to any Alternative Currency, the applicable administrator for the Relevant Rate for such Alternative Currency or any Governmental Authority having jurisdiction over the Administrative Agent or such administrator.

“**Applicable Non-U.S. Obligor Documents**” has the meaning specified in [Section 5.25\(a\)](#).

“**Applicable Percentage**” means with respect to any Lender at any time, (a) with respect to such Lender’s Revolving Commitment at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Revolving Commitments represented by such Lender’s Revolving Commitment at such time, **provided** that if the commitment of each Lender to make Loans and the obligation of the L/C Issuers to make L/C Credit Extensions have been terminated pursuant to [Section 8.02](#) or if the Aggregate Revolving Commitments have expired, then the Applicable Percentage of each Lender shall be determined based on the Applicable Percentage of such Lender most recently in effect, giving effect to any subsequent assignments; and (b) with respect to such Lender’s portion of an outstanding Term Facility at any time, the percentage (carried out to the ninth decimal place) of the outstanding principal amount of such Term Facility held by such Lender at such time. The Applicable Percentage (i) of each Lender as of the Fifth Amendment Effective Date is set forth opposite the name of such Lender on [Schedule 2.01](#) and (ii) of each Person that becomes a Lender after the Fifth Amendment Effective Date is set forth in the Assignment and Assumption pursuant to which such Lender becomes a party hereto or in any documentation executed by such Lender in connection with an Incremental Facility. The Applicable Percentages shall be subject to adjustment as provided in [Section 2.18](#).

“**Applicable Rate**” means (a) with respect to the Term B Loan, two and one-hundred twenty-five thousandths percent (2.125%) per annum in the case of Eurocurrency Rate Loans and one and one-hundred twenty-five thousandths percent (1.125%) per annum in the case of Base Rate Loans, (b) [reserved], (c) with respect to any Incremental Term Loan (other than the Incremental Term A Loan), the rate per annum set forth in the Incremental Facility Amendment establishing such Incremental Term Loans, subject, in the case of any Incremental Tranche B Term Loan, to the provisions of [Section 2.16\(j\)](#) and (d) with respect to the Incremental Term A Loan, Revolving Loans, Swing Line Loans, Letter of Credit Fees and the commitment fee payable pursuant to [Section 2.10\(a\)](#), the following percentages per annum, based upon the Consolidated Total Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to [Section 6.02\(a\)](#):

Pricing Level	Consolidated Total Leverage Ratio	Eurocurrency Rate Loans / Alternative Currency Loans / B/A Fees / Letter of Credit Fees	Base Rate Loans / Canadian Prime Rate Loans	Commitment Fee
1	> 2.50:1.00	2.25%	1.25%	0.45%
2	> 1.75:1.00 but ≤ 2.50:1.00	2.00%	1.00%	0.40%
3	> 1.00:1.00 but ≤ 1.75:1.00	1.75%	0.75%	0.35%
4	≤ 1.00:1.00	1.50%	0.50%	0.30%

Any increase or decrease in the Applicable Rate (other than with respect to the Term B Loan and any applicable Incremental Term Loan) resulting from a change in the Consolidated Total Leverage Ratio shall become effective as of the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(a); provided, however, that if a Compliance Certificate is not delivered when due in accordance with such Section, then, upon the request of the Required Pro Rata Facilities Lenders, Pricing Level 1 shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall remain in effect until the first Business Day immediately following the date on which such Compliance Certificate is delivered, whereupon the Applicable Rate (other than with respect to the Term B Loan and any applicable Incremental Term Loan) shall be adjusted based upon the calculation of the Consolidated Total Leverage Ratio contained in such Compliance Certificate. The Applicable Rate (other than with respect to the Term B Loan and any applicable Incremental Term Loan) in effect from the Fifth Amendment Effective Date through the first Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 6.02(a) for the fiscal quarter ending March 31, 2022 shall be determined based upon Pricing Level 2. Notwithstanding anything to the contrary contained in this definition, the determination of the Applicable Rate for any period shall be subject to the provisions of Section 2.11(b).

“Applicable Time” means, with respect to any borrowings and payments in any Alternative Currency, the local time in the place of settlement for such Alternative Currency as may be determined by the Administrative Agent or the applicable L/C Issuer, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment.

“Applicant Borrower” has the meaning specified in Section 2.15.

“Approved Fund” means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Arrangers” means (a) as of the Closing Date, (i) with respect to the Term B Loan, each of the following in its capacity as a joint lead arranger and a joint bookrunner thereof: MLPFS, Canadian Imperial Bank of Commerce, Citibank, N.A., MUFG Bank, Ltd., RBC Capital Markets and The Bank of Nova Scotia; and (ii) with respect to the Revolving Facility, each of the following in its capacity as a joint lead arranger and joint bookrunner thereof: MLPFS, Canadian Imperial Bank of Commerce, Citibank, N.A., Canadian Branch, MUFG Bank, Ltd., RBC Capital Markets and The Bank of Nova Scotia; and (b) thereafter, any other Person designated as a lead arranger or bookrunner on the cover page of any amendment, modification or supplement of this Agreement.

“Assignment and Assumption” means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit F-1 or any other form (including electronic documentation generated by use of an electronic platform) approved by the Administrative Agent.

“Attributable Indebtedness” means, with respect to any Person on any date, (a) in respect of any capital lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with IFRS, (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with IFRS if such lease were accounted for as a capital lease and (c) in respect of any Securitization Transaction (other than the Specified Receivables Purchase Agreement and any other securitization program that is not recorded as debt in accordance with IFRS), the amount of obligations outstanding on any date of determination that would be characterized as principal if such Securitization Transaction had been structured as a secured loan rather than a sale; provided that, for the avoidance of doubt, no obligations outstanding under the Specified Receivables Purchase Agreement or under any other securitization program that is not recorded as debt in accordance with IFRS shall be deemed to be Attributable Indebtedness.

“Audited Financial Statements” means the audited consolidated balance sheet of the Company and its Subsidiaries for the fiscal year ended December 31, 2017, and the related consolidated statements

of operations, comprehensive income, changes in equity and cash flows for such fiscal year of the Company and its Subsidiaries, including the notes thereto.

“Authorization to Share Insurance Information” means the authorization, duly executed by the applicable Loan Party or Loan Parties, in form and substance reasonably acceptable to the Administrative Agent, authorizing the sharing of insurance information of the Loan Parties and their Subsidiaries.

“Auto-Extension Letter of Credit” has the meaning specified in Section 2.03(b)(iii).

“Auto-Reinstatement Letter of Credit” has the meaning specified in Section 2.03(b)(iv).

“Availability Period” means, with respect to the Revolving Commitments, the period from and including the Closing Date to the earliest of (a) the Maturity Date applicable to Revolving Loans, Swing Line Loans and Letters of Credit (and the related L/C Obligations), (b) the date of termination of the Aggregate Revolving Commitments pursuant to Section 2.07(a), and (c) the date of termination of the commitment of each Lender to make Revolving Loans and of the obligation of each L/C Issuer to make L/C Credit Extensions pursuant to Section 8.02.

“Available Tenor” means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if the then-current Benchmark is a term rate, any tenor for such Benchmark that is or may be used for determining the length of an Interest Period or (y) otherwise, any payment period for interest calculated with reference to such Benchmark, as applicable, pursuant to this Agreement as of such date.

“B/A Discount Proceeds” means, in respect of any Bankers’ Acceptance, the amount that is calculated on the applicable date of Borrowing in accordance with Section 2.04(b).

“B/A Discount Rate” means (a) with respect to any Bankers’ Acceptance accepted by a Lender named on Schedule I to the Bank Act (Canada), the CDOR Rate on such date, for bankers’ acceptances having an identical maturity date to the maturity date of that Bankers’ Acceptance; or (b) with respect to any Bankers’ Acceptance accepted by any other Lender and for any B/A Equivalent Loan, the rate determined in accordance with clause (a), above plus 0.10% per annum.

“B/A Equivalent Loan” has the meaning specified Section 2.04(f).

“B/A Fee” means, with respect to a Bankers’ Acceptance or B/A Equivalent Loan, as applicable, the amount that is calculated by multiplying the face amount of the Bankers’ Acceptance or B/A Equivalent Loan, as applicable, by the Applicable Rate for B/A Fees, and multiplying the result by a fraction, the numerator of which is the term of the Bankers’ Acceptance or B/A Equivalent Loan, as applicable, and the denominator of which is the number of days in the calendar year.

“Back-Up Indemnity Payment” has the meaning specified in Section 3.01(c).

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

“Bail-In Legislation” means, (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, rule, regulation or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

“Bank of America” means Bank of America, N.A. and its successors.

“**Bankers’ Acceptance**” means a depository bill as defined in the Depository Bills and Notes Act (Canada) in Canadian Dollars that is in the form of an order signed by any Canadian Borrower and accepted by a Lender pursuant to this Agreement or, for Lenders not participating in clearing services contemplated in that Act, a draft or bill of exchange in Canadian Dollars that is drawn by any Canadian Borrower and accepted by a Lender pursuant to this Agreement. For this purpose, orders or drafts that become depository bills, drafts and bills of exchange are sometimes collectively referred to as “**orders**” in this Agreement. All Bankers’ Acceptances shall be denominated in Canadian Dollars and are available only to the Canadian Borrowers.

“**Bankers’ Acceptance Obligations**” means the total amount of all Bankers’ Acceptances and B/A Equivalent Loans from time to time outstanding and all obligations of the Loan Parties to reimburse the Lenders for their acceptance of any drafts drawn under any Bankers’ Acceptance.

“**Bankruptcy Code**” means the Federal Bankruptcy Reform Act of 1978 (11 U.S.C. § 101, *et seq.*).

“**Base Rate**” means for any day a fluctuating rate per annum equal to the highest of (a) the Federal Funds Rate plus ½ of one percent (1.00%), (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its “prime rate,” and (c) the Eurocurrency Rate plus one percent (1.00%); **provided** that if the Base Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement. The “prime rate” is a rate set by Bank of America based upon various factors including Bank of America’s costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in such prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change. If the Base Rate is being used as an alternate rate of interest pursuant to **Section 3.03** or **Section 3.07** hereof, then the Base Rate shall be the greater of **clauses (a)** and **(b)** above and shall be determined without reference to **clause (c)** above.

“**Base Rate Loan**” means a Loan that bears interest based on the Base Rate. All Base Rate Loans are only available for Loans denominated in Dollars.

“**Benchmark**” means, initially, LIBOR; **provided** that if a replacement of the Benchmark has occurred pursuant to **Section 3.07(c)** then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate. Any reference to “Benchmark” shall include, as applicable, the published component used in the calculation thereof.

“**Benchmark Replacement**” means:

(1) For purposes of **Section 3.07(c)(i)**, the first alternative set forth below that can be determined by the Administrative Agent:

- (a) the sum of: (i) Term SOFR and (ii) 0.11448% (11.448 basis points) for an Available Tenor of one-month’s duration, 0.26161% (26.161 basis points) for an Available Tenor of three-months’ duration, 0.42826% (42.826 basis points) for an Available Tenor of six-months’ duration, and 0.71513% (71.513 basis points) for an Available Tenor of twelve-months’ duration, or
- (b) the sum of: (i) Daily Simple SOFR and (ii) 0.26161% (26.161 basis points);

**provided** that, if initially LIBOR is replaced with the rate contained in **clause (b)** above (Daily Simple SOFR **plus** the applicable spread adjustment) and subsequent to such replacement, the Administrative Agent determines that Term SOFR has become available and is administratively feasible for the Administrative Agent in its sole discretion, and the Administrative Agent notifies the Company and each Lender of such availability, then from and after the beginning of the Interest Period, relevant interest payment date or payment period for interest calculated, in each case, commencing no less than thirty (30)

days after the date of such notice, the Benchmark Replacement shall be as set forth in clause (a) above; and

- (2) for purposes of Section 3.07(c)(ii), the sum of (a) the alternate benchmark rate and (b) an adjustment (which may be a positive or negative value or zero), in each case, that has been selected by the Administrative Agent and the Company as the replacement Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by a Relevant Governmental Body, for Dollar-denominated syndicated credit facilities at such time;

provided that, if the Benchmark Replacement as determined pursuant to clause (1) or (2), above would be less than zero, the Benchmark Replacement will be deemed to be zero for the purposes of this Agreement and the other Loan Documents.

Any Benchmark Replacement shall be applied in a manner consistent with market practice; provided that, to the extent such market practice is not administratively feasible for the Administrative Agent, such Benchmark Replacement shall be applied in a manner as otherwise reasonably determined by the Administrative Agent.

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of “Base Rate”, the definition of “Business Day”, the definition of “Interest Payment Date”, the definition of “Interest Period”, the definition of “Relevant Rate”, the timing and frequency of determining rates and making payments of interest, the timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of such Benchmark Replacement and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent reasonably determines that no market practice for the administration of such Benchmark Replacement exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

“Benchmark Transition Event” means, with respect to any then-current Benchmark other than LIBOR, the occurrence of a public statement or publication of information by or on behalf of the administrator of the then-current Benchmark or a Governmental Authority with jurisdiction over such administrator announcing or stating that all Available Tenors are or will no longer be representative, or made available, or used for determining the interest rate of loans, or shall or will otherwise cease, provided that, at the time of such statement or publication, there is no successor administrator that is satisfactory to the Administrative Agent, that will continue to provide any representative tenors of such Benchmark after such specific date.

“Beneficial Ownership Certification” means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

“Beneficial Ownership Regulation” means 31 C.F.R. § 1010.230.

“Benefit Plan” means any of (a) an “employee benefit plan” (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) a “plan” as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such “employee benefit plan” or “plan”.

“Blocking Law” means (a) any provision of Council Regulation (EC) No 2271/96 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union), (b) section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung*), or (c) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996, as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.



“**Borrower**” and “**Borrowers**” each has the meaning specified in the introductory paragraph hereto.

“**Borrower Materials**” has the meaning specified in [Section 6.02](#).

“**Borrowing**” means a borrowing consisting of simultaneous Loans of the same Type, in the same currency, and, in the case of Eurocurrency Rate Loans, Bankers’ Acceptances or B/A Equivalent Loans, having the same Interest Period made by each of the Lenders pursuant to [Section 2.01](#).

“**Business Day**” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent’s Office is located; **provided** that:

(a) if such day relates to any interest rate settings as to a Eurocurrency Rate Loan, any fundings, disbursements, settlements and payments in Dollars in respect of any such Eurocurrency Rate Loan, or any other dealings in Dollars to be carried out pursuant to this Agreement in respect of any such Eurocurrency Rate Loan, means any such day on which dealings in deposits in Dollars are conducted by and between banks in the London interbank eurodollar market;

(b) if such day relates to any interest rate settings as to an Alternative Currency Loan denominated in Euro, any fundings, disbursements, settlements and payments in Euro in respect of any such Alternative Currency Loan, or any other dealings in Euro to be carried out pursuant to this Agreement in respect of any such Alternative Currency Loan, means any such day that is also a TARGET Day;

(c) when used in connection with any fundings, disbursements, settlements, payments and interest rate settings as to a Canadian Prime Rate Loan, Bankers’ Acceptance or B/A Equivalent Loan, or any other dealings in Canadian Dollars (including, for the avoidance of doubt, any other Loans denominated in Canadian Dollars) to be carried out pursuant to this Agreement or any of the other Loan Documents, means any such day other than a day on which banking institutions in Toronto, Ontario are authorized by law to close;

(d) if such day relates to any interest rate settings as to an Alternative Currency Loan denominated in (i) Sterling, means a day other than a day banks are closed for general business in London, including because such day is a Saturday, a Sunday or a legal holiday under the laws of the United Kingdom; or (ii) a currency other than Euro, Canadian Dollars or Sterling, means any such day on which dealings in deposits in the relevant currency are conducted by and between banks in the London or other applicable interbank market for such currency; and

(e) if such day relates to any fundings, disbursements, settlements and payments in a currency other than Euro in respect of an Alternative Currency Loan denominated in a currency other than Euro, or any other dealings in any currency other than Euro to be carried out pursuant to this Agreement in respect of any such Alternative Currency Loan (other than any interest rate settings), means any such day on which banks are open for foreign exchange business in the principal financial center of the country of such currency.

“**Call Protection Period**” means, with respect to the Term B Loan, the period from the Closing Date to, and including, the date that is six (6) months after the Closing Date.

“**Canadian AML Acts**” means applicable Canadian law regarding anti-money laundering, anti-terrorist financing, government sanction and “know your client” matters, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).

“**Canadian Defined Benefit Pension Plan**” means a Canadian Pension Plan that contains or has ever contained a “defined benefit provision” as such term is defined in Section 147.1(1) of the Income Tax Act (Canada).

“Canadian Dollar” and “CAD” means the lawful currency of Canada.

“Canadian Dollar Sublimit” means an amount equal to the lesser of (a) \$300,000,000 and (b) the Aggregate Revolving Commitments. The Canadian Dollar Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

“Canadian Pension Plan” means a pension plan or plan that is subject to applicable pension benefits legislation in any jurisdiction of Canada and that is organized and administered to provide pensions, pension benefits or retirement benefits for employees and former employees of any Loan Party or any Subsidiary thereof.

“Canadian Prime Rate” means, for any day a fluctuating rate of interest per annum equal to the greater of (a) the per annum rate of interest quoted or established as the “prime rate” of the Administrative Agent which it quotes or establishes for such day as its reference rate of interest in order to determine interest rates for commercial loans in Canadian Dollars in Canada to its Canadian borrowers; and (b) the average CDOR Rate for a 30-day term plus ½ of one percent (1.00%) per annum, adjusted automatically with each quoted or established change in such rate, all without the necessity of any notice to any Borrower or any other Person; provided that if the Canadian Prime Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement. Such prime rate is based on various factors including cost and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the prime rate shall take effect at the opening of business on the day specified in the public announcement of such change.

“Canadian Prime Rate Loan” means a Revolving Loan or a Term Loan that bears interest based on the Canadian Prime Rate. All Canadian Prime Rate Loans are only available to the Canadian Borrowers and shall be denominated in Canadian Dollars.

“Canadian Sanctions List” means the list of names subject to the Regulations Establishing a List of Entities made under subsection 83.05(1) of the Criminal Code (Canada), the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism and/or the United Nations Al-Qaida and Taliban Regulations and/or the Special Economic Measures Act (Canada).

“Canadian Security Agreement” means that certain Canadian Security and Pledge Agreement, dated as of the Closing Date executed in favor of the Administrative Agent, for the benefit of the Secured Parties, by the Company and certain Non-U.S. Obligors.

“Cash Collateralize” means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of one or more of the L/C Issuers or the Lenders, as collateral for L/C Obligations or Bankers’ Acceptance Obligations, or obligations of the Lenders to fund participations in respect of L/C Obligations, cash or deposit account balances or, if the Administrative Agent and the applicable L/C Issuer(s) shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the applicable L/C Issuer(s). “Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Cash Equivalents” means, at any date:

(a) securities issued or directly and fully guaranteed or insured by the United States or, in the case of a Non-U.S. Subsidiary, readily marketable obligations issued or directly and fully guaranteed or insured by the government of the country of such Non-U.S. Subsidiary, or any agency or instrumentality thereof (provided that the full faith and credit of the United States or, in the case of a Non-U.S. Subsidiary, the government of the country of such Non-U.S. Subsidiary, is pledged in support thereof), having maturities of not more than three hundred sixty (360) days from the date of acquisition;

(b) (i) with respect to any U.S. Borrower or any U.S. Subsidiary, Dollar denominated time deposits, certificates of deposit and bankers’ acceptances of (A) any Lender

under the Revolving Facility, (B) any domestic commercial bank of recognized standing having capital and surplus in excess of \$500,000,000 or (C) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank being a "U.S. Approved Bank") and (ii) with respect to the Company or any Non-U.S. Subsidiary, time deposits, certificates of deposit and bankers' acceptances denominated in (x) Dollars, (y) the currency of the country in which such Non-U.S. Subsidiary maintains its chief executive office and principal place of business, provided such country is a member of the Organization for Economic Cooperation and Development or (z) such currency acceptable to the Administrative Agent in its sole discretion, in each case, of (A) any Lender under the Revolving Facility, (B) any domestic commercial bank of recognized standing having capital and surplus in excess of \$500,000,000, (C) a bank having capital and surplus in excess of \$500,000,000 formed under any state, commonwealth, territory, province or similar political subdivision of the country in which such Non-U.S. Subsidiary maintains its chief executive office and principal place of business, provided such country is a member of the Organization for Economic Cooperation and Development, (D) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof or (E) a bank or other financial institution acceptable to the Administrative Agent in its sole discretion (any such bank being a "Non-U.S. Approved Bank" and together with any U.S. Approved Bank, each an "Approved Bank"), in each case with maturities of not more than two hundred seventy (270) days from the date of acquisition;

(c) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by, any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within one hundred eighty (180) days of the date of acquisition;

(d) repurchase agreements entered into by any Person with a bank or trust company (including any Lender under the Revolving Facility) or recognized securities dealer having capital and surplus in excess of \$500,000,000 for direct obligations issued by or fully guaranteed by the United States in which such Person shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least one hundred percent (100%) of the amount of the repurchase obligations;

(e) securities with maturities of one (1) year or less from the date of acquisition thereof issued or fully guaranteed by (i) any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory, the securities of any such state, commonwealth or territory being rated at least "Prime-1" (or the then equivalent grade) by Moody's or at least "A-1" (or the then equivalent grade) by S&P or (ii) solely with respect to any Non-U.S. Subsidiary, any state, commonwealth, territory, province or similar political subdivision of the country in which such Non-U.S. Subsidiary maintains its chief executive office and principal place of business, provided such country is a member of the Organization for Economic Cooperation and Development; and

(f) investments, classified in accordance with IFRS as current assets, in money market investment programs registered under the Investment Company Act of 1940 which have the highest rating obtainable from either Moody's or S&P and the portfolios of which substantially all of the Investments in such portfolios are of the character described in the foregoing clauses (a) through (d).

"Cash Management Agreement" means any agreement that is not prohibited by the terms hereof to provide treasury or cash management services, including deposit accounts, overnight draft, credit cards, debit cards, p-cards (including purchasing cards and commercial cards), funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade finance services and other cash management services.

"Cash Management Bank" means any Person in its capacity as a party to a Cash Management Agreement that, (a) at the time it enters into a Cash Management Agreement with a Loan Party or any

Subsidiary, is a Lender or an Affiliate of a Lender, or (b) at the time it (or its Affiliate) becomes a Lender, is a party to a Cash Management Agreement with a Loan Party or any Subsidiary, in each case in its capacity as a party to such Cash Management Agreement (even if such Person ceases to be a Lender or such Person's Affiliate ceased to be a Lender); provided, however, that for any of the foregoing to be included as a "Secured Cash Management Agreement" on any date of determination by the Administrative Agent, the applicable Cash Management Bank (other than the Administrative Agent or an Affiliate of the Administrative Agent) must have delivered a Secured Party Designation Notice to the Administrative Agent prior to such date of determination.

"CDOR Rate" has the meaning specified in the definition of "Alternative Currency Term Rate".

"CFC" means any Subsidiary that is a controlled foreign corporation within the meaning Section 957 of the Code and that is owned, directly or indirectly, by a U.S. Subsidiary.

"CFC Holdco" means (a) any direct or indirect U.S. Subsidiary that has no material assets other than the Equity Interests of one or more CFCs and (b) any direct or indirect U.S. Subsidiary that has no material assets other than the Equity Interests or Indebtedness of one or more other U.S. Subsidiaries of the type referred to in the immediately preceding clause (a).

"Change in Law" means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States, Canada or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means an event or series of events by which:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) (other than Onex or any of its Affiliates) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of equity securities of the Company carrying thirty-five percent (35%) or more of the voting power of all outstanding equity securities of the Company on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); provided that, notwithstanding anything contradictory in the foregoing, none of the following shall constitute a "Change of Control" hereunder: (x) the acquisition by Onex or any of its Affiliates of any additional equity securities of the Company entitled to vote, (y) a disposition by Onex or any of its Affiliates of any of its equity securities of the Company entitled to vote, including any such disposition which (whether in one transaction or in a series of transactions) results in Onex and/or any of its Affiliates ceasing to beneficially own equity securities of the Company carrying thirty-five percent (35%) or more of the voting power of all outstanding equity securities of the Company (with the understanding that, for purposes of clarity, any transferee(s) thereof, other than any Affiliate(s) of Onex, remain subject to the terms of this definition preceding the proviso to determine if a Change of Control has occurred), and (z) a change in the "beneficial ownership" of Onex or any of its Affiliates;

(b) during any period of twelve (12) consecutive months during which Onex and/or any of its Affiliates does not collectively have beneficial ownership (as defined above) of equity

securities of the Company carrying more than fifty percent (50%) of the voting power of all outstanding equity securities of the Company, a majority of the members of the board of directors or other equivalent governing body of the Company cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or

(c) the Company fails to own and control, directly or indirectly, one hundred percent (100%) of the outstanding Equity Interests (other than (i) directors' qualifying shares and (ii) shares issued to foreign nationals to the extent required by applicable Law) of each other Borrower.

As used in this definition only, an "Affiliate" of Onex means another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with Onex, where "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise; "Controlling" and "Controlled" have meanings correlative thereto.

"Closing Date" means June 27, 2018.

"Code" means the Internal Revenue Code of 1986.

"Collateral" means a collective reference to all property with respect to which Liens in favor of the Administrative Agent are purported to be granted pursuant to and in accordance with the Collateral Documents.

"Collateral Documents" means a collective reference to the Security Agreements, each Joinder Agreement and all other security or pledge agreements or documents as may be executed and delivered by any Loan Party pursuant to the terms of Section 6.15 or any of the Loan Documents.

"Commitment" means, as to each Lender, the Revolving Commitment of such Lender and/or the Term B Loan Commitment of such Lender and shall include, as the context requires, any unfunded commitment of such Lender to fund any portion of an Incremental Term Loan.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. Section 1 *et seq.*).

"Communication" means this Agreement, any Loan Document and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to any Loan Document.

"Company," has the meaning specified in the introductory paragraph hereto.

"Compliance Certificate" means a certificate substantially in the form of Exhibit E.

"Conforming Changes" means, with respect to the use, administration of or any conventions associated with any proposed Successor Rate for an Agreed Currency (other than Dollars), as applicable, any conforming changes to the definitions of "Interest Payment Date", "Interest Period" and "Relevant Rate", the timing and frequency of determining rates and making payments of interest and other technical, administrative or operational matters (including, for the avoidance of doubt, the definition of "Business Day", timing of borrowing requests or prepayment, conversion or continuation notices and length of lookback periods) as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption and implementation of such applicable rate(s) and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice for such Agreed Currency

(or, if the Administrative Agent reasonably determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such rate for such Agreed Currency exists, in such other manner of administration as the Administrative Agent reasonably determines is reasonably necessary in connection with the administration of this Agreement and any other Loan Document).

“Connection Income Taxes” means Other Connection Taxes that are imposed on or measured by net earnings (however denominated) or that are franchise Taxes or branch profits Taxes.

“Consolidated Current Assets” shall mean, as of any date of determination, all assets of the Company and its Restricted Subsidiaries (other than cash and Cash Equivalents) that would, in accordance with IFRS, be classified on a consolidated balance sheet of the Company as current assets as of such date.

“Consolidated Current Liabilities” shall mean, as of any date of determination, all liabilities (without duplication) of the Company and its Restricted Subsidiaries that would, in accordance with IFRS, be classified on a consolidated balance sheet of the Company and its Restricted Subsidiaries as current liabilities as of such date; provided, however, that Consolidated Current Liabilities shall not include (a) current maturities of any long-term Indebtedness, (b) outstanding revolving loans and (c) the current portion of any other long-term liabilities.

“Consolidated EBITDA” means, for any period, for the Company and its Restricted Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such period plus (a) the following without duplication and to the extent deducted (and not added back) in calculating such Consolidated Net Income (other than clause (vi) below): (i) Consolidated Interest Charges for such period (other than the implicit financing costs in respect of Synthetic Lease Obligations), (ii) the provision for federal, state, local and foreign Taxes by the Company and its Restricted Subsidiaries for such period, (iii) depreciation and amortization expense for such period, (iv) non-cash charges and purchase accounting deductions reducing such Consolidated Net Income, including but not limited to (A) any write-offs or write-downs, (B) losses on sales, disposals or abandonment of, or any impairment charges or asset write-offs related to, intangible assets, long-lived assets and investments in debt and equity securities and (C) other non-cash charges, non-cash expenses or non-cash losses, provided that notwithstanding the foregoing, nothing contained in this clause (iv) shall exclude from the calculation of Consolidated EBITDA (1) any non-cash charge that is expected to be paid in cash in any future period or (2) any write-down of accounts receivable), (v) unusual or non-recurring expenses and charges (including, for the avoidance of doubt, one-time charges in respect of bonus payments made in connection with any Acquisition) for such period, (vi) the amount of synergies and cost savings projected by the Company in good faith to be realized as a result of any Permitted Acquisition so long as (A) such synergies and costs savings are (I) reasonably identifiable and factually supportable and (II) reasonably attributable to the Permitted Acquisition specified and reasonably anticipated to result therefrom, and (B) the benefits resulting from such Permitted Acquisition are reasonably expected to be realized within twelve (12) months of the closing date of such Permitted Acquisition, provided that the aggregate amount added pursuant to the foregoing clauses (v) and (vi) shall not exceed twenty-five percent (25%) of Consolidated EBITDA (calculated prior to giving effect to any such adjustment made pursuant to the foregoing clauses (v) or (vi)) for such period and (vii) the amount of any costs, charges, accruals, reserves or expenses attributable to (A) the cost efficiency initiative of the Company and its Subsidiaries initiated in the fourth fiscal quarter of 2017 (as disclosed on the Form 20-F of the Company for the fiscal year ended December 31, 2017 filed with the SEC as in effect on March 12, 2018) and the restructuring actions thereunder, including, but not limited to, reductions to workforce, the potential consolidation of certain sites to better align capacity and infrastructure with current and anticipated customer demand, related transfers of customer programs and production, re-alignment of business processes, management reorganizations and other associated activities or (B) the undertaking and/or implementation of cost savings initiatives, operating expense reductions, operating improvements, product margin synergies and product cost and other synergies and similar initiatives, integration, transition, reconstruction, decommissioning, recommissioning or reconfiguration of fixed assets for alternative uses, restructuring costs (including those related to tax restructurings), charges, accruals, reserves or expenses attributable to the undertaking and/or implementation of cost savings initiatives, operating expense reductions, business optimization and other restructuring costs, charges, accruals, reserves and expenses (including, but not

limited to, costs related to the opening, pre-opening, closure, relocation and/or consolidation of locations, recruitment expenses (including headhunter fees and relocation expenses), severance payments, and professional and consulting fees incurred in connection with any of the foregoing); provided that the aggregate amount added pursuant to this clause (vii)(B) shall not exceed \$25,000,000 per annum, minus (b) the following without duplication and to the extent included (and not deducted) in calculating such Consolidated Net Income: (i) federal, state, local and foreign Tax recoveries of the Company and its Restricted Subsidiaries for such period, (ii) non-cash items (excluding (A) any non-cash recovery that is expected to be received in cash in any future period and (B) any reversal of a write-down of current assets) increasing Consolidated Net Income for such period and (iii) unusual or non-recurring gains for such period incurred outside the ordinary course of business; provided that in the event of the acquisition by the Company or a Restricted Subsidiary of a newly acquired Restricted Subsidiary or operation (as such term is used in the definition of "Pro Forma Basis"), Consolidated EBITDA will include the Target EBITDA of the newly acquired Restricted Subsidiary or operation on a Pro Forma Basis in accordance with the terms of the definition of "Pro Forma Basis"; provided, further, that for the avoidance of doubt, all amounts herein in respect of stock-based compensation by the Company or any Restricted Subsidiary are accounted for on a cash basis.

"Consolidated Excess Cash Flow" means, for any period for the Company and its Restricted Subsidiaries on a consolidated basis, an amount (if positive) equal to Consolidated Net Income for such period plus (a) the following without duplication: (i) an amount equal to any net decrease in Consolidated Working Capital from the first day to the last day of such period, (ii) to the extent not included in Consolidated Net Income, any cash gains and income (actually received in cash) during such period and (iii) the amount of all non-cash losses, charges and expenses deducted in calculating Consolidated Net Income including for depreciation and amortization for such period, minus (b) the following without duplication: (i) Consolidated Interest Charges actually paid in cash for such period, (ii) cash taxes paid by the Company and its Restricted Subsidiaries during such period, (iii) all scheduled payments of principal on Consolidated Funded Indebtedness (including, without limitation, the Term Loans) actually paid in such period, (iv) an amount equal to any net increase in Consolidated Working Capital from the first day to the last day of such period, (v) the amount of (A) any non-cash gains and income included in calculating Consolidated Net Income for such period and (B) all cash expenses, charges and losses excluded in arriving at such Consolidated Net Income, in each case, to the extent not financed with the proceeds of long-term, non-revolving Indebtedness, (vi) any required up-front cash payments in respect of Swap Contracts to the extent not financed with the proceeds of long-term, non-revolving Indebtedness and not deducted in arriving at such Consolidated Net Income, (vii) any cash payments actually made during such period that represent a non-cash charge from a previous period and deducted in calculating Consolidated Excess Cash Flow in a previous period, (viii) the aggregate amount of expenditures actually made by the Company or any of its Restricted Subsidiaries in cash during such period for the payment of financing fees, rent and pension and other retirement benefits to the extent that such expenditures are not from such period, (ix) capital expenditures actually paid in cash by the Company or any Restricted Subsidiary, (x) the aggregate amount actually paid in cash by the Company and its Restricted Subsidiaries on account of Permitted Investments, (xi) to the extent not deducted in the calculation of Consolidated Net Income for such period, the amount of Restricted Payments pursuant to Section 7.06(d) and (e) (or otherwise consented to by the Required Lenders) made in cash and (xii) without duplication, the aggregate amount of cash payments made in respect of finance leases for such period; provided that in the case of each of the preceding clauses (b)(viii) through (b)(xi), such amount shall be deducted only to the extent any such amount is (I) paid (1) during such period (other than any such amount paid during such period but prior to the Consolidated Excess Cash Flow Prepayment Date for the immediately preceding period and previously deducted from Consolidated Excess Cash Flow for the immediately preceding period) or (2) following the end of such period but prior to the Consolidated Excess Cash Flow Prepayment Date for such period and, upon the election of the Company by written notice delivered to the Administrative Agent prior to the Consolidated Excess Cash Flow Prepayment Date for such period, deducted from Consolidated Excess Cash Flow for such period and (II) not financed with long-term, non-revolving Indebtedness.

"Consolidated Excess Cash Flow Prepayment Date" has the meaning specified in Section 2.06(b)(iii).

“Consolidated Funded Indebtedness” means, as of any date of determination, for the Company and its Restricted Subsidiaries on a consolidated basis, the sum of (a) the outstanding principal amount of all obligations, whether current or long-term, for borrowed money (including Obligations hereunder) and all obligations evidenced by bonds, debentures, notes, loan agreements or other similar instruments, (b) all purchase money Indebtedness, (c) all obligations (whether direct or contingent) arising under letters of credit (including standby and commercial), bankers’ acceptances, bank guarantees, surety bonds and similar instruments, (d) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business), (e) all Attributable Indebtedness, (f) without duplication, all Guarantees with respect to outstanding Indebtedness of the types specified in clauses (a) through (g), above of Persons other than the Company or any Restricted Subsidiary, and (g) all Indebtedness of the types referred to in clauses (a) through (f) above of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which the Company or a Restricted Subsidiary is a general partner or joint venturer, unless such Indebtedness is expressly made non-recourse to the Company or such Restricted Subsidiary.

“Consolidated Interest Charges” means, for any period, for the Company and its Restricted Subsidiaries on a consolidated basis, the sum of (a) all interest, premium payments, debt discount, fees, charges and related expenses of the Company and its Restricted Subsidiaries in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with IFRS, and (b) the portion of rent expense of the Company and its Restricted Subsidiaries with respect to such period under capital leases that is treated as interest in accordance with IFRS.

“Consolidated Interest Coverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated EBITDA for the period of the four (4) prior fiscal quarters ending on such date to (b) Consolidated Interest Charges for such period.

“Consolidated Net Income” means, for any period, for the Company and its Restricted Subsidiaries on a consolidated basis, the net earnings of the Company and its Restricted Subsidiaries (excluding extraordinary gains and extraordinary losses) for that period.

“Consolidated Secured Indebtedness” means, as of any date of determination, for the Company and its Restricted Subsidiaries on a consolidated basis, all Consolidated Funded Indebtedness secured by Liens.

“Consolidated Secured Leverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated Secured Indebtedness as of such date to (b) Consolidated EBITDA for the period of the four (4) fiscal quarters most recently ended.

“Consolidated Total Assets” means, as of any date of determination with respect to the Company and its Restricted Subsidiaries on a consolidated basis, the book value of total assets, as determined in accordance with IFRS and set forth on the most recent financial statements delivered to the Administrative Agent pursuant to Section 6.01(a) or (b).

“Consolidated Total Leverage Ratio” means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) Consolidated EBITDA for the period of the four (4) fiscal quarters most recently ended.

“Consolidated Working Capital” means, as of any date of determination, Consolidated Current Assets as of such date minus Consolidated Current Liabilities as of such date; provided that there shall be excluded (a) the effect of reclassification during such period between current assets and long term assets and current liabilities and long term liabilities (with a corresponding restatement of the prior period to give effect to such reclassification), (b) the effect of any Disposition of any Person, facility or line of business or acquisition of any Person, facility or line of business during such period, (c) the effect of any fluctuations in the amount of accrued and contingent obligations under any Swap Contract, and (d) the application of purchase or recapitalization accounting.



“**Contractual Obligation**” means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

“**Control**” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. “**Controlling**” and “**Controlled**” have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote fifteen percent (15%) or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

“**Controlled Account**” means each deposit account and securities account that is subject to an account control agreement and/or blocked account agreement in form and substance reasonably satisfactory to the Administrative Agent and the applicable L/C Issuer.

“**Corresponding Debt**” has the meaning specified in [Section 10.24\(a\)](#).

“**Corresponding Tenor**” means, with respect to any Available Tenor, as applicable, either a tenor (including overnight) or an interest payment period having approximately the same length (disregarding business day adjustment) as such Available Tenor.

“**Credit Extension**” means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

“**Credit Parties**” means, collectively, each Lender, each L/C Issuer and the Swing Line Lender.

“**Daily Simple SOFR**” means, with respect to any applicable determination date, the secured overnight financing rate (“**SOFR**”) published on such date by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s website (or any successor source).

“**Daily Simple SOFR Loan**” means a Loan that bears interest based on Daily Simple SOFR.

“**Debt Issuance**” means the issuance by any Loan Party of any Indebtedness other than Indebtedness permitted under [Section 7.03](#).

“**Debtor Relief Laws**” means the Bankruptcy Code, the Bankruptcy and Insolvency Act (Canada), the Companies’ Creditors Arrangement Act (Canada), the Winding-Up and Restructuring Act (Canada), the Singapore IRDA and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States, Canada or other applicable jurisdictions (including any applicable foreign jurisdiction) from time to time in effect and affecting the rights of creditors generally.

“**Default**” means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

“**Default Rate**” means (a) with respect to any Obligation for which a rate is specified, a rate per annum equal to two percent (2%) in excess of the rate otherwise applicable thereto and (b) with respect to any Obligation for which a rate is not specified or available, a rate per annum equal to the Base Rate plus the Applicable Rate for Revolving Loans that are Base Rate Loans plus two percent (2%), in each case, to the fullest extent permitted by applicable Law.

“**Defaulting Lender**” means, subject to [Section 2.18\(b\)](#), any Lender that (a) has failed to (i) fund all or any portion of its Loans within two (2) Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies the Administrative Agent and the Company in writing that such failure is the result of such Lender’s determination that one or more conditions precedent to funding

(each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to the Administrative Agent, any L/C Issuer, the Swing Line Lender or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Line Loans) within two (2) Business Days of the date when due, (b) has notified the Company, the Administrative Agent, any L/C Issuer or the Swing Line Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within three (3) Business Days after written request by the Administrative Agent or the Company, to confirm in writing to the Administrative Agent and the Company that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and the Company), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation, the Canada Deposit Insurance Corporation or any other state, provincial or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or (unless such Lender is an agent for all purposes of Her Majesty in right of Canada) from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above, and of the effective date of such status, shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.18(b)) as of the date established therefor by the Administrative Agent in a written notice of such determination, which shall be delivered by the Administrative Agent to the Company, the L/C Issuers, the Swing Line Lender and each other Lender promptly following such determination.

"Designated Borrower" has the meaning specified in the introductory paragraph hereto.

"Designated Borrower Notice" has the meaning specified in Section 2.15.

"Designated Borrower Request and Assumption Agreement" has the meaning specified in Section 2.15.

"Designated Jurisdiction" means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (including any Sale and Leaseback Transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Disposition Reserves" has the meaning specified in the definition of "Net Cash Proceeds".

"Disqualified Institution" means, on any date, (a) any Person set forth on Schedule 10.06 and (b) any other Person that is a competitor of the Company or any of its Subsidiaries, which Person has been designated by the Company as a "Disqualified Institution" by written notice to the Administrative Agent and the Lenders (by posting such notice to the Platform) not less than two (2) Business Days prior to such date; provided, that, the foregoing shall not apply to retroactively disqualify any Person that has previously acquired an assignment in the Loans or Commitments under this Agreement to the extent that any such Person was not a Disqualified Institution at the time of the applicable assignment; provided, further, that "Disqualified Institutions" shall exclude any Person that the Company has designated as no

longer being a “Disqualified Institution” by written notice delivered to the Administrative Agent and the Lenders from time to time.

“Dollar” and “\$” mean lawful money of the United States.

“Dollar Equivalent” means, for any amount, at the time of determination thereof, (a) if such amount is expressed in Dollars, such amount, (b) if such amount is expressed in an Alternative Currency, the equivalent of such amount in Dollars determined by using the rate of exchange for the purchase of Dollars with the Alternative Currency last provided (either by publication or otherwise provided to the Administrative Agent or the applicable L/C Issuer, as applicable) by the applicable Bloomberg source (or such other publicly available source for displaying exchange rates) on date that is two (2) Business Days immediately preceding the date of determination (or if such service ceases to be available or ceases to provide such rate of exchange, the equivalent of such amount in Dollars as determined by the Administrative Agent or the applicable L/C Issuer, as applicable, using any reasonable method of determination it deems appropriate in its sole discretion) and (c) if such amount is denominated in any other currency, the equivalent of such amount in Dollars as determined by the Administrative Agent or the applicable L/C Issuer, as applicable, using any reasonable method of determination it deems appropriate in its sole discretion. Any determination by the Administrative Agent or the applicable L/C Issuer pursuant to clauses (b) or (c) above shall be conclusive absent manifest error.

“Domestic U.S. Security Agreement” means the U.S. Security and Pledge Agreement, dated as of the Closing Date, executed in favor of the Administrative Agent, for the benefit of the Secured Parties, by the Initial U.S. Borrower and the other Loan Parties that are U.S. Subsidiaries (other than any Specified U.S. Obligor).

“DQ List” has the meaning specified in Section 10.06(h)(iv).

“Early Opt-in Effective Date” means, with respect to any Early Opt-in Election, the sixth (6<sup>th</sup>) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, so long as the Administrative Agent has not received, by 5:00 p.m. on the fifth (5<sup>th</sup>) Business Day after the date notice of such Early Opt-in Election is provided to the Lenders, written notice of objection to such Early Opt-in Election from Lenders comprising the Required Lenders.

“Early Opt-in Election” means the occurrence of:

(a) a determination by the Administrative Agent, or a notification by the Company to the Administrative Agent that the Company has made a determination, that Dollar-denominated syndicated credit facilities currently being executed, or that include language similar to that contained in Section 3.07(c), are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR, and

(b) the joint election by the Administrative Agent and the Company to replace LIBOR with a Benchmark Replacement and the provision by the Administrative Agent of written notice of such election to the Lenders.

“EEA Financial Institution” means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a Subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

“**Electronic Record**” and “**Electronic Signature**” shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time

“**Eligible Assignee**” means any Person that meets the requirements to be an assignee under Section 10.06(b) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)). For the avoidance of doubt, any Disqualified Institution is subject to Section 10.06(h).

“**Eligible Currency**” means any lawful currency other than Dollars that is readily available, freely transferable and convertible into Dollars in the international interbank market available to the Revolving Lenders in such market and as to which a Dollar Equivalent may be readily calculated. If, after the designation by the Revolving Lenders or the applicable L/C Issuer, as applicable, of any currency as an Alternative Currency, any change in currency controls or exchange regulations or any change in the national or international financial, political or economic conditions are imposed in the country in which such currency is issued, result in, in the reasonable opinion of the Administrative Agent or the Required Revolving Lenders (in the case of any Revolving Loans to be denominated in an Alternative Currency) or the applicable L/C Issuer (in the case of any Letter of Credit to be denominated in an Alternative Currency), (a) such currency no longer being readily available, freely transferable and convertible into Dollars, (b) a Dollar Equivalent is no longer readily calculable with respect to such currency, (c) providing such currency is impracticable for the Revolving Lenders or (d) no longer a currency in which the Required Revolving Lenders are willing to make such Credit Extensions (each of clauses (a), (b), (c), and (d) a “**Disqualifying Event**”), then the Administrative Agent shall promptly notify the Revolving Lenders, the L/C Issuers and the Company, and such country’s currency shall no longer be an Alternative Currency until such time as the Disqualifying Event(s) no longer exist. Within five (5) Business Days after receipt of such notice from the Administrative Agent, the applicable Borrowers shall repay all Revolving Loans denominated in such currency to which the Disqualifying Event applies or convert such Revolving Loans into the Dollar Equivalent of Loans in Dollars, subject to the other terms contained herein.

“**Environmental Laws**” means any and all federal, state, provincial, territorial, local, foreign and other applicable statutes, laws, regulations, ordinances, technical standards, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

“**Environmental Liability**” means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Company, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

“**Environmental Permit**” means any permit, approval, identification number, license or other authorization required under any Environmental Law.

“**Equity Interests**” means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

“**ERISA**” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means any trade or business (whether or not incorporated) under common control with the Company within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

“ERISA Event” means (a) a Reportable Event with respect to a Pension Plan; (b) the withdrawal of the Company or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Company or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate or the treatment of a Pension Plan amendment as a termination under Section 4041 or 4041A of ERISA; (e) the institution by the PBGC of proceedings to terminate a Pension Plan; (f) any event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; (g) the determination that any Pension Plan is considered an at-risk plan or a plan in endangered or critical status within the meaning of Sections 430, 431 and 432 of the Code or Sections 303, 304 and 305 of ERISA; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Company or any ERISA Affiliate.

“EU Bail-In Legislation Schedule” means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“EURIBOR” has the meaning specified in the definition of “Alternative Currency Term Rate”.

“Euro” and “€” mean the single currency of the Participating Member States.

“Eurocurrency Rate” means:

(a) for any Interest Period with respect to a Eurocurrency Rate Loan, the rate per annum equal to the London Interbank Offered Rate (“LIBOR”) or a comparable or successor rate which rate is approved by the Administrative Agent, as published on the applicable Bloomberg screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two (2) Business Days prior to the commencement of such Interest Period, for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period;

(b) [reserved]; and

(c) for any interest rate calculation with respect to a Base Rate Loan on any date, the rate per annum equal to LIBOR, at or about 11:00 a.m., London time determined two (2) Business Days prior to such date for Dollar deposits with a term of one (1) month commencing that day;

provided that (x) to the extent a comparable or successor rate is approved by the Administrative Agent in connection with any rate set forth in this definition, the approved rate shall be applied in a manner consistent with market practice; provided, further that to the extent such market practice is not administratively feasible for the Administrative Agent, such approved rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent; and (y) if the Eurocurrency Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“Eurocurrency Rate Loan” means a Loan that bears interest at a rate based on clause (a) of the definition of “Eurocurrency Rate”. Eurocurrency Rate Loans shall be denominated in Dollars.

“Event of Default” has the meaning specified in Section 8.01.

“**Excluded Accounts**” means (a) any account used solely by any Loan Party to disburse payroll and benefits, (b) any fiduciary accounts used solely to administer benefit plans or pay withholding taxes and (c) any account used solely to hold funds in trust for third parties.

“**Excluded Property**” means, with respect to any Loan Party, (a) any owned or leased real property, (b) any Excluded Account, (c) any IP Rights for which a perfected Lien thereon is not effected either by filing of a UCC or a PPSA financing statement or by appropriate evidence of such Lien being filed in the United States Copyright Office, the United States Patent and Trademark Office, the Canadian Intellectual Property Office or a comparable filing office in a foreign jurisdiction, (d) solely to the extent such Loan Party is a U.S. Subsidiary or is organized under any jurisdiction of Canada, any personal property (other than personal property described in clause (c) above and Equity Interests of any Subsidiary to the extent required to be pledged to secure the Obligations pursuant to Section 6.15) for which the attachment or perfection of a Lien thereon is not governed by the UCC or the PPSA, (e) the Equity Interests of any Subsidiary to the extent not required to be pledged to secure the Obligations pursuant to Section 6.15, (f) any property which, subject to the terms of Section 7.09, is subject to a Lien of the type described in Section 7.01(i) pursuant to documents which prohibit such Loan Party from granting any other Liens in such property, (g) any lease, license, contract, property rights or agreement to which such Loan Party is a party or any of its respective rights or interests therein if and for so long as the grant of a security interest therein shall constitute or result in (i) the abandonment, invalidation or unenforceability of any right, title or interest of such Loan Party therein or (ii) a breach or termination pursuant to the terms of, or a default under, any such lease, license, contract, property rights or agreement or under applicable law (other than to the extent that any such term would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC or pursuant to the PPSA (or any successor provision or provisions) of any relevant jurisdiction or any other applicable law); provided that to the extent permitted under local law, a security interest shall attach immediately (and such lease, license, contract, property rights or agreement shall immediately cease to be Excluded Property) at such time as the condition causing such abandonment, invalidation or unenforceability shall be remedied, and, to the extent severable, shall attach immediately to any portion of such lease, license, contract, property rights or agreement (and such portion of such lease, license, contract, property rights or agreement shall immediately cease to be Excluded Property) that does not result in any of the consequences specified in the foregoing clauses (i) or (ii); provided, further, that in any jurisdiction where a security interest in favor of the Administrative Agent shall not immediately attach when such lease, license, contract, property rights or agreement shall cease to constitute Excluded Property, upon the written request of the Administrative Agent such Loan Party Agent shall use commercially reasonable efforts to cause a security interest in favor of the Administrative Agent to attach thereto, (h) at any time the Specified Receivables Purchase Agreement or any Permitted Securitization Transaction is outstanding, (i) any Securitized Asset that is subject thereto, (ii) the Equity Interests of the Special Purpose Subsidiary for such Permitted Securitization Transaction and (iii) any deposit accounts established pursuant to such Specified Receivables Purchase Agreement or Permitted Securitization Transaction for collection of the relevant Securitized Assets, (i) at any time any Permitted Receivables Transaction is outstanding, the accounts receivable subject thereto, (j) consumer goods (as defined under the PPSA) and the last day of the term of any lease or agreement for lease of real property and (k) other assets for which the cost or other negative consequence of obtaining or perfecting a security interest is excessive in relation to the value to the Lenders of obtaining or perfecting such security interests, as determined by the Administrative Agent in its sole discretion; provided, however, that the security interest granted under the Loan Documents in favor of the Administrative Agent shall attach immediately to any asset of such Loan Party at such time as such asset ceases to meet any of the criteria for “Excluded Property” described in any of the foregoing clauses (a) through (k), including, without limitation, if the terms of the agreement(s) relating thereto that prohibit or limit the pledge or granting of security interest therein, that would give rise to a violation or invalidation of the agreement(s) with respect thereto, (i) are no longer in effect or (ii) have been waived by the other party to any such lease, license or other agreement.

“**Excluded Subsidiary**” means (a) any Unrestricted Subsidiary, (b) any Immaterial Subsidiary, (c) any Subsidiary organized or formed under the Laws of (i) Romania, (ii) the People’s Republic of China or (iii) the Kingdom of Thailand, (d) any Special Purpose Subsidiary, (e) any Subsidiary that is prohibited by applicable Law or Contractual Obligation existing on the Closing Date (or, with respect to any Subsidiary acquired by the Company or a Restricted Subsidiary (and so long as such Contractual Obligation was not incurred in contemplation of such acquisition), on the date such Subsidiary is so

acquired) from providing the Guaranty, or if such Guaranty would require the consent, approval, license or authorization of any Governmental Authority or other third party, unless such consent, approval, license or authorization has been received and (f) any other Subsidiary with respect to which the Administrative Agent and the Company reasonably agree that the burden or cost of providing the Guaranty shall outweigh the benefits to be obtained by the Lenders therefrom. Notwithstanding anything to the contrary in this Agreement, no Borrower (including, for the avoidance of doubt, any Designated Borrower) shall constitute an Excluded Subsidiary.

“Excluded Swap Obligation” means, with respect to any Loan Party, any Swap Obligation if, and to the extent that, all or a portion of the Guaranty of such Loan Party of, or the grant under a Loan Document by such Loan Party of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act (or the application or official interpretation thereof) by virtue of such Loan Party’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act (determined after giving effect to any applicable “keepwell” provisions in any Loan Document and any and all guarantees of such Loan Party’s Swap Obligations by other Loan Parties) at the time the Guaranty of such Loan Party, or grant by such Loan Party of a security interest, becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a Master Agreement governing more than one Swap Contract, such exclusion shall apply to only the portion of such Swap Obligation that is attributable to Swap Contracts for which such Guaranty or security interest is or becomes illegal.

“Excluded Taxes” means any of the following Taxes imposed on or with respect to any Recipient or required to be withheld or deducted from a payment to a Recipient, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Recipient being organized under the Laws of, or having its principal office or, in the case of any Lender, its Lending Office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) in the case of a Lender, withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan or Commitment pursuant to a Law in effect on the date on which (i) such Lender acquires such interest in the Loan or Commitment (other than pursuant to an assignment request by the Company under Section 10.13) or (ii) such Lender changes its Lending Office, except in each case to the extent that, pursuant to Section 3.01(a)(ii), 3.01(a)(iii) or 3.01(c), amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its Lending Office, (c) Taxes attributable to such Recipient’s failure to comply with Section 3.01(e), (d) any U.S. federal withholding Taxes imposed pursuant to FATCA and (e) any Canadian federal withholding taxes imposed on a Recipient as a result of such Recipient (i) not dealing at arm’s length (within the meaning of the ITA) with a Canadian Borrower at the time of such payment, or (ii) being a “specified shareholder” (as defined in subsection 18(5) of the ITA) of a Canadian Borrower or not dealing at arm’s length (for the purposes of the ITA) with a “specified shareholder” (as defined in subsection 18(5) of the ITA) of a Canadian Borrower (other than where the non-arm’s length relationship arises, or where the Recipient is a “specified shareholder”, or does not deal at arm’s length with a “specified shareholder”, as a result of such Recipient having become a party to, received or perfected a security interest under or received or enforced any rights under, a Loan Document).

“Existing Credit Agreement” means that certain Eighth Amended and Restated Credit Agreement dated as of May 29, 2015 by and among the Company, the other borrowers identified therein, the lenders identified therein and Canadian Imperial Bank of Commerce, as administrative agent.

“Existing Letters of Credit” means those certain letters of credit set forth on Schedule 1.01.

“Facility Termination Date” means the date as of which all of the following shall have occurred: (a) the Aggregate Commitments have terminated, (b) all Obligations have been paid in full (other than contingent indemnification obligations for which no claim or demand has yet been made), and (c) all Letters of Credit have terminated or expired (other than Letters of Credit as to which other arrangements with respect thereto reasonably satisfactory to the Administrative Agent and each applicable L/C Issuer shall have been made).

“**FATCA**” means Sections 1471 through 1474 of the Code, as of the Closing Date (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“**Federal Funds Rate**” means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of one percent (1%)) charged to Bank of America on such day on such transactions as determined by the Administrative Agent and (c) if the Federal Funds Rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement.

“**Fee Letter**” means, collectively, the letter agreement, dated June 4, 2018 among the Canadian Borrowers, the Initial U.S. Borrower and Bank of America, and the letter agreement, dated June 4, 2018 among the Canadian Borrowers, the Initial U.S. Borrower, MLPFS, Bank of America and Citibank, N.A.

“**Fifth Amendment**” means that certain amendment to this Agreement, dated as of the Fifth Amendment Effective Date, by and among the Borrowers party thereto, the Guarantors party thereto, the Lenders party thereto and the Administrative Agent.

“**Fifth Amendment Effective Date**” means December 6, 2021.

“**FRB**” means the Board of Governors of the Federal Reserve System of the United States.

“**Fronting Exposure**” means, at any time there is a Defaulting Lender, (a) with respect to each L/C Issuer, such Defaulting Lender’s Applicable Percentage of the Outstanding Amount of all outstanding L/C Obligations relating to Letters of Credit issued by such L/C Issuer other than L/C Obligations as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to the Swing Line Lender, such Defaulting Lender’s Applicable Percentage of Swing Line Loans other than Swing Line Loans as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders in accordance with the terms hereof.

“**Fund**” means any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its activities.

“**Governmental Authority**” means the government of the United States, Canada or any other nation, or of any political subdivision thereof, whether state, provincial, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, the Financial Conduct Authority, the Prudential Regulation Authority and any supra-national bodies such as the European Union or the European Central Bank).

“**Gross Assets**” means, with respect to the Company or any Restricted Subsidiary, the sum of the book value of the gross assets of the Company or such Restricted Subsidiary and each of its Restricted Subsidiaries (other than Restricted Subsidiaries that are Excluded Subsidiaries under clause (a), (c), (d) or (e) of the definition thereof) in each case determined on a consolidated basis as of the last day of the most recently ended fiscal quarter of the Company for which financial statements have been delivered pursuant to Section 6.01.



“Guarantee” means, as to any Person, without duplication, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien); provided, however, with respect to any Guarantee described in clause (b) above, to the extent the Indebtedness or obligation secured thereby has not been assumed by the guarantor or is nonrecourse to the guarantor, the amount of such Guarantee shall be deemed to be an amount equal to the lesser of the fair market value of the assets subject to such Lien or the Indebtedness or obligation secured thereby. The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term “Guarantee” as a verb has a corresponding meaning.

“Guaranty” means, collectively, the Guarantee made by the Guarantors under Article XI in favor of the Secured Parties, together with each other guaranty delivered pursuant to Section 6.14.

“Guarantors” means, collectively, (a) each U.S. Guarantor and (b) each Non-U.S. Guarantor.

“Hazardous Materials” means all explosive or radioactive substances or wastes and all hazardous or toxic substances or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

“Hedge Bank” means any Person in its capacity as a party to a Swap Contract that, (a) at the time it enters into a Swap Contract not prohibited under Article VII, is a Lender or an Affiliate of a Lender, or (b) at the time it (or its Affiliate) becomes a Lender, is a party to a Swap Contract not prohibited under Article VII, in each case, in its capacity as a party to such Swap Contract (even if such Person ceases to be a Lender or such Person’s Affiliate ceased to be a Lender); provided, in the case of a Secured Swap Contract with a Person who is no longer a Lender (or Affiliate of a Lender), such Person shall be considered a Hedge Bank only through the stated termination date (without extension or renewal) of such Secured Swap Contract and provided, further, that for any of the foregoing to be included as a “Secured Swap Contract” on any date of determination by the Administrative Agent, the applicable Hedge Bank (other than the Administrative Agent or an Affiliate of the Administrative Agent) must have delivered a Secured Party Designation Notice to the Administrative Agent prior to such date of determination.

“HMT” has the meaning specified in the definition of “Sanction(s)”.

“Honor Date” has the meaning specified in Section 2.03(c).

“Hypothecary Representative” has the meaning specified in Section 9.01.

“IFRS” means the International Financial Reporting Standards as issued by the International Accounting Standards Board in effect in Canada from time to time.

“Immaterial Subsidiary” means, as of any date of determination, any Restricted Subsidiary that is not a Guarantor and that has Gross Assets of less than \$150,000,000; provided that if the aggregate amount of the Gross Assets of all Immaterial Subsidiaries that are not Guarantors exceeds twenty percent

(20%) of the aggregate amount of the Gross Assets of the Company, the Company shall designate by written notice to the Administrative one or more of such Immaterial Subsidiaries as no longer constituting Immaterial Subsidiaries (which Immaterial Subsidiaries shall be determined by the Company in its sole discretion) such that after such designation the aggregate amount of the Gross Assets of all Immaterial Subsidiaries that are not Guarantors does not exceed twenty percent (20%) of the aggregate amount of the Gross Assets of the Company; provided, further, that notwithstanding the foregoing, the Company shall not be required to cause any Immaterial Subsidiary to become a Guarantor (including without limitation any of the Subsidiaries set forth on Part A of Schedule 6.19) until after the Post-Closing Compliance Date.

“Impacted Loans” has the meaning specified in Section 3.03.

“Incremental Facilities” has the meaning specified in Section 2.16.

“Incremental Facility Amendment” has the meaning specified in Section 2.16.

“Incremental Facility Commitment” has the meaning specified in Section 2.16(g).

“Incremental Revolving Increase” has the meaning specified in Section 2.16.

“Incremental Term A Lenders” has the meaning specified in the Fifth Amendment.

“Incremental Term A Loan” means the Incremental Tranche A Term Loan made to the Company pursuant to the Fifth Amendment.

“Incremental Term A Loan Commitment” means, as to each Incremental Term A Lender party to the Fifth Amendment, its obligation to make its portion of the Incremental Term A Loan to the Company on the Fifth Amendment Effective Date pursuant to Section 2.01(d), in the principal amount set forth opposite such Lender’s name on Schedule 2.01 as in effect on the Fifth Amendment Effective Date. The aggregate principal amount of the Incremental Term A Loan Commitments of all of the Incremental Term A Lenders as in effect on the Fifth Amendment Effective Date is THREE HUNDRED SIXTY-FIVE MILLION DOLLARS (\$365,000,000).

“Incremental Term Facility” has the meaning specified in Section 2.16.

“Incremental Term Loan” means a term loan made by a Lender to a Borrower under an Incremental Term Facility (including without limitation the Incremental Term A Loan).

“Incremental Tranche A Facility Commitment” means an Incremental Facility Commitment in respect of an Incremental Tranche A Term Facility.

“Incremental Tranche A Term Facility” has the meaning specified in Section 2.16(b).

“Incremental Tranche A Term Loan” means a term loan made by a Lender to the Borrower under an Incremental Tranche A Term Facility.

“Incremental Tranche B Term Facility” has the meaning specified in Section 2.16(b).

“Incremental Tranche B Term Loan” means a term loan made by a Lender to the Borrower under an Incremental Tranche B Term Facility.

“Indebtedness” means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with IFRS:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

- (b) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;
- (c) net obligations of such Person under any Swap Contract;
- (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);
- (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) all Attributable Indebtedness of such Person;
- (g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interest in such Person or any other Person, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and
- (h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Indebtedness described in clause (e), if such Indebtedness has not been assumed or is limited in recourse to the property subject to such Lien, shall be deemed to be an amount equal to the lesser of the fair market value of such property or the Indebtedness secured thereby. For the avoidance of doubt, the Indebtedness of any Person shall exclude any customer deposits received by such Person.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Indemnitees" has the meaning specified in Section 10.04(b).

"Information" has the meaning specified in Section 10.07.

"Initial U.S. Borrower" has the meaning specified in the introductory paragraph hereto.

"Interest Payment Date" means, (a) as to any Eurocurrency Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date applicable thereto; provided, however, that if any Interest Period for a Eurocurrency Rate Loan exceeds three (3) months, the respective dates that fall every three (3) months after the beginning of such Interest Period shall also be Interest Payment Dates; (b) as to any Base Rate Loan, Canadian Prime Rate Loan or Swing Line Loan, the last Business Day of each March, June, September and December and the Maturity Date applicable thereto under which such Loan was made (with Swing Line Loans being deemed made under the Revolving Facility for purposes of this definition); (c) as to any Daily Simple SOFR Loan, the last Business Day of each March, June, September and December of each year and the Maturity Date applicable thereto; (d) as to any Alternative Currency Daily Rate Loan, the last Business Day of each March, June, September and December of each year and the Maturity Date applicable thereto; and (e) as to any Alternative Currency Term Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date applicable thereto; provided, however, that if any Interest Period for an Alternative Currency Term Rate Loan exceeds three

months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates.

“Interest Period” means as to each Eurocurrency Rate Loan, Alternative Currency Term Rate Loan, Bankers’ Acceptance or B/A Equivalent Loan, the period commencing on the date such Eurocurrency Rate Loan, Alternative Currency Term Rate Loan, Bankers’ Acceptance or B/A Equivalent Loan, as applicable, is disbursed or converted to or continued as a Eurocurrency Rate Loan, Alternative Currency Term Rate Loan, Bankers’ Acceptance or B/A Equivalent Loan, as applicable, and ending on the date one (1), three (3) or six (6) months thereafter (in each case, subject to availability for the interest rate applicable to the relevant currency), as selected by the appropriate Borrower in its Loan Notice; provided that:

(a) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day;

(b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Maturity Date applicable to such Loan;

provided, further, that notwithstanding the foregoing, the initial Interest Period for any Eurocurrency Rate Loan made on the Fifth Amendment Effective Date (which Interest Period shall commence on the Fifth Amendment Effective Date) may end on December 27, 2021 (and the Eurocurrency Rate for such Interest Period shall be determined for a Eurocurrency Rate Loan with an interest period of one (1) month determined as of the Fifth Amendment Effective Date notwithstanding that such Interest Period is not equal to one (1) month in duration)

“Interim Financial Statements” has the meaning specified in Section 4.01(a)(xv).

“Investment” means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person and any arrangement pursuant to which the investor Guarantees Indebtedness of such other Person, or (c) an Acquisition. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

“IP Rights” has the meaning specified in Section 5.20.

“IRS” means the United States Internal Revenue Service.

“ISP” means, with respect to any Letter of Credit, the “International Standby Practices 1998” published by the Institute of International Banking Law & Practice, Inc. (or such later version thereof as may be in effect at the time of issuance).

“Issuer Documents” means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the applicable L/C Issuer and the Company (or any Subsidiary) or in favor of the applicable L/C Issuer and relating to such Letter of Credit.

“ITA” means the Income Tax Act (Canada).

“**Joinder Agreement**” means a joinder agreement substantially in the form of Exhibit J or such other form as may be approved by the Administrative Agent, in either case, executed and delivered in accordance with the provisions of Section 6.14.

“**Judgment Currency**” has the meaning specified in Section 10.20.

“**Junior Payment**” means any principal payment on any Additional Indebtedness.

“**Laws**” means, collectively, all international, foreign, federal, state, provincial, territorial and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

“**L/C Advance**” means, with respect to each Revolving Lender, such Revolving Lender’s funding of its participation in any L/C Borrowing in accordance with its Applicable Percentage. All L/C Advances shall be denominated in Dollars.

“**L/C Borrowing**” means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Borrowing. All L/C Borrowings shall be denominated in Dollars.

“**L/C Credit Extension**” means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

“**L/C Issuer**” means each of (a) Bank of America, (b) The Bank of Nova Scotia, (c) Canadian Imperial Bank of Commerce (in the case of each of the foregoing clauses (a) through (c), through itself or through one of its respective designated Affiliates or branch officers), (d) any Lender appointed by the Company (with the consent of the Administrative Agent and such Lender) as an L/C Issuer by written notice to the Administrative Agent as a replacement for any L/C Issuer who, at the time of such notice, is a Defaulting Lender and (e) any successor issuer of Letters of Credit hereunder, in each case its capacity as issuer of Letters of Credit hereunder.

“**L/C Obligations**” means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.09. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be “outstanding” in the amount so remaining available to be drawn.

“**LCA Election**” has the meaning specified in Section 1.10.

“**LCA Test Date**” has the meaning specified in Section 1.10.

“**Lender**” means each of the Persons identified as a “Lender” on the signature pages hereto, each other Person that becomes a “Lender” in accordance with this Agreement and their successors and assigns and, as the context requires, includes the Swing Line Lender and each L/C Issuer.

“**Lending Office**” means, as to any Lender, the office or offices of such Lender described as such in such Lender’s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Company and the Administrative Agent which office may include any Affiliate of such Lender or any domestic or foreign branch of such Lender or such Affiliate. Unless the context otherwise requires each reference to a Lender shall include its applicable Lending Office.

“**Letter of Credit**” means any letter of credit issued hereunder providing for the payment of cash upon the honoring of a presentation thereunder and shall include the Existing Letters of Credit. A Letter of Credit may be a commercial letter of credit or a standby letter of credit. Letters of Credit may be issued in Dollars or in an Alternative Currency.

“**Letter of Credit Application**” means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the applicable L/C Issuer and, as applicable, shall include such general acceptance agreements, applications, certifications and other documents as the applicable L/C Issuer may require in connection with the creation of Bankers’ Acceptances.

“**Letter of Credit Expiration Date**” means the day that is seven (7) days prior to the Maturity Date then in effect for Letters of Credit (or, if such day is not a Business Day, the next preceding Business Day).

“**Letter of Credit Fee**” has the meaning specified in [Section 2.03\(h\)](#).

“**Letter of Credit Sublimit**” means an amount equal to the lesser of (a) \$150,000,000 and (b) the Aggregate Revolving Commitments; **provided** that as of the Closing Date, with respect to each of Bank of America, The Bank of Nova Scotia and Canadian Imperial Bank of Commerce, each in its capacity as an L/C Issuer, such L/C Issuer shall not be obligated to issue Letters of Credit in an amount greater than the amount set forth as its “Letter of Credit Commitment” on [Schedule 2.01](#). The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

“**Leverage Increase Period**” has the meaning specified in [Section 7.11\(b\)](#).

“**LIBOR**” has the meaning specified in the definition of “Eurocurrency Rate”.

“**LIBOR Screen Rate**” means the LIBOR quote on the applicable screen page the Administrative Agent designates to determine LIBOR (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time).

“**LIBOR Successor Rate**” has the meaning specified in [Section 3.07\(a\)](#).

“**LIBOR Successor Rate Conforming Changes**” means, with respect to any proposed LIBOR Successor Rate, any conforming changes to the definition of Base Rate, Interest Period, timing and frequency of determining rates and making payments of interest and other administrative matters as may be appropriate, in the discretion of the Administrative Agent, to reflect the adoption of such LIBOR Successor Rate and to permit the administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent determines that adoption of any portion of such market practice is not administratively feasible or that no market practice for the administration of such LIBOR Successor Rate exists, in such other manner of administration as the Administrative Agent determines in consultation with the Company).

“**Lien**” means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), hypothec, charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

“**Limited Condition Acquisition**” means any Permitted Acquisition by one or more of the Loan Parties or their Subsidiaries (a) that is not prohibited hereunder, (b) is financed in whole or in part with a substantially concurrent incurrence of Incremental Term Facilities and (c) whose consummation is not conditioned on the availability of, or on obtaining, third-party financing and which is consummated no more than one hundred eighty (180) days after the applicable Limited Condition Acquisition Agreement date is executed and effective.

“Limited Condition Acquisition Agreement” has the meaning specified in Section 1.10.

“Loan” means an extension of credit by a Lender to a Borrower (including, for greater certainty, a Bankers’ Acceptance or a B/A Equivalent Loan) under Article II in the form of a Revolving Loan, Swing Line Loan or Term Loan.

“Loan Documents” means, collectively, this Agreement, the Collateral Documents, each Designated Borrower Request and Assumption Agreement, each Note, each Issuer Document, each Joinder Agreement, each Bankers’ Acceptance, any agreement creating or perfecting rights in Cash Collateral pursuant to the provisions of Section 2.17, the Fee Letter, each Incremental Facility Amendment, each Loan Modification Agreement, each intercreditor agreement or subordination agreement contemplated hereby and entered into by the Administrative Agent and each other agreement designated by its terms as a Loan Document (but specifically excluding any Secured Cash Management Agreement and any Secured Swap Contract).

“Loan Modification Agreement” has the meaning specified in Section 10.01(c).

“Loan Modification Offer” has the meaning specified in Section 10.01(c).

“Loan Notice” means a notice of (a) a Borrowing of Loans (other than Swing Line Loans), (b) a conversion of Loans from one Type to the other, or (c) a continuation of Eurocurrency Rate Loans, Bankers’ Acceptances or B/A Equivalent Loans pursuant to Section 2.02(a), which shall be substantially in the form of Exhibit A or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent) appropriately completed and signed by a Responsible Officer of the applicable Borrower.

“Loan Parties” means, collectively, each Borrower and each Guarantor.

“Malaysian Loan Party” has the meaning specified in Section 5.25(f).

“Mandatory Cost” means any amount incurred periodically by any Lender during the term of this Agreement which constitutes fees, costs or charges imposed on lenders generally in the jurisdiction in which such Lender is domiciled, subject to regulation or has its Lending Office by any Governmental Authority which are applicable to the Credit Extensions and such Lender’s Lending Office.

“Master Agreement” has the meaning specified in the definition of “Swap Contract”.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, assets, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Company and its Restricted Subsidiaries taken as a whole; (b) a material impairment of the rights and remedies of the Administrative Agent or any Lender under any Loan Documents, or of the ability of the Loan Parties, taken as a whole, to perform their obligations under the Loan Documents; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Loan Parties, taken as a whole, of the Loan Documents.

“Material Restricted Subsidiary” means any Restricted Subsidiary that is not an Immaterial Subsidiary.

“Maturity Date” means (a) as to the Incremental Term A Loan, Revolving Loans, Swing Line Loans and Letters of Credit (and the related L/C Obligations), the earlier of (i) December 6, 2026, and (ii) the date that is ninety-one (91) days prior to the Term B Loan Maturity Date unless, by the date that is ninety-one (91) days prior to the Term B Loan Maturity Date, either (x) the Outstanding Amount of the Term B Loan has been repaid in full or (y) a Revolving Commitment Reserve Period has commenced on or prior to such date and remains in continuance at all times thereafter until the end of such Revolving Commitment Reserve Period as a result of repayment in full of the Outstanding Amount of the Term B Loan (such date, the “Pro Rata Facilities Maturity Date”), and (b) as to the Term B Loan (the “Term B”).

Loan Maturity Date”), June 27, 2025; provided, that, with respect to each of the foregoing clause (a) and clause (b), if such date is not a Business Day, the Maturity Date shall be the next preceding Business Day.

“Minimum Collateral Amount” means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances provided to reduce or eliminate Fronting Exposure during the existence of a Defaulting Lender, an amount equal to one hundred three percent (103%) of the Fronting Exposure of each applicable L/C Issuer with respect to Letters of Credit issued and outstanding at such time, (b) with respect to Cash Collateral consisting of cash or deposit account balances provided in accordance with the provisions of Section 2.17(a)(i), (a)(ii) or (a)(iii), an amount equal to one hundred three percent (103%) of the Outstanding Amount of all L/C Obligations, and (c) otherwise, an amount determined by the Administrative Agent and the applicable L/C Issuer in their sole discretion.

“MLPES” means Merrill Lynch, Pierce, Fenner & Smith Incorporated (or any other registered broker-dealer wholly-owned by Bank of America Corporation to which all or substantially all of Bank of America Corporation’s or any of its subsidiaries’ investment banking, commercial lending services or related businesses may be transferred following the date of this Agreement).

“Moody’s” means Moody’s Investors Service, Inc. and any successor thereto.

“Multiemployer Plan” means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Company or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

“Multiple Employer Plan” means a Plan which has two or more contributing sponsors (including the Company or any ERISA Affiliate) at least two of whom are not under common control, as such a plan is described in Section 4064 of ERISA.

“Net Cash Proceeds” means the aggregate cash or Cash Equivalents proceeds received by the Company or any Restricted Subsidiary in respect of any Disposition, Debt Issuance or Recovery Event, net of (a) costs and direct expenses incurred in connection therewith (including, without limitation, legal, accounting and investment banking fees, costs, underwriting discounts, and sales commissions), (b) Taxes paid or reasonably estimated to be payable as a result thereof or in connection therewith (including pursuant to any Tax sharing arrangement), (c) in the case of any Disposition or any Recovery Event, the amount necessary to retire any Indebtedness secured by a Lien on the related property to the extent such Indebtedness is actually retired and such payment is not prohibited under Section 7.14 and (d) in connection with any Disposition, a reasonable reserve determined by the Company or such Subsidiary in its reasonable business judgment for (i) any reasonably anticipated adjustment in sale price of such asset or assets and (ii) reasonably anticipated liabilities associated with such asset or assets and retained by the Company or any Restricted Subsidiary after such Disposition, including pension and other post-employment benefit liabilities and liabilities related to environmental matters or with respect to any indemnification payments (fixed or contingent) or purchase price adjustments attributable to seller’s indemnities and representations and warranties to purchaser in respect of such Disposition undertaken by the Company or such Subsidiary in connection with such Disposition (the “Disposition Reserves”); it being understood that “Net Cash Proceeds” shall include, without limitation, (a) any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received by the Company or any Restricted Subsidiary in any Disposition, Debt Issuance or Recovery Event and (b) any Disposition Reserves that are no longer necessary with respect to the applicable Disposition; provided, that (x) any amount of the purchase price in connection with any Disposition that is held in escrow shall not be deemed to be received by the Company or any of its Restricted Subsidiaries until such amount is paid to the Company or such Subsidiary out of escrow and (y) (i) Net Cash Proceeds received by the Company or any wholly owned Restricted Subsidiary of the Company shall equal one hundred percent (100%) of the cash proceeds received by the Company or such Restricted Subsidiary pursuant to the foregoing definition and (ii) Net Cash Proceeds received by any Restricted Subsidiary other than a wholly owned Subsidiary of the Company shall equal a percentage of the cash proceeds received by such Subsidiary pursuant to the foregoing definition equal to the percentage of such Restricted Subsidiary’s total outstanding Equity Interests owned by the Company and its Restricted Subsidiaries.

“Non-B/A Lender” has the meaning specified in Section 2.04(f).



“Non-Consenting Lender” means any Lender that does not approve any consent, waiver or amendment that (a) requires the approval of all Lenders or all affected Lenders in accordance with the terms of Section 10.01 and (b) has been approved by the Required Lenders.

“Non-Defaulting Lender” means, at any time, each Lender that is not a Defaulting Lender at such time.

“Non-Extension Notice Date” has the meaning specified in Section 2.03(b)(iii).

“Non-Reinstatement Deadline” has the meaning specified in Section 2.03(b)(iv).

“Non-U.S. Borrower” has the meaning specified in the introductory paragraph hereto.

“Non-U.S. Guarantors” means, collectively, (a) the Company and each Subsidiary identified as a “Non-U.S. Guarantor” on the signature pages hereto, (b) each other Subsidiary that joins as a Non-U.S. Guarantor pursuant to Section 6.14 or otherwise, (c) with respect to Additional Secured Obligations owing by the Company or any Non-U.S. Subsidiary under the Guaranty, each Non-U.S. Borrower, (d) with respect to Additional Secured Obligations owing by any U.S. Subsidiary under the Guaranty, each Non-U.S. Borrower that is not a Specified Non-U.S. Borrower and (e) the successors and permitted assigns of each of the foregoing to the extent that any such successor or permitted assign is a Non-U.S. Subsidiary or Specified Subsidiary, and, in the case of clause (d), not a CFC or CFC Holdco.

“Non-U.S. Lender” means, with respect to any Borrower, (a) if such Borrower is a U.S. Person, a Lender that is not a U.S. Person, and (b) if such Borrower is not a U.S. Person, a Lender that is resident or organized under the laws of a jurisdiction other than that in which such Borrower is resident for tax purposes. For purposes of this definition, the United States, each state thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

“Non-U.S. Obligations” means (a) all advances to, and debts, liabilities, obligations, covenants and duties of, any Non-U.S. Obligor arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, (b) all debts, liabilities, obligations, covenants and duties of any Non-U.S. Obligor or any Non-U.S. Subsidiary arising under any Secured Swap Contract, (c) all Bankers’ Acceptance Obligations and (d) all debts, liabilities, obligations, covenants and duties of any Non-U.S. Obligor or any Non-U.S. Subsidiary arising under any Secured Cash Management Agreement, in the case of each of clauses (a), (b), (c) and (d), whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including all costs and expenses incurred in connection with the enforcement and collection of the foregoing and interest and fees that accrue after the commencement by or against any Non-U.S. Obligor or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding; provided, however, that the “Non-U.S. Obligations” of a Non-U.S. Obligor shall exclude any Excluded Swap Obligations with respect to such Non-U.S. Obligor.

“Non-U.S. Obligor” means any Loan Party that is organized or incorporated under the laws of a jurisdiction other than the United States, a state thereof or the District of Columbia.

“Non-U.S. Subsidiary” means any Subsidiary that is organized or incorporated under the laws of a jurisdiction other than the United States, a state thereof or the District of Columbia.

“Note” has the meaning specified in Section 2.12.

“Notice of Loan Prepayment” means a notice of prepayment with respect to a Loan, which shall be substantially in the form of Exhibit C or such other form as may be approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the applicable Borrower.

“**Obligations**” means (a) all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, (b) all debts, liabilities, obligations, covenants and duties of any Loan Party or any Subsidiary arising under any Secured Swap Contract, (c) all Bankers’ Acceptance Obligations and (d) all debts, liabilities, obligations, covenants and duties of any Loan Party or any Subsidiary arising under any Secured Cash Management Agreement, in the case of each of clauses (a), (b), (c) and (d), whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including all costs and expenses incurred in connection with the enforcement and collection of the foregoing and interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding; provided, however, that the “Obligations” of a Loan Party shall exclude any Excluded Swap Obligations with respect to such Loan Party.

“**OFAC**” means the Office of Foreign Assets Control of the United States Department of the Treasury.

“**Onex**” means Onex Corporation.

“**Organization Documents**” means, (a) with respect to any corporation or, to the extent organized or incorporated under the laws of a foreign jurisdiction, any company, the certificate and/or articles of incorporation and the bylaws, memorandum of association, articles of association and/or memorandum and articles of association (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate and/or articles of formation or organization and operating agreement or limited liability company agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate and/or articles of formation or organization of such entity.

“**Other Connection Taxes**” means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Tax (other than connections arising from such Recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“**Other Rate Early Opt-in**” means the Administrative Agent and the Company have elected to replace LIBOR with a Benchmark Replacement other than a SOFR-based rate pursuant to (i) an Early Opt-in Election and (ii) Section 3.07(c)(ii) and clause (2) of the definition of “Benchmark Replacement”.

“**Other Taxes**” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment made pursuant to Section 3.06).

“**Outstanding Amount**” means (i) with respect to Loans on any date, the Dollar Equivalent of the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments thereof occurring on such date; and (ii) with respect to any L/C Obligations on any date, the Dollar Equivalent of the aggregate outstanding amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of Unreimbursed Amounts or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

“Overnight Rate” means, for any day, (a) with respect to any amount denominated in Dollars, the greater of (i) the Federal Funds Rate and (ii) an overnight rate determined by the Administrative Agent, the applicable L/C Issuer, or the Swing Line Lender, as the case may be, in accordance with banking industry rules on interbank compensation, and (b) with respect to any amount denominated in an Alternative Currency, an overnight rate determined by the Administrative Agent or the applicable L/C Issuer, as the case may be, in accordance with banking industry rules on interbank compensation.

“Parallel Debt” has the meaning specified in [Section 10.24\(a\)](#).

“Pari Passu Indebtedness” means Indebtedness of the Company or any Loan Party that by its terms is secured on a *pari passu* basis to the Obligations in a manner and to an extent reasonably acceptable to the Administrative Agent (including, without limitation, the entry into intercreditor and/or subordination agreements generally acceptable to the Administrative Agent).

“Participant” has the meaning specified in [Section 10.06\(d\)](#).

“Participating Member State” means any member state of the European Union that adopts or has adopted the Euro, and in each case continues to adopt, as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

“Participant Register” has the meaning specified in [Section 10.06\(d\)](#).

“PATRIOT Act” has the meaning specified in [Section 10.19](#).

“PBGC” means the Pension Benefit Guaranty Corporation.

“Pension Act” means the Pension Protection Act of 2006.

“Pension Funding Rules” means the rules of the Code and ERISA regarding minimum required contributions (including any installment payment thereof) to Pension Plans and set forth in, with respect to plan years ending prior to the effective date of the Pension Act, Section 412 of the Code and Section 302 of ERISA, each as in effect prior to the Pension Act and, thereafter, Section 412, 430, 431, 432 and 436 of the Code and Sections 302, 303, 304 and 305 of ERISA.

“Pension Plan” means any employee pension benefit plan (including a Multiple Employer Plan or a Multiemployer Plan) that is maintained or is contributed to by the Company and any ERISA Affiliate and is either covered by Title IV of ERISA or is subject to the minimum funding standards under Section 412 of the Code.

“Permitted Acquisition” means an Acquisition by the Company or any Restricted Subsidiary, provided that (a) no Default or Event of Default has occurred and is continuing or would result from such Acquisition, (b) the property acquired (or the property of the Person acquired) in such Acquisition is used or useful in the same or a similar line of business as the Company and its Subsidiaries were engaged in on the Closing Date (or any reasonable extensions or expansions thereof), (c) in the case of an Acquisition of the Equity Interests of another Person, the board of directors (or other comparable governing body) of such other Person shall have duly approved such Acquisition, (d) subject to the terms of [Section 1.10](#), the representations and warranties made by the Loan Parties contained in [Article V](#) or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (or, if qualified by materiality or reference to Material Adverse Effect, in all respects) on and as of the date of such Acquisition (after giving effect thereto), except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or, if qualified by materiality or reference to Material Adverse Effect, in all respects) as of such earlier date, (e) on and as of the date of such Acquisition (after giving effect thereto), no Loan Party or any Subsidiary has any liability or contingent liability in respect of a Canadian Defined Benefit Pension Plan in excess of the Threshold Amount or which would reasonably be expected to result in liability of any Loan Party in an aggregate amount in excess of the Threshold Amount, and (f) with respect to any such Acquisition the aggregate consideration for which exceeds \$150,000,000, the Company shall have delivered to the Administrative

Agent a Pro Forma Compliance Certificate demonstrating that, after giving effect to such Acquisition on a Pro Forma Basis, the Loan Parties would be in Pro Forma Compliance.

“Permitted Amendments” has the meaning specified in Section 10.01(c).

“Permitted Investment” means an Investment permitted under Section 7.02.

“Permitted Liens” means, at any time, Liens in respect of property of the Company or any Restricted Subsidiary permitted to exist at such time pursuant to the terms of Section 7.01.

“Permitted Receivables Transaction” has the meaning set forth in Section 7.05(x).

“Permitted Securitization Transaction” means any Securitization Transaction permitted under clause (j) of Section 7.03(j).

“Person” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“Plan” means any employee benefit plan within the meaning of Section 3(3) of ERISA (including a Pension Plan), maintained for employees of the Company or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate or any such Plan to which the Company or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate is required to contribute on behalf of any of its employees and which is subject to ERISA.

“Plan of Reorganization” has the meaning specified in Section 10.06(h)(iii).

“Platform” has the meaning specified in Section 6.02.

“Post-Closing Compliance Date” has the meaning specified in Section 6.19(a).

“PPSA” means the Personal Property Security Act (Ontario); provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Personal Property Security Act as in effect in a Canadian jurisdiction other than the Province of Ontario, or the Civil Code of Quebec, “PPSA” means the Personal Property Security Act as in effect from time to time in such other jurisdiction or the Civil Code of Quebec, as applicable, for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

“Pro Forma Basis” and “Pro Forma Effect” means, in respect of a Specified Transaction, that such Specified Transaction and the following transactions in connection therewith (to the extent applicable) shall be deemed to have occurred as of the first day of the applicable four (4) fiscal quarter period for the applicable covenant or requirement: (a) (i) with respect to any Disposition, income statement and cash flow statement items (whether positive or negative) attributable to the Person or property disposed of shall be excluded, (ii) with respect to any Investment, income statement and cash flow statement items (whether positive or negative) attributable to the Person or property acquired shall be included to the extent relating to any period applicable in such calculations to the extent (A) such items are not otherwise included in such income statement items for the Company and its Restricted Subsidiaries in accordance with IFRS or in accordance with any defined terms set forth in Section 1.01, and (B) such items are supported by financial statements or other information reasonably satisfactory to the Administrative Agent, and (iii) with respect to any Acquisition by the Company or a Restricted Subsidiary of (A) a corporation which becomes a new Restricted Subsidiary or (B) any other entity or a group of assets or an operation, provided that such operation comprises a going concern which becomes a division or part of the business of the Company or a Restricted Subsidiary (each, an “operation”), Consolidated EBITDA will include the Target EBITDA of the newly acquired Restricted Subsidiary or operation for its immediately preceding four (4) fiscal quarters completed prior to such acquisition as determined using the following method: (x) if such newly acquired Restricted Subsidiary or operation was, immediately prior to such acquisition, accounted for on a stand-alone basis, each of the components

of Consolidated EBITDA applied *mutatis mutandis* as if such definition and its component definitions referred to such newly acquired Restricted Subsidiary or operation (“**Target EBITDA**”) shall only be included in the calculation of Consolidated EBITDA for such newly acquired Restricted Subsidiary or operation, as the case may be, if Target EBITDA can be determined by reference to historical financial statements reasonably satisfactory to the Administrative Agent and (y) if such newly acquired Restricted Subsidiary or operation: (A) was not, immediately prior to such acquisition, accounted for on a stand-alone basis; or (B) was immediately prior to such acquisition, accounted for on a stand-alone basis but, in the determination of the Administrative Agent acting reasonably, the business of such newly acquired Restricted Subsidiary or operation will not be conducted by the Company or its Restricted Subsidiary, as the case may be, in substantially the same form or the same manner as conducted by the seller immediately prior to such acquisition, then subject to the satisfaction of the Administrative Agent and the Required Lenders with the method of determination thereof acting reasonably, Target EBITDA for such newly acquired Restricted Subsidiary or operation will be determined having regard to historical financial results together with, and having regard to, contractual arrangements and any other changes made or proposed to be made by the Company or its Restricted Subsidiary, as the case may be, to the business of such newly acquired Restricted Subsidiary or operation; (b) any retirement or prepayment of Indebtedness; (c) any incurrence or assumption of Indebtedness by the Company or any of its Restricted Subsidiaries (and if such Indebtedness has a floating or formula rate, such Indebtedness shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination); and (d) with respect to the designation of any Unrestricted Subsidiary as an Restricted Subsidiary, (i) income statement and cash flow statement items (whether positive or negative) attributable to such Subsidiary shall be included to the extent relating to any period prior to the date of such designation to the extent such items are not otherwise included in such income statement and cash flow statement items for the Company and its Restricted Subsidiaries in accordance with any defined terms set forth in Section 1.01 and (ii) Indebtedness of such Subsidiary shall be included and deemed to have been incurred as of the first day of the applicable period.

“**Pro Forma Compliance**” means, with respect to any transaction, that after giving effect to such transaction on a Pro Forma Basis, the Loan Parties would be in compliance with the financial covenants set forth in Section 7.11 recomputed as of the end of such period.

“**Pro Forma Compliance Certificate**” means a certificate of a Responsible Officer of the Company containing reasonably detailed calculations of the financial covenants set forth in Section 7.11 recomputed as of the end of the applicable period after giving effect to the applicable transaction on a Pro Forma Basis.

“**PTE**” means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

“**Public Lender**” has the meaning specified in Section 6.02.

“**Qualified Acquisition**” means a Permitted Acquisition with aggregate consideration of at least \$150,000,000, or any series of related Permitted Acquisitions in any twelve (12) month period with aggregate consideration for all such Permitted Acquisitions of at least \$150,000,000; provided that for any such Permitted Acquisition or series of related Permitted Acquisitions, a Responsible Officer of the Company shall have delivered to the Administrative Agent, prior to the consummation of such Permitted Acquisition or the last in such series of related Permitted Acquisitions, as applicable, a certificate (any such certificate, a “**Qualified Acquisition Notice**”) (i) certifying that such Permitted Acquisition or series of Permitted Acquisitions qualifies as a Qualified Acquisition and (ii) notifying the Administrative Agent that the Company has elected to treat such Permitted Acquisition or series of related Acquisitions as a Qualified Acquisition.

“**Qualified Acquisition Notice**” has the meaning specified in the definition of “Qualified Acquisition”.

“**Qualified Acquisition Pro Forma Determination**” means, to the extent required in connection with determining the permissibility of any Permitted Acquisition or series of related Permitted

Acquisitions that the Loan Parties elect to treat as a Qualified Acquisition, the determination of whether the Loan Parties are in Pro Forma Compliance.

“Qualified ECP Guarantor” means, at any time, each Loan Party with total assets exceeding \$10,000,000 or that qualifies at such time as an “eligible contract participant” under the Commodity Exchange Act and can cause another Person to qualify as an “eligible contract participant” at such time under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“Recipient” means the Administrative Agent, any Lender, any L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder.

“Recovery Event” means any casualty loss of, damage to or destruction of, or any condemnation or other taking for public use of, any property of the Company or other Loan Party.

“Register” has the meaning specified in Section 10.06(c).

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

“Related Specified Parties” means, with respect to any Person, (a) any Affiliate of such Person, (b) the respective directors, officers or employees of such Person or any of its Affiliates and (c) the respective agents of such Person or any of its Affiliates, in the case of this clause (c), acting on behalf of, or at the express instructions of, such Person or Affiliate; provided that each such reference to an Affiliate, director, officer or employee shall refer to an Affiliate, director, officer or employee involved in the execution or delivery of this Agreement or any other Loan Document, the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents

“Relevant Governmental Body” means (a) with respect to Loans denominated in Dollars, the FRB and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the FRB and/or the Federal Reserve Bank of New York, (b) with respect to Loans denominated in Sterling, the Bank of England, or a committee officially endorsed or convened by the Bank of England or, in each case, any successor thereto, (c) with respect to Loans denominated in Euros, the European Central Bank, or a committee officially endorsed or convened by the European Central Bank or, in each case, any successor thereto, and (d) with respect to Loans denominated in any other Agreed Currency, (i) the central bank for the currency in which such Loan is denominated or any central bank or other supervisor which is responsible for supervising either (x) the Successor Rate applicable to such Agreed Currency or (y) the administrator of such Successor Rate or (ii) any working group or committee officially endorsed or convened by (w) the central bank for such Agreed Currency, (x) any central bank or other supervisor that is responsible for supervising either (A) the Successor Rate applicable to such Agreed Currency or (B) the administrator of such Successor Rate, (y) a group of those central banks or other supervisors or (z) the Financial Stability Board or any part thereof.

“Relevant Rate” means with respect to any Credit Extension denominated in (a) Dollars, the Eurocurrency Rate, (b) Sterling, SONIA, (c) Euros, EURIBOR, (d) Canadian Dollars, the CDOR Rate, and (e) any other Agreed Currency, the applicable Alternative Currency Daily Rate or Alternative Currency Term Rate, as applicable.

“Removal Effective Date” has the meaning specified in Section 9.06(b).

“Reportable Event” means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30-day notice period has been waived.

“Repricing Event” means (a) any optional or mandatory prepayment of the Term B Loan, in whole or in part, with the proceeds of, or conversion of any portion of the Term B Loan into, any new or replacement tranche of Indebtedness bearing interest with an All-In-Yield less than the All-In-Yield of

such portion of the Term B Loan (as such All-In-Yields are reasonably determined by the Administrative Agent consistent with generally accepted financial practices) and (b) any amendment to any portion of this Agreement with respect to either the Term B Loan which, directly or indirectly, reduces the All-In-Yield applicable to such Term Loan (except with respect to any Lender that consents to such amendment), in each case of clauses (a) and (b), solely to the extent that the primary purpose of such replacement or amendment, as determined by the Administrative Agent, is to reduce the All-In-Yield on such Term Loan. Notwithstanding the foregoing, "Repricing Event" shall exclude, in any such case, (x) any refinancing or repricing of the Term B Loan or amendment to this Agreement in connection with any Change of Control transaction, and (y) any "transformational" acquisition by the Company or any Restricted Subsidiary.

"Request for Credit Extension" means (a) with respect to a Borrowing, conversion or continuation of Loans, a Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application, and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

"Required Lenders" means, at any time, Lenders having Total Credit Exposures representing more than fifty percent (50%) of the Total Credit Exposures of all Lenders. The Total Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time; provided that, the amount of any participation in any Swing Line Loan and Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Lender shall be deemed to be held by the Lender that is the Swing Line Lender or an L/C Issuer, as the case may be, in making such determination.

"Required Pro Rata Facilities Lenders" means, at any time, Lenders holding in the aggregate more than fifty percent (50%) of sum of (a) the aggregate Revolving Credit Exposures of all the Lenders at such time, plus (b) the unfunded Incremental Tranche A Facility Commitments at such time, plus (c) the outstanding Incremental Tranche A Term Loans. The Revolving Credit Exposure, Incremental Tranche A Facility Commitments and Incremental Tranche A Term Loans of any Defaulting Lender shall be disregarded in determining Required Pro Rata Facilities Lenders at any time; provided that the amount of any participation in any Swing Line Loan and Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Lender shall be deemed to be held by the Lender that is the Swing Line Lender or applicable L/C Issuer, as the case may be, in making such determination.

"Required Revolving Lenders" means, at any time, Lenders having Revolving Credit Exposures representing more than fifty percent (50%) of the Revolving Credit Exposures of all Lenders having Revolving Credit Exposures. The Revolving Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Revolving Lenders at any time; provided that the amount of any participation in any Swing Line Loan and Unreimbursed Amounts that such Defaulting Lender has failed to fund that have not been reallocated to and funded by another Lender shall be deemed to be held by the Lender that is the Swing Line Lender or applicable L/C Issuer, as the case may be, in making such determination.

"Rescindable Amount" has the meaning specified in Section 2.13(b)(ii).

"Resignation Effective Date" has the meaning specified in Section 9.06(a).

"Resolution Authority," means an EEA Resolution Authority or, with respect to any U.K. Financial Institution, a U.K. Resolution Authority.

"Responsible Officer" means the chief executive officer, president, executive vice president, vice president, chief financial officer, treasurer, assistant treasurer, controller or such other Person who is the highest ranking officer appointed pursuant to the relevant Organization Documents (or, in foreign jurisdictions, substantially equivalent representatives, including a director or manager) of a Loan Party, and solely for purposes of the delivery of incumbency certificates pursuant to Section 4.01, the secretary or any assistant secretary (or, in foreign jurisdictions, substantially equivalent representatives, including a director or manager) of a Loan Party and, solely for purposes of notices given pursuant to Article II, any other officer or employee or equivalent representative of the applicable Loan Party so designated by any

of the foregoing officers, directors or managers in a notice to the Administrative Agent or any other officer or employee of the applicable Loan Party designated in or pursuant to an agreement between the applicable Loan Party and the Administrative Agent. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party. To the extent requested by the Administrative Agent, each Responsible Officer will provide an incumbency certificate and appropriate authorization documentation, in form and substance reasonably satisfactory to the Administrative Agent.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of the Company or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to the Company’s stockholders, partners or members (or the equivalent Person thereof), including any normal-course issuer bids by the Company.

“Restricted Subsidiary” means any Subsidiary other than an Unrestricted Subsidiary.

“Revaluation Date” means (a) with respect to any Revolving Loan, each of the following: (i) each date of a Borrowing of an Alternative Currency Loan, a Canadian Prime Rate Loan, a Bankers’ Acceptance or a B/A Equivalent Loan, (ii) each date of a continuation of an Alternative Currency Term Rate Loan, a Canadian Prime Rate Loan, a Bankers’ Acceptance or a B/A Equivalent Loan pursuant to Section 2.02, and (iii) such additional dates as the Administrative Agent shall determine or the Required Revolving Lenders shall require; and (b) with respect to any Letter of Credit, each of the following: (i) each date of issuance or extension of a Letter of Credit denominated in an Alternative Currency, (ii) each date of an amendment of any such Letter of Credit having the effect of increasing the amount thereof, (iii) each date of any payment by the applicable L/C Issuer under any Letter of Credit denominated in an Alternative Currency, (iv) in the case of all Existing Letters of Credit denominated in Alternative Currencies, the Closing Date, and (v) such additional dates as the Administrative Agent or the applicable L/C Issuer shall determine or the Required Revolving Lenders shall require.

“Revolving Commitment Reserve Notice” has the meaning specified in Section 2.07(b).

“Revolving Commitment Reserve Period” has the meaning specified in Section 2.07(b).

“Revolving Commitment” means, as to each Lender, its obligation to (a) make Revolving Loans (including, for greater certainty, Bankers’ Acceptances and B/A Equivalent Loans) to the Borrowers pursuant to Section 2.01(a), (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the applicable Dollar amount set forth opposite such Lender’s name on Schedule 2.01 or in the Assignment and Assumption or other documentation pursuant to which such Lender becomes a party hereto or in any documentation executed by such Lender in connection with an Incremental Facility, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement. Revolving Commitments shall include any Incremental Revolving Increase.

“Revolving Credit Exposure” means, as to any Lender at any time, the aggregate Outstanding Amount at such time of its Revolving Loans (including, for greater certainty, Bankers’ Acceptances and B/A Equivalent Loans) and the aggregate Outstanding Amount of such Lender’s participation in L/C Obligations and Swing Line Loans at such time.

“Revolving Facility” means the revolving facility established pursuant to Section 2.01(a).

“Revolving Lender” means, at any time, a Lender that has a Revolving Commitment, outstanding Revolving Loans (including, for greater certainty, Bankers’ Acceptances and B/A Equivalent Loans) or participation interests in outstanding L/C Obligations and Swing Line Loans at such time.



“Revolving Loan” has the meaning specified in Section 2.01(a).

“S&P” means Standard & Poor’s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. and any successor thereto.

“Sale and Leaseback Transaction” means, with respect to the Company or any Restricted Subsidiary, any arrangement, directly or indirectly, with any Person whereby the Company or such Restricted Subsidiary shall sell or transfer any property used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

“Same Day Funds” means (a) with respect to disbursements and payments in Dollars, immediately available funds, and (b) with respect to disbursements and payments in an Alternative Currency, same day or other funds as may be determined by the Administrative Agent or the applicable L/C Issuer, as the case may be, to be customary in the place of disbursement or payment for the settlement of international banking transactions in the relevant Alternative Currency.

“Sanction(s)” means any sanction administered or enforced by the United States Government (including without limitation, OFAC), the Canadian Government, the United Nations Security Council, the European Union, Her Majesty’s Treasury (“HMT”) or other relevant sanctions authority.

“Scheduled Unavailability Date” has the meaning specified in Section 3.07(b).

“SEC” means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

“Secured Cash Management Agreement” means any Cash Management Agreement between any Loan Party or any Subsidiary and any Cash Management Bank. For the avoidance of doubt, a holder of Obligations in respect of Secured Cash Management Agreements shall be subject to the provisions of the last paragraph of Section 8.03 and the provisions of Section 9.11.

“Secured Parties” means, collectively, the Administrative Agent, the Lenders (including Designated Lenders), the L/C Issuers, the Indemnitees and each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to Section 9.05.

“Secured Party Designation Notice” means a notice from any Lender or an Affiliate of a Lender substantially in the form of Exhibit K.

“Secured Swap Contract” means any Swap Contract between any Loan Party or any Subsidiary and any Hedge Bank. For the avoidance of doubt, a holder of Obligations in respect of a Secured Swap Contract shall be subject to the provisions of the last paragraph of Section 8.03 and the provisions of Section 9.11.

“Securitization Transaction” means any transaction providing for the sale, securitization or other asset-backed financing of Securitized Assets of or owing to the Company or any Restricted Subsidiary (and/or contractual rights relating thereto). The terms and conditions of all Securitization Transactions shall be on an arm’s length basis and on commercially reasonable and customary terms (except any interim transfer or sale to an Unrestricted Subsidiary made in the course of a Securitization Transaction which results in a sale, securitization or other asset-backed financing by such Unrestricted Subsidiary on an arm’s length basis and on commercially reasonable and customary terms). Except to the extent mandated under any then-existing Securitization Transaction, no new assets may become Securitized Assets during the occurrence and continuance of a Default.

“Securitized Assets” means (a) with respect to the Specified Receivables Purchase Agreement, the assets subject to sale under such agreement and (b) with respect to any Securitization Transaction, the assets securitized under such transaction and contributed or transferred to a Special Purpose Subsidiary pursuant thereto, including:

- (i) any Securitized Receivable;
- (ii) the interest of the Company or any Restricted Subsidiary in any goods (including returned goods), and documentation of title evidencing the shipment or storage of any goods (including returned goods) relating to any sale by the Company or any Restricted Subsidiary giving rise to such Securitized Receivable;
- (iii) all guarantees, indemnities, letters of credit, insurance and other agreements (including any and all contracts, understandings, instruments, agreements, leases, invoices, notes or other writings pursuant to which such Securitized Receivable arises or which evidences such Securitized Receivable or under which the applicable customer becomes or is obligated to make payment to the Company or any Restricted Subsidiary in respect of such Securitized Receivable) or arrangements of whatever character from time to time supporting or securing payment of such Securitized Receivable;
- (iv) all collections and other proceeds received and payment or application by the Company or a Restricted Subsidiary of any amounts owed in respect of Securitized Receivables, including, without limitation, purchase price, finance charges, interests, and other similar charges which are net proceeds of the sale or other disposition of repossessed goods or other collateral or property available to be applied thereon; and
- (v) all proceeds of, and all amounts received or receivable under, any or all of the foregoing clauses (i) through (iv).

“Securitized Receivable” means an account receivable arising from a sale of goods by the Company or a Restricted Subsidiary which is the subject of (a) a Securitization Transaction or (b) the Specified Receivables Purchase Agreement.

“Security Agreements” means, collectively, (a) the U.S. Security Agreements, (b) the Canadian Security Agreement and (c) any other pledge and/or security agreement dated on or after the Closing Date executed in favor of the Administrative Agent, for the benefit of the Secured Parties (or in its own name as creditor of Parallel Debt, as applicable), by any Non-U.S. Obligor.

“Singapore Entity” means a company incorporated in Singapore or a foreign company with a substantial connection to Singapore in accordance with Section 246 of the Singapore IRDA.

“Singapore IRDA” means the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) of Singapore.

“SOFR” has the meaning specified in the definition of “Daily Simple SOFR”.

“SOFR Early Opt-in” means the Administrative Agent and the Company have elected to replace LIBOR pursuant to (a) an Early Opt-in Election and (b) Section 3.07(c)(i) and clause (1) of the definition of “Benchmark Replacement”.

“Solvent” and “Solvency” mean, with respect to any Person on any date of determination, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including contingent liabilities, of such Person, which for this purpose shall include rights of contribution in respect of obligations for which such Person has provided a Guarantee, (b) the present fair saleable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, which for this purpose shall include rights of contribution in respect of obligations for which such Person has provided a Guarantee, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person’s ability to pay such debts and liabilities as they mature, (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person’s property would constitute an unreasonably small capital, and (e) such Person is able to pay its debts and liabilities, contingent obligations and other commitments as they mature in the ordinary course of

business. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

“SONIA” means, with respect to any applicable determination date, the Sterling Overnight Index Average Reference Rate published on the fifth (5<sup>th</sup>) Business Day preceding such date on the applicable Reuters screen page (or such other commercially available source providing such quotations as may be designated by the Administrative Agent from time to time); provided however that if such determination date is not a Business Day, SONIA means such rate that applied on the first Business Day immediately prior thereto.

“SONIA Adjustment” means, with respect to SONIA, 0.1193% (11.93 basis points) per annum.

“Special Notice Currency” means at any time an Alternative Currency, other than the currency of a country that is a member of the Organization for Economic Cooperation and Development at such time located in North America or Europe.

“Special Purpose Subsidiary” means, with respect to any Permitted Securitization Transaction, the special purpose Subsidiary or Affiliate for such Permitted Securitization Transaction.

“Specified Loan Party” has the meaning specified in Section 11.08(a).

“Specified Local Facility” means any overdraft, working capital, letter of credit or other facility or extension of credit provided by Bank of America or any of its Affiliates to any Non-U.S. Subsidiary.

“Specified Non-U.S. Borrower” means any Non-U.S. Borrower that is a Specified Subsidiary.

“Specified Non-U.S. Loan Party” has the meaning specified in Section 11.08(b).

“Specified Non-U.S. Obligor” means any Non-U.S. Obligor that is a Specified Subsidiary.

“Specified Receivables Purchase Agreement” means that certain Revolving Trade Receivables Purchase Agreement, dated as of March 6, 2020, among the Company, Celestica LLC, Celestica Holdings Pte Ltd., Celestica Hong Kong Ltd., Celestica (Romania) S.R.L., Celestica Japan KK, Celestica Oregon LLC, Celestica Electronics (M) Sdn. Bhd., Celestica Precision Machining Ltd., Celestica International LP, the other parties party thereto and Credit Agricole Corporate and Investment Bank, New York Branch, and any replacement agreement thereof the terms and provisions of which are not materially more adverse, taken as a whole, to the Lenders than those of such Revolving Trade Receivables and Purchase Agreement.

“Specified Representations” means the representations and warranties made in Sections 5.01(a) (solely as to the valid existence of the Loan Parties) and (b)(ii) (as it relates to a Loan Party), Section 5.02(a), Section 5.02(b)(i) and (b)(iii) (in each case, as it pertains to the execution, delivery and performance of the Loan Documents, and the granting of guarantees and security interests in respect thereof), Section 5.04, Section 5.14(a) (as it pertains to the use of proceeds of any Credit Extension hereunder), Section 5.14(b), Section 5.19 (after giving effect to the transactions contemplated hereunder to be consummated on the Closing Date, including the initial Credit Extensions hereunder), Section 5.22, Section 5.23 and Section 5.24.

“Specified Subsidiary” means any Subsidiary that is a CFC or a CFC Holdco.

“Specified Transaction” means any Acquisition, any Disposition, any Investment, any incurrence of Indebtedness or any other event that by the terms of the Loan Documents requires compliance on a Pro Forma Basis with a test or covenant, calculation as to Pro Forma Effect with respect to a financial definition, test or covenant or requires such financial definition, test or covenant to be calculated on a Pro Forma Basis.

“Specified U.S. Obligor” means any U.S. Obligor that is a Specified Subsidiary.

“Specified U.S. Security Agreement” means the Specified U.S. Security and Pledge Agreement, dated as of the Closing Date, executed in favor of the Administrative Agent, for the benefit of the Secured Parties, by the Loan Parties that are Specified U.S. Obligors.

“Sterling” and “£” mean the lawful currency of the United Kingdom.

“Subordinated Indebtedness” means Indebtedness of the Company or any Restricted Subsidiary that by its terms is subordinated to the Obligations in a manner and to an extent reasonably acceptable to the Administrative Agent (including, without limitation, the entry into intercreditor and/or subordination agreements generally acceptable to the Administrative Agent).

“Subsidiary” of a Person means a corporation, partnership, joint venture, limited liability company, exempted company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a “Subsidiary” or to “Subsidiaries” shall refer to a Subsidiary or Subsidiaries of the Company.

“Successor Rate” has the meaning specified in Section 3.07(b).

“Swap Contract” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “Master Agreement”), including any such obligations or liabilities under any Master Agreement.

“Swap Obligation” means with respect to any Loan Party any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“Swap Termination Value” means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

“SWIFT” has the meaning specified in Section 2.03(f).

“Swing Line Borrowing” means a borrowing of a Swing Line Loan pursuant to Section 2.05.

“Swing Line Lender” means Bank of America in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

“Swing Line Loan” has the meaning specified in Section 2.05(a).

“Swing Line Loan Notice” means a notice of a Swing Line Borrowing pursuant to Section 2.05(b), which shall be substantially in the form of Exhibit B or such other form as approved by the Administrative Agent (including any form on an electronic platform or electronic transmission system as shall be approved by the Administrative Agent), appropriately completed and signed by a Responsible Officer of the Company.

“Swing Line Sublimit” means an amount equal to the lesser of (a) \$50,000,000 and (b) the Aggregate Revolving Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

“Synthetic Lease Obligation” means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

“TARGET Day” means any day on which TARGET2 (or, if such payment system ceases to be operative, such other payment system, if any, determined by the Administrative Agent to be a suitable replacement) is open for the settlement of payments in Euro.

“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilizes a single shared platform and which was launched on November 19, 2007.

“Taxes” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Term B Loan” has the meaning specified in Section 2.01.

“Term B Loan Commitment” means, as to each Lender, its obligation to make its portion of the Term B Loan to the Company on the Closing Date pursuant to Section 2.01(b), in the principal amount set forth opposite such Lender’s name on Schedule 2.01 as in effect on the Closing Date. The aggregate principal amount of the Term B Loan Commitments of all of the Lenders as in effect on the Closing Date is THREE HUNDRED FIFTY MILLION DOLLARS (\$350,000,000).

“Term Facility” means the Term B Loan and any Incremental Term Facilities.

“Term Loans” means the Term B Loan and any Incremental Term Loans (including without limitation the Incremental Term A Loan).

“Term SOFR” means, for the applicable Corresponding Tenor (or if any Available Tenor of a Benchmark does not correspond to an Available Tenor for the applicable Benchmark Replacement, the closest corresponding Available Tenor and if such Available Tenor corresponds equally to two Available Tenors of the applicable Benchmark Replacement, the Corresponding Tenor of the shorter duration shall be applied), the forward-looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.

“Threshold Amount” means \$50,000,000.

“Toronto Property” means the real property owned by Celestica International Inc. located at 844 Don Mills Road, 1150 Eglinton Avenue East and 1155 Eglinton Avenue East, in Toronto, Canada.

“Total Revolving Outstandings” means the aggregate Outstanding Amount of all Revolving Loans (including, for greater certainty, Bankers’ Acceptances and B/A Equivalent Loans), all Swing Line Loans and all L/C Obligations.

“Total Credit Exposure” means, as to any Lender at any time, the unused Commitments of such Lender at such time, the outstanding Loans of such Lender at such time and such Lender’s participations in L/C Obligations and Swing Line Loans at such time.

“Trade Date” has the meaning specified in Section 10.06(b)(i).

“Type” means, with respect to a Loan, its character as a Base Rate Loan, a Eurocurrency Rate Loan, an Alternative Currency Daily Rate Loan, an Alternative Currency Term Rate Loan, a Canadian Prime Rate Loan, a Bankers’ Acceptance or a B/A Equivalent Loan.

“U.K. Financial Institution” means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person subject to IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

“U.K. Resolution Authority” means the Bank of England or any other public administrative authority having responsibility for the resolution of any U.K. Financial Institution.

“U.S. Borrowers” has the meaning specified in the introductory paragraph hereto. “U.S. Guarantors” means, collectively, (a) each U.S. Subsidiary identified as a “U.S. Guarantor” on the signature pages hereto, (b) each other U.S. Subsidiary that joins as a U.S. Guarantor pursuant to Section 6.14 or otherwise, (c) with respect to Additional Secured Obligations owing by the Company or any Subsidiary under the Guaranty, each U.S. Borrower that is not a Specified U.S. Obligor, and (d) the successors and permitted assigns of each of the foregoing to the extent that any such successor or permitted assign is a U.S. Subsidiary, and, in the case of clause (c), not a CFC or CFC Holdco.

“U.S. Obligor” means any Loan Party that is organized under the laws of the United States, a state thereof or the District of Columbia.

“U.S. Person” means any Person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Security Agreements” means, collectively, the Domestic U.S. Security Agreement and the Specified U.S. Security Agreement.

“U.S. Subsidiary” means any Subsidiary that is organized under the laws of the United States, a state thereof or the District of Columbia.

“U.S. Tax Compliance Certificate” has the meaning specified in Section 3.01(e)(ii)(B)(3).

“UCP” means, with respect to any Letter of Credit, the Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce (“ICC”) Publication No. 600 (or such later version thereof as may be in effect at the time of issuance).

“UCC” means the Uniform Commercial Code as in effect in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

“United States” and “U.S.” mean the United States of America.

“Unreimbursed Amount” has the meaning specified in Section 2.03(c)(i).

“Unrestricted Subsidiary” means, collectively, (a) each Subsidiary identified as an Unrestricted Subsidiary on Schedule 5.13 delivered to the Administrative Agent on the Closing Date and (b) each other Subsidiary designated by the Company as an Unrestricted Subsidiary after the Closing Date pursuant to Section 6.20; provided that, for the avoidance of doubt, any Unrestricted Subsidiary re-designated as a Restricted Subsidiary pursuant to Section 6.20 shall not constitute an Unrestricted Subsidiary.

“Valencia Property” means the real property owned by Celestica Valencia S.A. located at Carratera Valencia Ademuz, Km 17.6, La Pobla de Vallbona, Valencia, Spain.

“Weighted Average Life” means, when applied to any Indebtedness at any date of determination, the period of time (expressed in years) obtained by dividing (a) the sum of the total of the products obtained by multiplying (i) the amount of each scheduled installment, sinking fund, serial maturity or other required payment of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) which will elapse between such date of determination and the making of such payment by (b) the then outstanding principal amount of such Indebtedness as of such date of determination.

“Write-Down and Conversion Powers” means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the applicable Bail-In Legislation to cancel, transfer or dilute shares issued by a U.K. Financial Institution or affiliate of a U.K. Financial Institution, to cancel, reduce, modify or change the form of a liability of any U.K. Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that applicable Bail-In Legislation that are related to or ancillary to any of those powers.

**1.02 Other Interpretive Provisions.** With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Loan Document or Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (iii) the words “hereto,” “herein,” “hereof” and “hereunder,” and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified, extended, restated, replaced or supplemented from time to time, and (vi) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including;” the words “to” and “until” each mean “to but excluding;” and the word “through” means “to and including.”

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) Without prejudice to the generality of any provision of this Agreement, for all other purposes pursuant to which the interpretation or construction of this Agreement, any Collateral Document or any other Loan Document may be subject to the laws of the Province of Quebec or a court or tribunal exercising jurisdiction in the Province of Quebec, (i) “personal property” shall be deemed to include “movable property”, (ii) “real property” shall be deemed to include “immovable property” and an “easement” shall be deemed to include a “servitude”, (iii) “tangible property” shall be deemed to include “corporeal property”, (iv) “intangible property” shall be deemed to include “incorporeal property”, (v) “security interest”, “lien”, “mortgage” and “charge” shall be deemed to include a “hypothec”, (vi) all references to filing, registering or recording financing statements shall be deemed to include publication under the Civil Code of Quebec, and all references to releasing any lien shall be deemed to include a release, discharge and mainlevée of a hypothec, (vii) any “right of offset”, “right of setoff” or similar expression shall be deemed to include a “right of compensation”, (viii) “goods” shall be deemed to include “corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, (ix) an “agent” shall be deemed to include a “mandatary” and (x) “deposit account” or “bank account” shall include “financial accounts” (as defined in the Civil Code of Quebec) maintained by a bank.

(e) For purposes of this Agreement and the other Loan Documents (other than Articles II, IX and X of this Agreement), where the permissibility of any transaction or the determination of any required action or circumstance, in each case under or with respect to any Security Agreement that makes reference to this provision and is governed by the law of a jurisdiction other than the United States, a state thereof or the District of Columbia, depends upon compliance with, or is determined by reference to, amounts stated in Dollars, (i) such amounts shall be deemed to refer to Dollars and/or the equivalent amount thereof denominated in any currency other than Dollars, as applicable, and (ii) any requisite currency translation shall, unless otherwise specified, be based on the Dollar Equivalent of such amount. The provisions of any such Security Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify with the Company’s consent (not to be unreasonably withheld) to appropriately reflect a change in currency of any country and any relevant market conventions or practices relating to such change in currency, in each case as it relates to such Security Agreement

(f) Any provision of Section 5.22 or Section 7.16 shall not apply to or in favor of any Person if and to the extent that it would result in a breach, by or in respect of that Person, of any applicable Blocking Law.

(g) Any reference herein to a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, shall be deemed to apply to a division of or by a limited liability company, or an allocation of assets to a series of a limited liability company (or the unwinding of such a division or allocation), as if it were a merger, transfer, consolidation, amalgamation, assignment, sale, disposition or transfer, or similar term, as applicable, to, of or with a separate Person. Any division of a limited liability company shall constitute a separate Person hereunder (and each division of any limited liability company that is a Subsidiary, joint venture or any other like term shall also constitute such a Person or entity).

### 1.03 Accounting Terms.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other



financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, IFRS applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements, except as it relates to the Company's adoption of IFRS 15 and IFRS 9 effective January 1, 2018, and as otherwise specifically prescribed herein. Notwithstanding anything to the contrary in the foregoing, for purposes of determining compliance with any covenant (including the computation of any financial covenant set forth in Section 7.11) contained herein, Indebtedness of the Company and its Subsidiaries shall be deemed to be carried at one hundred percent (100%) of the outstanding principal amount thereof.

(b) Changes in IFRS. If at any time any change in IFRS would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Company or the Required Lenders (or, in the case of a change affecting the computation of only the Consolidated Interest Coverage Ratio, the Consolidated Total Leverage Ratio, or both, the Required Pro Rata Facilities Lenders) shall so request, the Administrative Agent, the Lenders and the Company shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in IFRS (subject to the approval of the Required Lenders (or, in the case of a change affecting the computation of only the Consolidated Interest Coverage Ratio, the Consolidated Total Leverage Ratio, or both, the Required Pro Rata Facilities Lenders)); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with IFRS prior to such change therein and (ii) the Company shall provide to the Administrative Agent and the Lenders financial statements and other documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in IFRS. Without limiting the foregoing, leases shall continue to be classified and accounted for on a basis consistent with that reflected in the Audited Financial Statements (subject to the exceptions noted in clause (a), above) for all purposes of this Agreement, notwithstanding any change in IFRS relating thereto, unless the parties hereto shall enter into a mutually acceptable amendment addressing such changes, as provided for above.

**1.04 Rounding.** Any financial ratios required to be maintained by the Company pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

**1.05 Exchange Rates; Currency Equivalents; Rates.**

(a) The Administrative Agent or the applicable L/C Issuer, as applicable, shall determine the Dollar Equivalent amounts of Credit Extensions and Outstanding Amounts denominated in Alternative Currencies. Such Dollar Equivalent shall become effective as of such Revaluation Date and shall be the Dollar Equivalent of such amounts until the next Revaluation Date to occur. Except for purposes of financial statements delivered by Loan Parties hereunder or calculating financial covenants set forth in Section 7.11 or except as otherwise provided herein, the applicable amount of any currency (other than Dollars) for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent or the applicable L/C Issuer, as applicable.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of an Alternative Currency Loan, a Canadian Prime Rate Loan, a Bankers' Acceptance or a B/A Equivalent Loan or the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing, Alternative Currency Loan, Canadian Prime Rate Loan, Bankers' Acceptance, B/A Equivalent Loan or Letter of Credit is denominated in an Alternative Currency, such amount shall be the relevant Alternative Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent or the applicable L/C Issuer, as the case may be.

(c) The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to the rates in the definitions of "Alternative Currency Daily Rate", "Alternative Currency Term Rate", "Eurocurrency Rate", "CDOR Rate" or with respect to any rate (including, for the avoidance of doubt, the selection of such rate and any related spread or other adjustment) that is an alternative or replacement for or successor to any of such rate (including, without limitation, any LIBOR Successor Rate, any Benchmark Replacement and any Successor Rate) or the effect of any of the foregoing, or of any LIBOR Successor Rate Conforming Changes, Benchmark Replacement Conforming Changes or Conforming Changes).

#### 1.06 Additional Alternative Currencies.

(a) The Company may from time to time request that Alternative Currency Loans be made and/or Letters of Credit be issued in a currency other than those specifically listed in the definition of "Alternative Currency"; provided that such requested currency is an Eligible Currency. In the case of any such request with respect to the making of Alternative Currency Loans, such request shall be subject to the approval of the Administrative Agent and each Lender with a Commitment under which such currency is requested to be made available; and in the case of any such request with respect to the issuance of Letters of Credit, such request shall be subject to the approval of the Administrative Agent and the applicable L/C Issuer.

(b) Any such request shall be made to the Administrative Agent not later than 11:00 a.m., twenty (20) Business Days prior to the date of the desired Credit Extension (or such other time or date as may be agreed by the Administrative Agent and, in the case of any such request pertaining to Letters of Credit, the applicable L/C Issuer(s), in its or their sole discretion). In the case of any such request pertaining to Alternative Currency Loans, the Administrative Agent shall promptly notify each applicable Lender thereof; and in the case of any such request pertaining to Letters of Credit, the Administrative Agent shall promptly notify the applicable L/C Issuer(s) thereof. Each applicable Lender (in the case of any such request pertaining to Alternative Currency Loans) or the applicable L/C Issuer (in the case of a request pertaining to Letters of Credit) shall notify the Administrative Agent, not later than 11:00 a.m., ten (10) Business Days after receipt of such request whether it consents, in its sole discretion, to the making of Alternative Currency Loans or the issuance of Letters of Credit, as the case may be, in such requested currency.

(c) Any failure by a Lender or an L/C Issuer, as the case may be, to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by such Lender or such L/C Issuer, as the case may be, to permit Alternative Currency Loans to be made or Letters of Credit to be issued in such requested currency. If the Administrative Agent and all the applicable Lenders consent to making Alternative Currency Loans in such requested currency and the Administrative Agent and such Lenders reasonably determine that an appropriate interest rate is available to be used for such requested currency, the Administrative Agent shall so notify the Company and (i) the Administrative Agent and such Lenders may amend the definition of "Alternative Currency Daily Rate" or "Alternative Currency Term Rate", as applicable, to the extent necessary to add the applicable rate for such currency and any applicable adjustment for such rate and (ii) to the extent the definition of "Alternative Currency Daily Rate" or "Alternative Currency Term Rate", as applicable, has been amended to reflect the appropriate rate for such currency, such currency shall thereupon be deemed for all purposes to be an Alternative Currency for purposes of any Borrowings of Alternative Currency Loans. If the Administrative Agent and the applicable L/C Issuers consent to the issuance of Letters of Credit in such requested currency, the Administrative Agent shall so notify the Company and (A) the Administrative Agent and the applicable L/C Issuers may amend the definition of "Alternative Currency Daily Rate" or "Alternative Currency Term Rate", as applicable, to the extent necessary to add the applicable rate for such currency and any applicable adjustment for such rate and (B) to the extent the definition of "Alternative Currency Daily Rate" or "Alternative Currency Term Rate", as applicable, has been amended to reflect the appropriate rate for such currency, such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder, for purposes of any Letter of Credit issuances. If the Administrative Agent shall fail to obtain

consent to any request for an additional currency under this Section 1.06, the Administrative Agent shall promptly so notify the Company. Any specified currency of an Existing Letter of Credit that is neither Dollars nor one of the Alternative Currencies specifically listed in the definition of "Alternative Currency" shall be deemed an Alternative Currency with respect to such Existing Letter of Credit only.

**1.07 Change of Currency.**

(a) Each obligation of the Borrowers to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the Closing Date shall be redenominated into Euro at the time of such adoption. If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that if any Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent may from time to time specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

**1.08 Times of Day.** Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

**1.09 Letter of Credit Amounts.** Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the Dollar Equivalent of the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any Issuer Document related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the Dollar Equivalent of the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

**1.10 Limited Condition Acquisition.** It is understood and agreed that, notwithstanding anything to the contrary in this Agreement, if the proceeds of any Incremental Term Facility are being used to finance a Limited Condition Acquisition, and the Company has obtained commitments of Lenders to fund such Incremental Term Facility ("Incremental Financing Commitments"), then (a) the conditions set forth in Section 2.16(b), clauses (i)(B)(1) and (i)(B)(2) of Section 2.16(f), Section 4.02(a), Section 4.02(b), and clause (a) in the definition of "Permitted Acquisition" shall be limited as follows, if and to the extent such Lenders so agree in their Incremental Financing Commitments: (i) the conditions set forth in Section 2.16(d) and Section 4.02(a) shall be limited such that the only representations and warranties the accuracy of which shall be a condition to the availability of such Incremental Term Facility shall be (A) the Specified Representations, and (B) such representations and warranties under the definitive agreement governing such Limited Condition Acquisition (the "Limited Condition Acquisition Agreement") as entitle the applicable Loan Party (or the applicable Subsidiary) to terminate its obligations under such Limited Condition Acquisition Agreement or decline to consummate such Limited Condition Acquisition, in each case, without paying any penalty or compensation to the other party or incurring liability for breach if such representations and warranties fail to be true and correct, and (ii) the reference in Section 2.16(b), Section 4.02(b) and clause (a) in the definition of "Permitted Acquisition" to no Default or no Event of Default, as applicable, means (A) no Default or no Event of Default, as applicable, shall have occurred and be continuing at the time of the execution of the Limited Condition

Acquisition Agreement, and (B) no Event of Default under Section 8.01(a), 8.01(f) or 8.01(g) shall have occurred and be continuing at the time of the funding of such Incremental Term Facility in connection with the consummation of such Limited Condition Acquisition, and (b) for purposes of determining whether the conditions set forth in Section 2.16(l) or clause (f) in the definition of "Permitted Acquisition" have been satisfied in connection with such Limited Condition Acquisition, at the Company's option (the Company's election to exercise such option in connection with any Limited Condition Acquisition, a "LCA Election"), the date of determination of whether any such condition has been satisfied shall be deemed to be the date the definitive agreement governing such Limited Condition Acquisition is executed (the "LCA Test Date"), and if, for the Limited Condition Acquisition and the funding of such Incremental Term Facility in connection with the consummation of such Limited Condition Acquisition, the Loan Party or the applicable Subsidiary would have satisfied such condition on the relevant LCA Test Date, such condition shall be deemed to have been satisfied. If the Company has made a LCA Election for any Limited Condition Acquisition, then in connection with any calculation of any ratio, test or basket availability with respect to any Specified Transaction (each, a "Subsequent Transaction") following the relevant LCA Test Date and prior to the earlier of the date on which such Limited Condition Acquisition is consummated and the date that the definitive agreement governing such Limited Condition Acquisition is terminated or expires without consummation of such Limited Condition Acquisition, for purposes of determining whether such Subsequent Transaction is permitted under this Agreement, any such ratio, test or basket shall be calculated and tested both on (x) a Pro Forma Basis assuming such Limited Condition Acquisition and the other transactions in connection therewith have been consummated until such time as the applicable Limited Condition Acquisition has actually closed or the applicable Limited Condition Acquisition Agreement has been terminated or expires without consummation of such Limited Condition Acquisition, and (y) a standalone basis without giving effect to such Limited Condition Acquisition and the other transactions in connection therewith. It is understood and agreed that this Section 1.10 shall not limit the conditions set forth in Section 4.02 or in the definition of "Permitted Acquisition" with respect to any proposed Borrowing of Revolving Loans or Swing Line Loans or any issuance of Letters of Credit, in each case, in connection with such Limited Condition Acquisition or otherwise.

## ARTICLE II.

### THE COMMITMENTS AND CREDIT EXTENSIONS

#### 2.01 Revolving Loans, Term B Loan and Incremental Term A Loan.

(a) Revolving Loans. Subject to the terms and conditions set forth herein, each Revolving Lender severally agrees to make loans (each such loan, a "Revolving Loan") to the Borrowers or any of them in Dollars or in one or more Alternative Currencies from time to time, on any Business Day during the Availability Period, in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Revolving Commitment; provided, however, that after giving effect to any Borrowing of Revolving Loans:

- (i) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments;
- (ii) the aggregate Outstanding Amount of the Revolving Loans of any Lender, plus such Lender's Applicable Percentage of the Outstanding Amount of all L/C Obligations, plus such Lender's Applicable Percentage of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Revolving Commitment;
- (iii) the aggregate Outstanding Amount of all Revolving Loans denominated in Alternative Currencies, other than Revolving Loans denominated in Canadian Dollars, shall not exceed the Alternative Currency Sublimit;
- (iv) the aggregate Outstanding Amount of all Revolving Loans denominated in Canadian Dollars shall not exceed the Canadian Dollar Sublimit; and

- (v) Revolving Loans denominated in Canadian Dollars shall not be extended to any Borrower other than a Canadian Borrower.

Within the limits of each Lender's Revolving Commitment, and subject to the other terms and conditions hereof, each Borrower may borrow under this Section 2.01(a), prepay under Section 2.06, and reborrow under this Section 2.01. Revolving Loans may be Base Rate Loans, Canadian Prime Rate Loans, Eurocurrency Rate Loans, Alternative Currency Daily Rate Loans, Alternative Currency Term Rate Loans, Bankers' Acceptances or B/A Equivalent Loans as further provided herein.

(b) Term B Loan. Subject to the terms and conditions set forth herein, each Lender severally agrees to make its portion of a term loan (the "Term B Loan") to the Company in Dollars on the Closing Date in an amount not to exceed such Lender's Term B Loan Commitment. Amounts repaid on the Term B Loan may not be reborrowed. The Term B Loan may consist of Base Rate Loans or Eurocurrency Rate Loans, or a combination thereof, as further provided herein, provided, however, any Borrowings made on the Closing Date shall be made as Base Rate Loans unless the Company delivers a funding indemnity letter not less than three (3) Business Days prior to the date of such Borrowing.

(c) [Reserved].

(d) Incremental Term A Loan. Subject to the terms and conditions set forth herein and in the Fifth Amendment, and in accordance with the Fifth Amendment (and without duplication thereof), each Incremental Term A Lender party to the Fifth Amendment with an Incremental Term A Loan Commitment severally agrees to make its portion of the Incremental Term A Loan to the Company in Dollars on the Fifth Amendment Effective Date in an amount not to exceed such Lender's Incremental Term A Loan Commitment. Amounts repaid on the Incremental Term A Loan may not be reborrowed. The Incremental Term A Loan may consist of Base Rate Loans or Eurocurrency Rate Loans, or a combination thereof, as further provided herein, provided, however, that any Borrowings made on the Fifth Amendment Effective Date shall be made as Base Rate Loans unless the Company delivers a funding indemnity letter not less than three (3) Business Days prior to the date of such Borrowing.

## 2.02 Borrowings, Conversions and Continuations of Loans.

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurocurrency Rate Loans, Alternative Currency Term Rate Loans, Bankers' Acceptances or B/A Equivalent Loans shall be made upon a Borrower's irrevocable notice to the Administrative Agent, which may be given by (A) telephone or (B) a Loan Notice; provided that any telephonic notice must be confirmed immediately by delivery to the Administrative Agent of a Loan Notice. Each such Loan Notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three (3) Business Days prior to the requested date of any Borrowing of, conversion to or continuation of Eurocurrency Rate Loans or of any conversion of Eurocurrency Rate Loans to Base Rate Loans, (ii) four (4) Business Days (or five (5) Business Days in the case of a Special Notice Currency) prior to the requested date of any Borrowing or continuation of Alternative Currency Loans or any Borrowing of, conversion to or continuation of Bankers' Acceptances or B/A Equivalent Loans, and (iii) on the requested date of any Borrowing of Base Rate Loans or Canadian Prime Rate Loans. Each Borrowing of, conversion to or continuation of Eurocurrency Rate Loans, Alternative Currency Loans, Bankers' Acceptances and B/A Equivalent Loans shall be in a principal amount of the Dollar Equivalent of \$1,000,000 or a whole multiple of the Dollar Equivalent of \$1,000,000 in excess thereof. Except as provided in Sections 2.03(c) and 2.04(c), each Borrowing of or conversion to Base Rate Loans or Canadian Prime Rate Loans shall be in a principal amount of the Dollar Equivalent \$500,000 or a whole multiple of the Dollar Equivalent of \$100,000 in excess thereof. Each Loan Notice shall specify (i) whether the Company is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Eurocurrency Rate Loans, Alternative Currency Term Rate Loans, Bankers' Acceptances or B/A Equivalent Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal

amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, (v) if applicable, the duration of the Interest Period with respect thereto, (vi) the currency of the Loans to be borrowed, and (vii) the applicable Borrower. If a Borrower fails to specify a currency in a Loan Notice requesting a Borrowing, then the Loans so requested shall be made in Dollars. If a Borrower fails to specify a Type of Loan in a Loan Notice or if a Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans; provided, however, that in the case of a failure to timely request a continuation of Loans denominated in (x) Canadian Dollars, such Loans shall be continued as (or converted into) Canadian Prime Rate Loans or (y) an Alternative Currency (other than Canadian Dollars), then to the extent such Loans denominated in such currency will bear interest at an Alternative Currency Term Rate, such Loans shall be continued as Alternative Currency Term Rate Loans in their original currency with an Interest Period of one (1) month. Any automatic conversion to Base Rate Loans or Canadian Prime Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurocurrency Rate Loans, Bankers' Acceptances or B/A Equivalent Loans. If a Borrower requests a Borrowing of, conversion to, or continuation of Eurocurrency Rate Loans, Alternative Currency Term Rate Loans, Bankers' Acceptances or B/A Equivalent Loans in any such Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one (1) month. Except as provided in Section 2.13(a), no Loan may be converted into or continued as a Loan denominated in a different currency, but instead must be prepaid in the original currency of such Loan and reborrowed in the other currency.

(b) Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount (and currency) of its Applicable Percentage of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the applicable Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans or Canadian Prime Rate Loans or continuation of Alternative Currency Term Rate Loans, in each case as described in the preceding subsection. In the case of a Borrowing, each Lender shall make the amount of its Loan available to the Administrative Agent in Same Day Funds at the Administrative Agent's Office for the applicable currency not later than 1:00 p.m., in the case of any Loan denominated in Dollars, and not later than the Applicable Time specified by the Administrative Agent in the case of any Loan denominated in an Alternative Currency, in each case on the Business Day specified in the applicable Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Credit Extension, Section 4.01), the Administrative Agent shall make all funds so received available to the applicable Borrower in like funds as received by the Administrative Agent either by, as directed by such Borrower, (i) crediting the account of such Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by such Borrower; provided, however, that if, on the date the Loan Notice with respect to such Borrowing denominated in Dollars is given by a Borrower, there are L/C Borrowings outstanding, then the proceeds of such Borrowing, first, shall be applied to the payment in full of any such L/C Borrowings, and, second, shall be made available to the applicable Borrower as provided above.

(c) Except as otherwise provided herein, a Eurocurrency Rate Loan, an Alternative Currency Term Rate Loan, a Bankers' Acceptance and a B/A Equivalent Loan may be continued or converted only on the last day of an Interest Period for such Eurocurrency Rate Loan, Alternative Currency Term Rate Loan, Bankers' Acceptance or B/A Equivalent Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurocurrency Rate Loans, Alternative Currency Term Rate Loans, Bankers' Acceptances or B/A Equivalent Loans without the consent of the Required Lenders, and the Required Lenders may demand that any or all of the then outstanding Alternative Currency Term Rate Loans be prepaid, or redenominated into Dollars in the amount of the Dollar Equivalent thereof, on the last day of the then current Interest Period with respect thereto.

(d) The Administrative Agent shall promptly notify the Company and the Lenders of the interest rate applicable to any Interest Period for Eurocurrency Rate Loans, Alternative Currency Term Rate Loans, Bankers' Acceptances or B/A Equivalent Loans upon determination of such interest rate.

(e) After giving effect to all Borrowings, all conversions of Revolving Loans and Term Loans from one Type to the other, and all continuations of Revolving Loans and Term Loans as the same Type, there shall not be more than ten Interest Periods in effect.

(f) Notwithstanding anything to the contrary in this Agreement, any Lender may exchange, continue or rollover all or a portion of its Loans in connection with any refinancing, extension, loan modification or similar transaction permitted by the terms of this Agreement, pursuant to a cashless settlement mechanism approved by the Company, the Administrative Agent, and such Lender.

(g) With respect to any Alternative Currency Daily Rate, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document; provided that, with respect to any such amendment so effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Company and the Lenders reasonably promptly after such amendment becomes effective.

## 2.03 Letters of Credit.

### (a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) each L/C Issuer agrees, in reliance upon the agreements of the Revolving Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date until the Letter of Credit Expiration Date, to issue Letters of Credit denominated in Dollars or in one or more Alternative Currencies for the account of the Company or any Restricted Subsidiary, and to amend Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drawings under the Letters of Credit; and (B) the Revolving Lenders severally agree to participate in Letters of Credit issued for the account of the Company and any drawings thereunder; provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (x) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, (y) the Revolving Credit Exposure of any Lender shall not exceed such Lender's Revolving Commitment and (z) the aggregate Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit. Each request by the Company for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by the Company that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the Company's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Company may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed. All Existing Letters of Credit shall be deemed to have been issued pursuant hereto and deemed L/C Obligations, and from and after the Closing Date shall be subject to and governed by the terms and conditions hereof.

(ii) No L/C Issuer shall issue any Letter of Credit, if:

(A) subject to Section 2.03(b)(iii), the expiry date of the requested Letter of Credit would occur more than twelve (12) months after the date of

issuance or last extension, unless the Required Revolving Lenders have approved such expiry date; or

(B) the expiry date of the requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Revolving Lenders have approved such expiry date.

(iii) No L/C Issuer shall be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such L/C Issuer from issuing such Letter of Credit, or any Law applicable to such L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such L/C Issuer shall prohibit, or request that such L/C Issuer refrain from, the issuance of letters of credit or related bankers' acceptances generally or such Letter of Credit in particular or shall impose upon such L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such L/C Issuer in good faith deems material to it;

(B) the issuance of such Letter of Credit would violate one or more policies of such L/C Issuer applicable to letters of credit generally;

(C) except as otherwise agreed by the Administrative Agent and such L/C Issuer, the Letter of Credit is in an initial stated amount less than the Dollar Equivalent of \$100,000, in the case of a commercial Letter of Credit, or \$250,000, in the case of a standby Letter of Credit (or, in each case, such lesser amount as such L/C Issuer may agree in its sole discretion);

(D) except as otherwise agreed by the Administrative Agent and such L/C Issuer, the Letter of Credit is to be denominated in a currency other than Dollars or an Alternative Currency;

(E) such L/C Issuer does not as of the issuance date of the requested Letter of Credit issue Letters of Credit in the requested currency; or

(F) any Lender is at that time a Defaulting Lender, unless such L/C Issuer has entered into arrangements, including the delivery of Cash Collateral, satisfactory to such L/C Issuer (in its sole discretion) with the Company or such Lender to eliminate such L/C Issuer's actual or potential Fronting Exposure (after giving effect to Section 2.18(a)(iv)) with respect to the Defaulting Lender arising from either the Letter of Credit then proposed to be issued or that Letter of Credit and all other L/C Obligations as to which such L/C Issuer has actual or potential Fronting Exposure, as it may elect in its sole discretion.

(iv) No L/C Issuer shall amend any Letter of Credit if such L/C Issuer would not be permitted at such time to issue the Letter of Credit in its amended form under the terms hereof.

(v) No L/C Issuer shall be under any obligation to amend any Letter of Credit if (A) such L/C Issuer would have no obligation at such time to issue the Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of the Letter of Credit does not accept the proposed amendment to the Letter of Credit.



(vi) Each L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and each L/C Issuer shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article IX with respect to any acts taken or omissions suffered by such L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in Article IX included such L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to such L/C Issuer.

(b) Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Company delivered to the applicable L/C Issuer (with a copy to the Administrative Agent, if Bank of America is not the applicable L/C Issuer) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Company. Such Letter of Credit Application may be sent by facsimile, by United States mail or Canada Post, by overnight courier, by electronic transmission using the system provided by such L/C Issuer, by personal delivery or by any other means acceptable to such L/C Issuer. Such Letter of Credit Application must be received by the applicable L/C Issuer and the Administrative Agent not later than 11:00 a.m. at least two (2) Business Days (or such later date and time as the Administrative Agent and such L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the applicable L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount and currency thereof (and in the absence of specification of currency, shall be deemed a request for a Letter of Credit denominated in Dollars); (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; (G) the purpose and nature of the requested Letter of Credit; and (H) such other matters as such L/C Issuer may require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to such L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as such L/C Issuer may require. Additionally, the Company shall furnish to such L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as such L/C Issuer or the Administrative Agent may require.

(ii) Promptly after receipt of any Letter of Credit Application, the applicable L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Company and, if not, such L/C Issuer will provide the Administrative Agent with a copy thereof. Unless such L/C Issuer has received written notice from any Lender, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article IV shall not then be satisfied, then, subject to the terms and conditions hereof, such L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the Company (or the applicable Restricted Subsidiary) or enter into the applicable amendment, as the case may be, in each case in accordance with such L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Revolving Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from such L/C Issuer a risk

participation in such Letter of Credit in an amount equal to the product of such Lender's Applicable Percentage ~~times~~ the amount of such Letter of Credit.

(iii) If the Company so requests in any applicable Letter of Credit Application, the applicable L/C Issuer may, in its sole discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must permit such L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by such L/C Issuer, the Company shall not be required to make a specific request to such L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the applicable L/C Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, however, that such L/C Issuer shall not permit any such extension if (A) such L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (ii) or (iii) of Section 2.03(a) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven (7) Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Required Revolving Lenders have elected not to permit such extension or (2) from the Administrative Agent, any Lender or the Company that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, and in each case directing such L/C Issuer not to permit such extension.

(iv) If the Company so requests in any applicable Letter of Credit Application, the applicable L/C Issuer may, in its sole discretion, agree to issue a Letter of Credit that permits the automatic reinstatement of all or a portion of the stated amount thereof after any drawing thereunder (each, an "Auto-Reinstatement Letter of Credit"). Unless otherwise directed by such L/C Issuer, the Company shall not be required to make a specific request to the applicable L/C Issuer to permit such reinstatement. Once an Auto-Reinstatement Letter of Credit has been issued, except as provided in the following sentence, the Lenders shall be deemed to have authorized (but may not require) the applicable L/C Issuer to reinstate all or a portion of the stated amount thereof in accordance with the provisions of such Letter of Credit. Notwithstanding the foregoing, if such Auto-Reinstatement Letter of Credit permits the applicable L/C Issuer to decline to reinstate all or any portion of the stated amount thereof after a drawing thereunder by giving notice of such non-reinstatement within a specified number of days after such drawing (the "Non-Reinstatement Deadline"), such L/C Issuer shall not permit such reinstatement if it has received a notice (which may be by telephone or in writing) on or before the day that is seven (7) Business Days before the Non-Reinstatement Deadline (A) from the Administrative Agent that the Required Revolving Lenders have elected not to permit such reinstatement or (B) from the Administrative Agent, any Lender or the Company that one or more of the applicable conditions specified in Section 4.02 is not then satisfied (treating such reinstatement as an L/C Credit Extension for purposes of this clause) and, in each case, directing such L/C Issuer not to permit such reinstatement.

(v) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the applicable L/C Issuer will also deliver to the Company and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the applicable L/C Issuer shall notify the Company

and the Administrative Agent thereof. In the case of a Letter of Credit denominated in an Alternative Currency, the Company shall reimburse such L/C Issuer in such Alternative Currency, unless (A) the applicable L/C Issuer (at its option) shall have specified in such notice that it will require reimbursement in Dollars, or (B) in the absence of any such requirement for reimbursement in Dollars, the Company shall have notified such L/C Issuer promptly following receipt of the notice of drawing that the Company will reimburse such L/C Issuer in Dollars. In the case of any such reimbursement in Dollars of a drawing under a Letter of Credit denominated in an Alternative Currency, the applicable L/C Issuer shall notify the Company of the Dollar Equivalent of the amount of the drawing promptly following the determination thereof. If the Company is notified prior to 11:00 a.m. on the date of any payment by an L/C Issuer under a Letter of Credit to be reimbursed in Dollars, or prior to the Applicable Time on the date of any payment by an L/C Issuer under a Letter of Credit to be reimbursed in an Alternative Currency (each such date, an "Honor Date"), the Company shall reimburse the applicable L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing and in the applicable currency on such date (or, if notified after such time, then no later than 11:00 a.m. on the next succeeding Business Day with respect to any payment by the applicable L/C Issuer under a Letter of Credit to be reimbursed in Dollars or the Applicable Time on the next succeeding Business Day with respect to any payment by the applicable L/C Issuer under a Letter of Credit to be reimbursed in an Alternative Currency). In the event that (A) a drawing denominated in an Alternative Currency is to be reimbursed in Dollars pursuant to the second sentence in this Section 2.03(c)(i) and (B) the Dollar amount paid by the Company, whether on or after the Honor Date, shall not be adequate on the date of that payment to purchase in accordance with normal banking procedures a sum denominated in the Alternative Currency equal to the drawing, the Company agrees, as a separate and independent obligation, to indemnify the applicable L/C Issuer for the loss resulting from its inability on that date to purchase the Alternative Currency in the full amount of the drawing. If the Company fails to timely reimburse an L/C Issuer on the Honor Date, the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (expressed in Dollars in the amount of the Dollar Equivalent thereof in the case of a Letter of Credit denominated in an Alternative Currency) (the "Unreimbursed Amount"), and the amount of such Lender's Applicable Percentage thereof. In such event, the Company shall be deemed to have requested a Borrowing of Revolving Loans that are Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Revolving Loans that are Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Revolving Commitments and the conditions set forth in Section 4.02 (other than the delivery of a Loan Notice) and provided that, after giving effect to such Borrowing, the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments. Any notice given by an L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if promptly confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Revolving Lender shall upon any notice pursuant to Section 2.03(c)(i) make funds available (and the Administrative Agent may apply Cash Collateral provided for this purpose) for the account of the applicable L/C Issuer, in Dollars, at the Administrative Agent's Office for Dollar-denominated payments in an amount equal to its Applicable Percentage of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Revolving Lender that so makes funds available shall be deemed to have made a Revolving Loan that is a Base Rate Loan to the Company in such amount. The Administrative Agent shall remit the funds so received to the applicable L/C Issuer in Dollars.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Borrowing of Revolving Loans that are Base Rate Loans because the conditions set

forth in Section 4.02 cannot be satisfied or for any other reason, the Company shall be deemed to have incurred from the applicable L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Revolving Lender's payment to the Administrative Agent for the account of the applicable L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until each Revolving Lender funds its Revolving Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the applicable L/C Issuer for any amount drawn under any Letter of Credit issued by such L/C Issuer, interest in respect of such Lender's Applicable Percentage of such amount shall be solely for the account of such L/C Issuer.

(v) Each Revolving Lender's obligation to make Revolving Loans or L/C Advances to reimburse each L/C Issuer for amounts drawn under Letters of Credit issued by such L/C Issuer, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against an L/C Issuer, the Company, any Subsidiary or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Revolving Lender's obligation to make Revolving Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 4.02 (other than delivery by the Company of a Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Company to reimburse an L/C Issuer for the amount of any payment made by such L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Revolving Lender fails to make available to the Administrative Agent for the account of an L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), then, without limiting the other provisions of this Agreement, such L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to such L/C Issuer at a rate per annum equal to the applicable Overnight Rate from time to time in effect, plus any administrative, processing or similar fees customarily charged by such L/C Issuer in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Revolving Loan included in the relevant Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of an L/C Issuer submitted to any Revolving Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after an L/C Issuer has made a payment under any Letter of Credit issued by such L/C Issuer and has received from any Revolving Lender such Lender's L/C Advance in respect of such payment in accordance with Section 2.03(c), if the Administrative Agent receives for the account of such L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Company or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Applicable Percentage thereof in Dollars and in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of an L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by an L/C Issuer in its discretion), each Revolving Lender shall pay to the Administrative Agent for the account of such L/C Issuer its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the applicable Overnight Rate from time to time in effect. The obligations of the Revolving Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of the Company to reimburse each L/C Issuer for each drawing under each Letter of Credit issued by such L/C Issuer and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that the Company or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the applicable L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, endorsement, certificate or other document presented under or in connection with such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) waiver by such L/C Issuer of any requirement that exists for such L/C Issuer's protection and not the protection of the Company or any waiver by such L/C Issuer which does not in fact materially prejudice the Company;

(v) honor of a demand for payment presented electronically even if such Letter of Credit requires that demand be in the form of a draft;

(vi) any payment made by such L/C Issuer in respect of an otherwise complying item presented after the date specified as the expiration date of, or the date by which documents must be received under, such Letter of Credit if presentation after such date is authorized by the UCC, the ISP or the UCP, as applicable;

(vii) any payment by such L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by such L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law;

(viii) any adverse change in the relevant exchange rates or in the availability of the relevant Alternative Currency to the Company or any Subsidiary or in the relevant currency markets generally; or

(ix) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Company or any Subsidiary.

The Company shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Company's instructions or other irregularity, the Company will immediately notify the applicable L/C Issuer. The Company shall be conclusively deemed to have waived any such claim against such L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each Lender and the Company agree that, in paying any drawing under a Letter of Credit, the applicable L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuers, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of any L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders, the Required Pro Rata Facilities Lenders, the Required Revolving Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of bad faith, gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Company hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Company's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuers, the Administrative Agent, any of their respective Related Parties nor any correspondent, participant or assignee of any L/C Issuer shall be liable or responsible for any of the matters described in clauses (i) through (viii) of Section 2.03(e); provided, however, that anything in such clauses to the contrary notwithstanding, the Company may have a claim against an L/C Issuer, and an L/C Issuer may be liable to the Company, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Company which the Company proves, as determined by a final non-appealable judgment of a court of competent jurisdiction, were caused by such L/C Issuer's bad faith, willful misconduct or gross negligence or such L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight or time draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, an L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and such L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring, endorsing or assigning or purporting to transfer, endorse or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. The L/C Issuers may send a Letter of Credit or conduct any communication to or from the beneficiary via the Society for Worldwide Interbank Financial Telecommunication ("SWIFT") message or overnight courier, or any other commercially reasonable means of communicating with a beneficiary.

(g) Applicability of ISP and UCP; Limitation of Liability. Unless otherwise expressly agreed by the applicable L/C Issuer and the Company when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), (i) the rules of the ISP shall apply to each standby Letter of Credit and (ii) the rules of the UCP shall apply to each commercial Letter of Credit. Notwithstanding the foregoing, no L/C Issuer shall be responsible to the Company for, and no L/C Issuer's rights and remedies against the Company shall be impaired by, any action or inaction of such L/C Issuer required or permitted under any Law, order, or practice that is required or permitted to be applied to any Letter of Credit or this Agreement, including the Law or any order of a jurisdiction where such L/C Issuer or the beneficiary is located, the practice stated in the ISP or UCP, as applicable, or in the decisions, opinions, practice statements, or official commentary of the ICC Banking Commission, the

Bankers Association for Finance and Trade - International Financial Services Association (BAFT-IFSA), or the Institute of International Banking Law & Practice, whether or not any Letter of Credit chooses such Law or practice.

(h) Letter of Credit Fees. The Company shall pay to the Administrative Agent for the account of each Revolving Lender in accordance, subject to adjustment as provided in Section 2.18, with its Applicable Percentage, in Dollars, a Letter of Credit fee (the "Letter of Credit Fee") (A) for each commercial Letter of Credit equal to one-half (½) of one percent (1.00%) per annum times the Dollar Equivalent of the daily amount available to be drawn under such Letter of Credit, and (B) for each standby Letter of Credit equal to the Applicable Rate for Letter of Credit Fees times the Dollar Equivalent of the daily amount available to be drawn under such Letter of Credit. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.09. Letter of Credit Fees shall be (x) due and payable on the first (1<sup>st</sup>) Business Day after the end of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand and (y) computed on a quarterly basis in arrears. If there is any change in the Applicable Rate during any quarter, the daily amount available to be drawn under each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. Notwithstanding anything to the contrary contained herein, upon the request of the Required Revolving Lenders, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate.

(i) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The Company shall pay directly to each L/C Issuer for its own account, in Dollars, a fronting fee (i) with respect to each commercial Letter of Credit issued by such L/C Issuer, at the rate specified in the Fee Letter or otherwise agreed in writing by the applicable L/C Issuer and the Company, as applicable, in each case computed on the Dollar Equivalent of the amount of such Letter of Credit and due and payable upon the issuance thereof, (ii) with respect to any amendment of a commercial Letter of Credit issued by such L/C Issuer increasing the amount of such Letter of Credit, at a rate separately agreed between the Company and such L/C Issuer, computed on the Dollar Equivalent of the amount of such increase, and due and payable upon the effectiveness of such amendment, and (iii) with respect to each standby Letter of Credit issued by such L/C Issuer, at the rate per annum specified in the Fee Letter or otherwise agreed in writing by such L/C Issuer and the Company, as applicable, in each case computed on the Dollar Equivalent of the daily amount available to be drawn under such Letter of Credit on a quarterly basis in arrears and due and payable on the first (1<sup>st</sup>) Business Day after the end of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.09. In addition, the Company shall pay directly to each L/C Issuer for its own respective account, in Dollars, the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of such L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(j) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

#### **2.04 Bankers' Acceptances.**

(a) Bankers' Acceptances. Upon acceptance of each Bankers' Acceptance or the making of each B/A Equivalent Loan, the applicable Canadian Borrower shall pay to the applicable Revolving Lenders the B/A Fee. To facilitate such payment, each such Revolving Lender shall be entitled to deduct and retain for its own account the amount of such B/A Fee from the amount to be transferred by such Revolving Lender to the Administrative Agent for the

account of the applicable Canadian Borrower pursuant to this Agreement in respect of the purchase of the related Bankers' Acceptance or of such B/A Equivalent Loan.

(b) B/A Discount Proceeds. The B/A Discount Proceeds for a Bankers' Acceptance are equal to the face amount of that Bankers' Acceptance multiplied by the price and shall be rounded to the nearest full cent, with one-half of one cent being rounded up. The price is calculated by dividing one (1) by the sum of one (1) plus the product of (i) the B/A Discount Rate applicable to that Bankers' Acceptance expressed as a decimal fraction, multiplied by (ii) a fraction, the numerator of which is the term in days of that Bankers' Acceptance and the denominator of which is three hundred sixty-five (365). The price shall be rounded to the nearest multiple of 0.001%.

(c) Orders. To facilitate the acceptance of Bankers' Acceptances under this Agreement, each of the Canadian Borrowers appoints each Revolving Lender as its attorney to sign and endorse on its behalf, as and when considered necessary by the Revolving Lender, an appropriate number of orders in the form prescribed by that Revolving Lender. Each Revolving Lender may, at its option, execute any order in handwriting or by the facsimile or mechanical signature of any of its authorized officers, and the Revolving Lenders are authorized to accept or pay, as the case may be, any order of a Canadian Borrower that purports to bear such a signature notwithstanding that the signatory has ceased to be an authorized officer of such Revolving Lender. Any such order or Bankers' Acceptance shall be as valid as if the individual were an authorized officer at the date of issue of the order or Bankers' Acceptance. Any order or Bankers' Acceptance signed by a Revolving Lender as attorney for a Canadian Borrower, whether signed in handwriting or by facsimile or mechanical signature may be dealt with by the Administrative Agent or any Revolving Lender to all intents and purposes and shall bind such Canadian Borrower as if duly signed and issued by such Canadian Borrower. The receipt by the Administrative Agent of a notice requesting a Borrowing by way of Bankers' Acceptances shall be each Revolving Lender's sufficient authority to execute, and each Revolving Lender shall, subject to the terms and conditions of this Agreement, execute orders in accordance with that request and the advice of the Administrative Agent given pursuant to this Agreement. The executed orders shall be deemed to have been presented for acceptance.

(d) Prepayment. No Bankers' Acceptance may be paid before its maturity date.

(e) Calculations.

(i) In advising a Revolving Lender of the amount it is to deliver to the Administrative Agent in respect of any Borrowing, the Administrative Agent shall allow for deduction by each Revolving Lender of the applicable B/A Fee in connection with a Borrowing by way of Bankers' Acceptances and may also net other amounts payable in the same currency by the applicable Canadian Borrower to the Administrative Agent for the account of that Revolving Lender on the date of Borrowing.

(ii) Notwithstanding any other provision of this Agreement, the amount to be transferred by a Revolving Lender to the Administrative Agent in connection with any Bankers' Acceptance accepted by that Revolving Lender shall be determined by the B/A Discount Proceeds calculated with respect to the Bankers' Acceptance rather than the actual proceeds of any sale of that Bankers' Acceptance. Accordingly, in respect of any particular Bankers' Acceptance accepted by it, a Revolving Lender (a) shall be entitled to retain for its own account the amount, if any, by which any actual proceeds of sale exceed the calculated B/A Discount Proceeds with respect to the Bankers' Acceptance, and (b) shall be required to pay out of its own funds the amount, if any, by which the actual proceeds of sale are less than the calculated B/A Discount Proceeds.

(f) B/A Equivalent Loan Request. Whenever a Canadian Borrower requests a Borrowing that includes Bankers' Acceptances, each Revolving Lender that is not permitted by applicable Law or by customary market practice to accept Bankers' Acceptances or for any other reason elects by notice to the Administrative Agent from time to time not to do so (a "Non-B/A").



Lender”) shall, in lieu of accepting its pro rata amount of Bankers’ Acceptances, make available to the applicable Canadian Borrower on the date of Borrowing a Loan (a “B/A Equivalent Loan”) in Canadian Dollars and in an amount equal to the B/A Discount Proceeds of the Bankers’ Acceptances that the Non-B/A Lender would otherwise have accepted, less the B/A Fee that would otherwise have been applicable. The B/A Equivalent Loan shall have a term equal to the term of the Bankers’ Acceptances that the Non-B/A Lender would otherwise have accepted and the applicable Canadian Borrower shall, at the end of that term, be obligated to pay the Non-B/A Lender an amount equal to the aggregate face amount of the Bankers’ Acceptances that it would otherwise have accepted. All provisions of this Agreement applicable to Bankers’ Acceptances and Lenders that accept Bankers’ Acceptances shall apply *mutatis mutandis* to B/A Equivalent Loans and Non-B/A Lenders.

(g) Maturity, Etc. On the date of maturity of each Bankers’ Acceptance or B/A Equivalent Loan, the applicable Canadian Borrower shall pay to the Administrative Agent, for the account of each of the applicable Revolving Lenders, in Canadian Dollars, an amount equal to the full face amount of such Bankers’ Acceptance or B/A Equivalent Loan, as the case may be. The Canadian Borrowers shall not claim from a Revolving Lender any days of grace for the payment at maturity of any Bankers’ Acceptance or B/A Equivalent Loan accepted by the Revolving Lenders pursuant to this Agreement. The Canadian Borrowers waive any defense to payment that might otherwise exist if for any reason a Bankers’ Acceptance is held at maturity by a Revolving Lender in its own right, and the doctrine of merger shall not apply to any Bankers’ Acceptance that is at any time held by a Revolving Lender in its own right. Any executed orders to be used as Bankers’ Acceptances shall be held by a Revolving Lender in safekeeping with the same degree of care as if they were the Revolving Lender’s own property, and shall be kept at the place at which executed orders are ordinarily held by the Revolving Lender.

(h) Arrangement. It shall be the responsibility of each Revolving Lender to arrange, in accordance with normal market practice, for the sale on each date of Borrowing of the Bankers’ Acceptances issued by the applicable Canadian Borrower and to be accepted by that Revolving Lender, failing which the provisions of this Agreement relating to Non-B/A Lenders shall apply.

(i) Irrevocability. The obligations of the Canadian Borrowers with respect to Bankers’ Acceptances under this Agreement shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including: (i) any lack of validity or enforceability of any order accepted by a Revolving Lender as a Bankers’ Acceptance; or (ii) the existence of any claim, set-off, defence or other right that the applicable Canadian Borrower may have at any time against the holder of a Bankers’ Acceptance, a Revolving Lender or any other Person or entity, whether in connection with this Agreement or otherwise. No Canadian Borrower shall enter into any agreement or arrangement of any kind with any Person to whom Bankers’ Acceptances have been delivered by which such Canadian Borrower undertakes to replace the Bankers’ Acceptances on a continuing basis with other Bankers’ Acceptances, nor shall such Canadian Borrower directly or indirectly take, use or provide Bankers’ Acceptances as security for loans or advances from any other Person.

(j) Rollover. Any difference between the actual proceeds of a newly issued Bankers’ Acceptance and the amount required to pay a maturing Bankers’ Acceptance that is being rolled over or the amount required to pay a Canadian Prime Rate Loan that is being converted to a Bankers’ Acceptance, shall be paid by the applicable Canadian Borrower to the Administrative Agent from its own resources not later than 11:00 a.m. Toronto, Ontario time on the requested date of such Borrowing, conversion or continuation, or may be advanced as a Canadian Prime Rate Loan if such Canadian Borrower is otherwise entitled to a Loan under the Revolving Facility.

## **2.05 Swing Line Loans.**

(a) Swing Line Facility. Subject to the terms and conditions set forth herein, the Swing Line Lender, in reliance upon the agreements of the other Revolving Lenders set forth in

this Section 2.05, may in its sole discretion make loans in Dollars (each such loan, a “Swing Line Loan”) to the Borrowers or any of them from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Applicable Percentage of the Outstanding Amount of Revolving Loans and L/C Obligations of the Revolving Lender acting as Swing Line Lender, may exceed the amount of such Lender’s Revolving Commitment; provided, however, that (x) after giving effect to any Swing Line Loan, (i) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, and (ii) the Revolving Credit Exposure of any Lender shall not exceed such Lender’s Revolving Commitment, (y) no Borrower shall use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan, and (z) the Swing Line Lender shall not be under any obligation to make any Swing Line Loan if it shall determine (which determination shall be conclusive and binding absent manifest error) that it has, or by such Credit Extension may have, Fronting Exposure. Within the foregoing limits, and subject to the other terms and conditions hereof, each Borrower may borrow under this Section 2.05, prepay under Section 2.06, and reborrow under this Section 2.05. Each Swing Line Loan shall be a Base Rate Loan. Immediately upon the making of a Swing Line Loan, each Revolving Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender’s Applicable Percentage times the amount of such Swing Line Loan.

(b) Borrowing Procedures. Each Swing Line Borrowing shall be made upon the applicable Borrower’s irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by (A) telephone or (B) by a Swing Line Loan Notice; provided that any telephonic notice must be confirmed promptly by delivery to the Swing line Lender and the Administrative Agent of a Swing Line Loan Notice. Each such Swing Line Loan Notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum principal amount of \$100,000, and (ii) the requested borrowing date, which shall be a Business Day. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Revolving Lender) prior to 2:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the first proviso to the first sentence of Section 2.05(a), or (B) that one or more of the applicable conditions specified in Article IV is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the applicable Borrower.

(c) Refinancing of Swing Line Loans.

(i) The Swing Line Lender at any time in its sole discretion may request, on behalf of the applicable Borrower (and each Borrower hereby irrevocably authorizes the Swing Line Lender to so request on its behalf), that each Revolving Lender make a Base Rate Loan in an amount equal to such Lender’s Applicable Percentage of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02, without regard to the minimum and multiples specified therein for the principal amount of Revolving Loans that are Base Rate Loans, but subject to the unutilized portion of the Aggregate Revolving Commitments and the conditions set forth in Section 4.02. The Swing Line Lender shall furnish the Company with a copy of the applicable Loan Notice promptly after delivering such notice to the Administrative Agent. Each Revolving Lender shall make an amount equal to its Applicable Percentage of the amount specified in such Loan Notice available to the Administrative Agent in Same Day Funds (and the Administrative Agent may

apply Cash Collateral available with respect to the applicable Swing Line Loan) for the account of the Swing Line Lender at the Administrative Agent's Office for Dollar-denominated payments not later than 1:00 p.m. on the day specified in such Loan Notice, whereupon, subject to Section 2.05(c)(ii), each Revolving Lender that so makes funds available shall be deemed to have made a Revolving Loan that is a Base Rate Loan to the applicable Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Borrowing of Revolving Loans in accordance with Section 2.05(c)(i), the request for Revolving Loans that are Base Rate Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Revolving Lenders fund its risk participation in the relevant Swing Line Loan and each Revolving Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.05(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Revolving Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.05(c) by the time specified in Section 2.05(c)(i), the Swing Line Lender shall be entitled to recover from such Revolving Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the applicable Overnight Rate from time to time in effect, plus any administrative, processing or similar fees customarily charged by the Swing Line Lender in connection with the foregoing. If such Revolving Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Revolving Lender's Loan included in the relevant Borrowing or funded participation in the relevant Swing Line Loan, as the case may be. A certificate of the Swing Line Lender submitted to any Revolving Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Revolving Lender's obligation to make Revolving Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.05(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Revolving Lender may have against the Swing Line Lender, any Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Revolving Lender's obligation to make Loans pursuant to this Section 2.05(c) is subject to the conditions set forth in Section 4.02. No such funding of risk participations shall relieve or otherwise impair the obligation of each Borrower to repay Swing Line Loans made to such Borrower, together with interest as provided herein.

(d) Repayment of Participations.

(i) At any time after any Revolving Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Revolving Lender its Applicable Percentage thereof in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Revolving

Lender shall pay to the Swing Line Lender its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the applicable Overnight Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender. The obligations of the Revolving Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Interest for Account of Swing Line Lender. The Swing Line Lender shall be responsible for invoicing each Borrower for interest on the Swing Line Loans made to such Borrower. Until each Revolving Lender funds its Revolving Loans that are Base Rate Loan or risk participation pursuant to this Section 2.05 to refinance such Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender. Each Borrower shall make all payments of principal and interest in respect of the Swing Line Loans made to such Borrower directly to the Swing Line Lender.

## 2.06 Prepayments.

### (a) Voluntary Prepayments of Loans.

(i) Revolving Loans and Term Loans. Any Borrower may, upon delivery of a Notice of Loan Prepayment to the Administrative Agent, at any time or from time to time voluntarily prepay Revolving Loans and Term Loans (but not Bankers' Acceptances or B/A Equivalent Loans) in whole or in part without premium or penalty except as set forth in Section 2.06(a)(iii); provided that, unless otherwise agreed by the Administrative Agent, (A) such notice must be received by the Administrative Agent not later than 12:00 noon (x) three (3) Business Days prior to any date of prepayment of Eurocurrency Rate Loans, (y) four (4) Business Days (or five (5) Business Days in the case of a prepayment of Loans denominated in Special Notice Currencies) prior to any date of prepayment of Alternative Currency Loans and (z) on the date of prepayment of Base Rate Loans and Canadian Prime Rate Loans; (B) any such prepayment of Eurocurrency Rate Loans and Alternative Currency Loans shall be in a principal amount of the Dollar Equivalent of \$1,000,000 or a whole multiple of the Dollar Equivalent of \$500,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding); (C) any prepayment of Base Rate Loans and Canadian Prime Rate Loans shall be in a principal amount of the Dollar Equivalent of \$1,000,000 or a whole multiple of the Dollar Equivalent of \$500,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding); and (D) any prepayment of any of the Term Loans shall be applied to such tranche of the Term Loans as the applicable Borrower making such prepayment shall direct in its sole discretion; provided that, absent such direction any prepayment shall be applied ratably to the Term Loans then outstanding (and to the principal installments thereof in direct order of maturity). Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid and, if Eurocurrency Rate Loans or Alternative Currency Term Rate Loans are to be prepaid, the Interest Period(s) of such Loans. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment; provided that any such notice delivered by a Borrower may be conditioned upon the effectiveness of other transactions, in which case such notice may be revoked or its effectiveness deferred by such Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied, subject to the payment of breakage costs in accordance with Section 3.05. If such notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Loan shall be accompanied by all accrued interest on the amount prepaid, together with (I) in the case of any applicable Term Loan, any additional amounts required pursuant to Section 2.06(a)(iii) and (II) in the case of any Eurocurrency Rate Loan or Alternative

Currency Term Rate Loan, any additional amounts required pursuant to [Section 3.05](#). Subject to [Section 2.18](#), each such prepayment shall be applied to the Loans of the Lenders in accordance with their respective Applicable Percentages.

(ii) Swing Line Loans. Any Borrower may, upon delivery of a Notice of Loan Prepayment to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that, unless otherwise agreed to by the Swing Line Lender, (A) such notice must be received by the Swing Line Lender and the Administrative Agent not later than 2:00 p.m. on the date of the prepayment, and (B) any such prepayment shall be in a minimum principal amount of \$100,000 or a whole multiple of \$100,000 in excess thereof (or, if less, the entire principal thereof then outstanding). Each such notice shall specify the date and amount of such prepayment. If such notice is given by a Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(iii) Prepayment Premium. In the event that, on any day during the relevant Call Protection Period, (A) a Repricing Event occurs with respect to the Term B Loan, or (B) a Lender holding a portion of the Term B Loan is deemed to be a Non-Consenting Lender and must assign its portion of such Term Loan pursuant to [Section 10.13](#) in connection with any waiver, amendment or modification that would reduce the effective All-In-Yield in effect with respect to such Term Loan, then, in each case, the aggregate principal amount to be prepaid or repaid or assigned, as applicable, will be subject to a prepayment premium in an amount equal to one percent (1.00%) of (x) the principal amount of such Term Loan that is prepaid (in the case of an optional or mandatory prepayment of such Term Loan described in [clause \(a\)](#) of the definition of "Repricing Event"), (y) the aggregate outstanding principal amount of such Term Loan (in the case of an amendment described in [clause \(b\)](#) of the definition of "Repricing Event"), or (z) the principal amount of such Term Loan that is assigned (in the case of the foregoing [clause \(B\)](#)). Such prepayment premium shall be paid by the Company to the Administrative Agent, for the account of the applicable Lenders or such Non-Consenting Lenders, as applicable, on the date of such prepayment or repayment or the effective date of such assignment, as applicable.

(b) Mandatory Prepayments of Loans.

(i) Revolving Commitments.

(A) If for any reason the Total Revolving Outstandings at any time exceed the Aggregate Revolving Commitments then in effect, the Borrowers shall promptly prepay Revolving Loans (other than Bankers' Acceptances) and/or Swing Line Loans and/or Cash Collateralize the L/C Obligations and Bankers' Acceptance Obligations in an aggregate amount equal to such excess; provided, however, that the Borrowers shall not be required to Cash Collateralize the L/C Obligations or Bankers' Acceptance Obligations pursuant to this [Section 2.06\(b\)\(i\)\(A\)](#), unless after the prepayment in full of the Revolving Loans and Swing Line Loans the Total Revolving Outstandings exceed the Aggregate Revolving Commitments then in effect.

(B) In the case of Loans and Letters of Credit denominated in an Alternative Currency, the Administrative Agent will at periodic intervals, and may, at its discretion at other times, recalculate the Dollar Equivalent of the aggregate Outstanding Amount of all Revolving Loans and L/C Obligations denominated in Alternative Currencies to account for fluctuations in exchange rates affecting such Alternative Currency. If, as a result of any such recalculation or otherwise, the Total Revolving Outstandings exceed the Aggregate Revolving Commitments then in effect by more than the Dollar Equivalent of \$500,000, the

Borrowers will promptly prepay Revolving Loans and/or Swing Line Loans and/or Cash Collateralize the L/C Obligations and Bankers' Acceptance Obligations in an aggregate amount equal to such excess.

(C) If on any date during the Revolving Commitment Reserve Period the Total Revolving Outstandings on such date exceed the difference of (1) the Aggregate Revolving Commitments then in effect minus (2) the Outstanding Amount of the Term B Loan on such date for any reason other than the repayment in full of the Outstanding Amount of the Term B Loan with the proceeds of Revolving Loans, the Borrowers shall promptly prepay Revolving Loans (other than Bankers' Acceptances) and/or Swing Line Loans and/or Cash Collateralize the L/C Obligations and Bankers' Acceptance Obligations in an aggregate amount equal to such excess; provided, however, that the Borrowers shall not be required to Cash Collateralize the L/C Obligations or Bankers' Acceptance Obligations pursuant to this Section 2.06(b)(i)(C), unless after the prepayment in full of the Revolving Loans (other than Bankers' Acceptances) and Swing Line Loans the Total Revolving Outstandings exceed the difference of (I) Aggregate Revolving Commitments then in effect minus (II) the then Outstanding Amount of the Term B Loan.

(ii) Dispositions and Recovery Events. The Borrowers shall prepay the Loans and/or Cash Collateralize the L/C Obligations and Bankers' Acceptance Obligations as hereafter provided in an aggregate amount equal to one hundred percent (100%) of the Net Cash Proceeds in excess of \$50,000,000 during any fiscal year received by the Company or any Restricted Subsidiary from all Dispositions (other than Dispositions permitted by Sections 7.05(a) through (x)) and Recovery Events to the extent such Net Cash Proceeds in excess of \$50,000,000 are not reinvested in assets (excluding current assets as classified by IFRS) that are useful or usable in the business of the Company and its Restricted Subsidiaries within three hundred sixty-five (365) days of the date of such Disposition or Recovery Event; provided, however, if any portion of such Net Cash Proceeds are not so reinvested within such 365-day period but within such 365-day period are contractually committed to be reinvested, then upon the termination of such contract or if such Net Cash Proceeds are not so reinvested within five hundred forty-five (545) days of initial receipt, such remaining portion shall constitute Net Cash Proceeds as of the date of such termination or expiry and shall be immediately applied to the prepayment of the Term Loans as set forth in this Section 2.06(b)(ii). Any prepayment pursuant to this clause (ii) shall be applied as set forth in clause (v) below.

(iii) Consolidated Excess Cash Flow. Within ten (10) Business Days after the date that the annual consolidated financial statements of the Company and its Restricted Subsidiaries are required to be delivered pursuant to Section 6.01(a) after the end of each fiscal year ending after the Closing Date (the "Consolidated Excess Cash Flow Prepayment Date"), commencing with the fiscal year ending December 31, 2019, the Company shall prepay (or cause to be prepaid) the Term Loans as hereafter provided in an aggregate amount equal to the difference of (A) the product of Consolidated Excess Cash Flow for such year times (I) fifty percent (50%), if the Consolidated Secured Leverage Ratio as of the end of such fiscal year is equal to or greater than 2.75:1.00 or (II) twenty-five percent (25%), if the Consolidated Secured Leverage Ratio as of the end of such fiscal year is less than 2.75:1.00 but greater than or equal to 2.25:1.00, minus (B) the aggregate amount of optional principal prepayments of Term Loans and optional prepayments of Revolving Loans (to the extent accompanied by a permanent reduction in the Aggregate Revolving Commitments) in each case made pursuant to Section 2.06(a), (1) during such fiscal year (other than any optional prepayments made prior to the Consolidated Excess Cash Flow Prepayment Date for such fiscal year to the extent such optional prepayments were applied to reduce the Consolidated Excess Cash Flow prepayment required under this clause (iii) for the prior fiscal year) or (2) following the end of such fiscal year but prior to the Consolidated Excess Cash Flow Prepayment Date for such fiscal year and, upon the election of the Company by written notice delivered to

the Administrative Agent prior to the Consolidated Excess Cash Flow Prepayment Date for such period, applied to reduce the Consolidated Excess Cash Flow prepayment required under this clause (iii), in each case, except to the extent financed with long-term, non-revolving Indebtedness minus (C) the portion of Consolidated Net Income attributable to any Non-U.S. Subsidiaries (other than Non-U.S. Subsidiaries organized under any jurisdiction of Canada), except to the extent of any cash actually repatriated to the Company or any of its Restricted Subsidiaries that are U.S. Subsidiaries or Non-U.S. Subsidiaries organized under any jurisdiction of Canada; provided, however, that if the Consolidated Secured Leverage Ratio as of the last day of such fiscal year is less than 2.25:1.00, then the Company shall not be required to make any prepayment pursuant to this clause (iii) for such fiscal year. Any prepayment pursuant to this clause (iii) shall be applied as set forth in clause (v) below.

(iv) Debt Issuances. Within one (1) Business Day of receipt by the Company or any Restricted Subsidiary of the Net Cash Proceeds of any Debt Issuance, the Company shall prepay the Loans and/or Cash Collateralize the L/C Obligations and Bankers' Acceptance Obligations as hereafter provided in an aggregate amount equal to one hundred percent (100%) of such Net Cash Proceeds. Any prepayment pursuant to this clause (iv) shall be applied as set forth in clause (v) below.

(v) Application of Mandatory Prepayments. All amounts required to be paid pursuant to this Section 2.06(b) shall be applied as follows:

(A) with respect to all amounts prepaid pursuant to Section 2.06(b)(i), first, ratably to the L/C Borrowings and the Swing Line Loans, second, to the outstanding Revolving Loans, and, third, to Cash Collateralize the Bankers' Acceptance Obligations and the remaining L/C Obligations; and

(B) with respect to all amounts prepaid pursuant to Sections 2.06(b)(ii), (iii) and (iv), first ratably to the Term Loans (initially, to the first eight principal amortization payments scheduled to be made in direct order of maturity and, thereafter, on a *pro rata* basis to the remaining principal amortization payments of the applicable Term Loan), second, ratably to the L/C Borrowings and the Swing Line Loans, third, to the outstanding Revolving Loans, and fourth, to Cash Collateralize the Bankers' Acceptance Obligations and the remaining L/C Obligations (without a commitment reduction thereunder).

Within the parameters of the applications set forth above, prepayments shall be applied first to Base Rate Loans, Alternative Currency Daily Rate Loans and Canadian Prime Rate Loans and then to Eurocurrency Rate Loans, Alternative Currency Term Rate Loans, Bankers' Acceptances and B/A Equivalent Loans in direct order of Interest Period maturities. All prepayments under this Section 2.06(b) shall be subject to Section 3.05, but otherwise without premium or penalty except as set forth in Section 2.06(a)(iii) (solely to the extent such prepayment constitutes a Repricing Event), and shall be accompanied by interest on the principal amount prepaid through the date of prepayment and any additional amounts required pursuant to Section 2.06(a)(iii) (solely to the extent such prepayment constitutes a Repricing Event).

## 2.07 Termination or Reduction of Commitments.

(a) The Company may, upon notice to the Administrative Agent, terminate the Aggregate Revolving Commitments, or from time to time permanently reduce the Aggregate Revolving Commitments; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. five (5) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of \$10,000,000 or any whole multiple of \$1,000,000 in excess thereof, (iii) the Company shall not terminate or reduce the Aggregate Revolving Commitments if, after giving effect thereto and to

any concurrent prepayments hereunder, the Total Revolving Outstandings would exceed the Aggregate Revolving Commitments, and (iv) if, after giving effect to any reduction of the Aggregate Revolving Commitments, the Alternative Currency Sublimit, Canadian Dollar Sublimit, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the amount of the Aggregate Revolving Commitments, such sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Revolving Commitments. Subject to clause (iv) of the proviso to the first sentence in this Section 2.07(a), the amount of any such Aggregate Revolving Commitment reduction shall not be applied to the Alternative Currency Sublimit, the Canadian Dollar Sublimit, the Letter of Credit Sublimit or the Swing Line Sublimit unless otherwise specified by the Company. Any reduction of the Aggregate Revolving Commitments shall be applied to the Commitment of each Lender according to its Applicable Percentage. All fees accrued until the effective date of any termination of the Aggregate Revolving Commitments shall be paid on the effective date of such termination.

(b) The Company may, upon irrevocable notice to the Administrative Agent (such notice, a "Revolving Commitment Reserve Notice"), request that a portion of the Aggregate Revolving Commitments be reserved on a dollar-for-dollar basis in an amount equal to the Outstanding Amount of the Term B Loan on the date of such notice; provided that (i) any such notice shall be received by the Administrative Agent not later than 11:00 a.m. five (5) Business Days prior to the effective date of such reservation, (ii) during the period from the date that is five (5) Business Days after the date of delivery to the Administrative Agent of the Revolving Commitment Reserve Notice through the date on which the then Outstanding Amount of the Term B Loan has been paid in full (such period, the "Revolving Commitment Reserve Period"), the portion of the Aggregate Revolving Commitments so reserved pursuant to this Section 2.07(b) shall be equal at all times to the Outstanding Amount of the Term B Loan (and, for the avoidance of doubt, the amount so reserved shall be automatically reduced by any repayment or prepayment of the Term B Loan on a dollar-for-dollar basis by an amount equal to such repayment or prepayment, as applicable, and the Aggregate Revolving Commitments not reserved pursuant to this Section 2.07(b) shall be automatically increased on a dollar-for-dollar basis by the amount of such reduction to the amount so reserved), (iii) notwithstanding anything to the contrary contained in this Agreement, during the Revolving Commitment Reserve Period the portion of the Aggregate Revolving Commitments so reserved pursuant to this Section 2.07(b) shall not be available to the Borrowers for any Credit Extensions except to repay or prepay, in whole or in part, the Term B Loan, (iv) during the Revolving Commitment Reserve Period, the Total Revolving Outstandings shall not exceed, on any date of determination, the difference of (A) the Aggregate Revolving Commitments then in effect minus (B) the Outstanding Amount of the Term B Loan on such date, and (v) during the Revolving Commitment Reserve Period, none of the Alternative Currency Sublimit, the Canadian Dollar Sublimit, the Letter of Credit Sublimit or the Swing Line Sublimit shall exceed, on any date of determination, the difference of (A) the Aggregate Revolving Commitments then in effect minus (B) the Outstanding Amount of the Term B Loan on such date (it being understood and agreed that in the event of any such excess, the Alternative Currency Sublimit, Canadian Dollar Sublimit, the Letter of Credit Sublimit and/or the Swing Line Sublimit shall be automatically reduced by the amount of such excess on a temporary basis until the elimination of such excess). For the avoidance of doubt, immediately upon the payment in full of the then Outstanding Amount of the Term B Loan and at all times following the end of the Revolving Commitment Reserve Period, all Aggregate Revolving Commitments reserved pursuant to this Section 2.07(b) shall immediately and automatically cease to be reserved pursuant hereto and shall be and remain available under and in accordance with (and subject to the other terms and conditions of) this Agreement. The Administrative Agent will promptly notify the Lenders of its receipt of any Revolving Commitment Reserve Notice and of the payment in full of the then Outstanding Amount of the Term B Loan ending the Revolving Commitment Reserve Period.



## 2.08 Repayment of Loans.

- (a) Revolving Loans. Each Borrower shall repay to the Lenders on the Maturity Date for Revolving Loans the aggregate principal amount of all Revolving Loans made to such Borrower outstanding on such date.
- (b) Swing Line Loans. The Company shall repay each Swing Line Loan on the earlier to occur of (i) the date ten (10) Business Days after such Loan is made and (ii) the Maturity Date for Swing Line Loans.
- (c) Term B Loan. The Company shall repay the outstanding principal amount of the Term B Loan in quarterly installments of \$875,000 commencing on September 30, 2018 and on each December 31, March 31, June 30 and September 30 thereafter with the remaining outstanding balance due and payable on the Maturity Date of the Term B Loan (as such installments may hereafter be adjusted as a result of prepayments made pursuant to Section 2.06 and increases with respect to any increase to the Term B Loan pursuant to Section 2.16), unless accelerated sooner pursuant to Section 8.02.
- (d) Incremental Term A Loan. In accordance with and without duplication of the provisions of the Fifth Amendment, the Company shall repay the outstanding principal amount of the Incremental Term A Loan in quarterly installments of \$4,562,500 commencing on March 31, 2022 and on each June 30, September 30, December 31 and March 31, thereafter with the remaining outstanding principal balance due and payable on the Maturity Date of the Incremental Term A Loan (as such installments may hereafter be adjusted as a result of prepayments made pursuant to Section 2.06 and increases with respect to any increase to the Incremental Term A Loan pursuant to Section 2.16), unless accelerated sooner pursuant to Section 8.02.
- (e) Incremental Term Loans. The applicable Borrower(s) shall repay any Incremental Term Loan in accordance with the terms of the Incremental Facility Amendment establishing such Incremental Term Loan, in each case subject to the provisions of Section 2.16(i) or Section 2.16(j), as applicable.

## 2.09 Interest.

- (a) Subject to the provisions of clause (b) below, (i) each Eurocurrency Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurocurrency Rate for such Interest Period plus the Applicable Rate; (ii) each Base Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate; (iii) each Alternative Currency Daily Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Alternative Currency Daily Rate plus the Applicable Rate; (iv) each Alternative Currency Term Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Alternative Currency Term Rate for such Interest Period plus the Applicable Rate; (v) each Canadian Prime Rate Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Canadian Prime Rate plus the Applicable Rate; and (vi) each Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate.
- (b)
- (i) Upon the occurrence and during the continuance of an Event of Default specified in Section 8.01(a), 8.01(f) or 8.01(g), the Borrowers shall pay interest on all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) Upon the request of the Required Lenders while any Event of Default arising as a result of a breach of Section 7.11 exists, the Borrowers shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(iii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan (other than a Bankers' Acceptance or B/A Equivalent Loan) shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

(d) For the purposes of the Interest Act (Canada), (i) whenever a rate of interest or fee rate hereunder is calculated on the basis of a year (the "deemed year") that contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or fee rate shall be expressed as a yearly rate by multiplying such rate of interest or fee rate by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year, (ii) the principle of deemed reinvestment of interest shall not apply to any interest calculation hereunder and (iii) the rates of interest stipulated herein are intended to be nominal rates and not effective rates or yields. Each Loan Party hereby irrevocably agrees not to plead or assert, whether by way of defense or otherwise, in any proceeding relating to this Agreement and the other Loan Documents, that the interest payable under this Agreement and the calculation thereof has not been adequately disclosed to it, whether pursuant to section 4 of the Interest Act (Canada) or any other applicable law or legal principle.

**2.10 Fees.** In addition to certain fees described in subsections (h) and (i) of Section 2.03:

(a) Commitment Fee. The Company shall pay to the Administrative Agent, for the account of each Revolving Lender in accordance with its Applicable Percentage, a commitment fee (the "Commitment Fee") in Dollars equal to the product of (i) the Applicable Rate times (ii) the actual daily amount by which the Aggregate Revolving Commitments exceed the sum of (A) the Outstanding Amount of all Revolving Loans plus (B) the Outstanding Amount of all L/C Obligations, subject to adjustment as provided in Section 2.18. The Commitment Fee shall accrue at all times during the Availability Period (and thereafter so long as any Revolving Loans, Swing Line Loans or L/C Obligations remain outstanding), including at any time during which one or more of the conditions in Article IV is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the last day of the Availability Period. The Commitment Fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. For purposes of clarification, Swing Line Loans shall not be considered outstanding for purposes of determining the unused portion of the Aggregate Revolving Commitments.

(b) Other Fees.

(i) The Company shall pay to the Arrangers and the Administrative Agent for their own respective accounts, in Dollars, fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

(ii) The Company shall pay to the Lenders, in Dollars, such fees as shall have been separately agreed upon in writing in the amounts and at the times so specified.

Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

## 2.11 Computation of Interest and Fees.

(a) All computations of interest for Base Rate Loans (including Base Rate Loans determined by reference to the Eurocurrency Rate) and for Alternative Currency Loans and all computations of B/A Fees and fees under the Fee Letter shall be made on the basis of a year of three hundred sixty-five (365) or three hundred sixty-six (366) days, as the case may be, and actual days elapsed or, in the case of interest in respect of Loans denominated in Alternative Currencies (other than Canadian Dollars) as to which market practice differs from the foregoing, in accordance with such market practice. All other computations of fees and interest shall be made on the basis of a three hundred sixty (360) day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a three hundred sixty-five (365) day year). Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.13(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

(b) If, as a result of any restatement of or other adjustment to the financial statements of the Company or for any other reason, the Company or the Lenders determine that (i) the Consolidated Total Leverage Ratio as calculated by the Company as of any applicable date was inaccurate and (ii) a proper calculation of the Consolidated Total Leverage Ratio would have resulted in higher pricing for such period, each Borrower shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders or the applicable L/C Issuer, as the case may be, promptly on demand by the Administrative Agent (or, after the occurrence of an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code (or any similar provision in any other Debtor Relief Laws), automatically and without further action by the Administrative Agent, any Lender or any L/C Issuer), an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. This paragraph shall not limit the rights of the Administrative Agent, any Lender or any L/C Issuer, as the case may be, under Section 2.03(c)(iii), 2.03(h) or 2.09(b) or under Article VIII. The Company's obligations under this paragraph shall survive the termination of the Aggregate Commitments and the repayment of all other Obligations hereunder.

## 2.12 Evidence of Debt.

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender to a Borrower made through the Administrative Agent, such Borrower shall execute and deliver to such Lender (through the Administrative Agent) a promissory note, which shall evidence such Lender's Loans to such Borrower in addition to such accounts or records. Each such promissory note shall be in the form of Exhibit D (a "Note"). Each Lender may attach schedules to a Note and endorse thereon the date, Type (if applicable), amount, currency and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a) above, each Revolving Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Revolving Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Revolving Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

### 2.13 Payments Generally; Administrative Agent's Clawback.

(a) General. All payments to be made by a Borrower shall be made free and clear of and without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein and except with respect to principal of and interest on Loans denominated in an Alternative Currency, all payments by a Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in Dollars and in Same Day Funds not later than 2:00 p.m. on the date specified herein. Except as otherwise expressly provided herein, all payments by a Borrower hereunder with respect to principal and interest on Loans denominated in an Alternative Currency shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the applicable Administrative Agent's Office in such Alternative Currency and in Same Day Funds not later than the Applicable Time specified by the Administrative Agent on the dates specified herein. Without limiting the generality of the foregoing, the Administrative Agent may require that any payments due under this Agreement be made in the United States or Canada. If, for any reason, any Borrower is prohibited by any Law from making any required payment hereunder in an Alternative Currency, such Borrower shall make such payment in Dollars in the Dollar Equivalent of the Alternative Currency payment amount. The Administrative Agent will promptly distribute to each applicable Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent (i) after 2:00 p.m., in the case of payments in Dollars, or (ii) after the Applicable Time specified by the Administrative Agent in the case of payments in an Alternative Currency, shall in each case be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by any Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b)

(i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Loans (or, in the case of any Borrowing of Base Rate Loans or Canadian Prime Rate Loans, prior to 12:00 noon on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of a Borrowing of Base Rate Loans or Canadian Prime Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in Same Day Funds with interest thereon, for each day from and including the date such amount is made available to such Borrower to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the Overnight Rate, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, and (B) in the case of a payment to be made by such Borrower, the

interest rate applicable to Base Rate Loans or Canadian Prime Rate Loans or in the case of Alternative Currencies in accordance with such market practice, in each case, as applicable. If such Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to such Borrower the amount of such interest paid by such Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender's Loan included in such Borrowing. Any payment by such Borrower shall be without prejudice to any claim such Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(ii) Payments by Borrowers; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from a Borrower prior to the time at which any payment is due by such Borrower to the Administrative Agent for the account of the Lenders or an L/C Issuer hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or such L/C Issuer, as the case may be, the amount due. With respect to any payment that the Administrative Agent makes for the account of the Lenders or any L/C Issuer hereunder as to which the Administrative Agent determines (which determination shall be conclusive absent manifest error) that any of the following applies (such payment referred to as the "Rescindable Amount"): (1) the applicable Borrower has not in fact made such payment; (2) the Administrative Agent has made a payment in excess of the amount so paid by the applicable Borrower (whether or not then owed); or (3) the Administrative agent has for any reason otherwise erroneously made such payment; then each of the Lenders or the applicable L/C Issuer, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the Rescindable Amount so distributed to such Lender or such L/C Issuer, in Same Day Funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the Overnight Rate.

A notice of the Administrative Agent to any Lender or Borrower with respect to any amount owing under this clause (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender to any Borrower as provided in the foregoing provisions of this Article II, and such funds are not made available to such Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article IV are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans (including by accepting Bankers' Acceptances), to fund participations in Letters of Credit and Swing Line Loans and to make payments pursuant to Section 10.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 10.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

**2.14 Sharing of Payments by Lenders.** If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it, or the participations in L/C Obligations or in Swing Line Loans held by it resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans or participations and accrued interest thereon greater than its *pro rata* share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans and subparticipations in L/C Obligations and Swing Line Loans of the other Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by or on behalf of any Borrower pursuant to and in accordance with the express terms of this Agreement (including the application of funds arising from the existence of a Defaulting Lender or Disqualified Institution), (y) the application of Cash Collateral provided for in Section 2.17, or (z) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations in L/C Obligations or Swing Line Loans to any assignee or participant, other than an assignment to the Company or any Subsidiary thereof (as to which the provisions of this Section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

#### **2.15 Designated Borrowers.**

(a) The Company may at any time, upon not less than fifteen (15) Business Days' notice from the Company to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), designate any Restricted Subsidiary of the Company (an "Applicant Borrower") as a Designated Borrower to receive Loans hereunder by delivering to the Administrative Agent (which shall promptly deliver counterparts thereof to each Lender) a duly executed notice and agreement in substantially the form of Exhibit G (a "Designated Borrower Request and Assumption Agreement"). The parties hereto acknowledge and agree that prior to any Applicant Borrower becoming entitled to utilize the credit facilities provided for herein (i) the Administrative Agent and the Lenders that are to provide Commitments and/or Loans in favor of an Applicant Borrower must each agree to such Applicant Borrower becoming a Designated Borrower and (ii) the Administrative Agent and such Lenders shall have received such supporting resolutions, incumbency certificates, opinions of counsel and other documents or information, in form, content and scope reasonably satisfactory to the Administrative Agent, as may be required by the Administrative Agent, and Notes signed by such new Borrowers to the extent any Lender so requires (the requirements in clauses (i) and (ii) hereof, the "Designated Borrower Requirements"). If the Designated Borrower Requirements are met, the Administrative Agent shall send a notice in substantially the form of Exhibit H (a "Designated Borrower Notice") to the Company and the Lenders specifying the effective date upon which the Applicant Borrower shall constitute a Designated Borrower for purposes hereof, whereupon each of the Lenders agrees to permit such Designated Borrower to receive Loans hereunder, on the terms and conditions set forth herein, and each of the parties agrees that such Designated Borrower otherwise shall be a Borrower for all purposes of this Agreement; provided that no Loan Notice or Letter of Credit Application may be submitted by or on behalf of such Designated Borrower until the date five (5) Business Days after such effective date (or such shorter period as agreed by the Administrative Agent in its sole discretion).

(b) Each Subsidiary of the Company that becomes a "Designated Borrower" pursuant to this Section 2.15 hereby irrevocably appoints the Company as its agent for all purposes relevant to this Agreement and each of the other Loan Documents, including (i) the giving and receipt of notices, (ii) the execution and delivery of all documents, instruments and certificates contemplated herein and all modifications hereto, and (iii) the receipt of the proceeds of any Loans made by the Lenders to any such Designated Borrower hereunder. Any acknowledgment, consent, direction, certification or other action which might otherwise be valid or effective only if given or taken by all Borrowers, or by each Borrower acting singly, shall be valid and effective if given or taken only by the Company, whether or not any such other Borrower joins therein. Any notice, demand, consent, acknowledgement, direction, certification or other communication delivered to the Company in accordance with the terms of this Agreement shall be deemed to have been delivered to each Designated Borrower.

(c) The Company may from time to time, upon not less than fifteen (15) Business Days' notice from the Company to the Administrative Agent (or such shorter period as may be agreed by the Administrative Agent in its sole discretion), terminate a Designated Borrower's status as such, provided that there are no outstanding Loans payable by such Designated Borrower, or other amounts payable by such Designated Borrower on account of any Loans made to it, as of the effective date of such termination. The Administrative Agent will promptly notify the Lenders of any such termination of a Designated Borrower's status.

#### 2.16 Increase in Commitments.

The Borrowers may from time to time add one or more tranches of term loans or increase outstanding tranches of term loans (each an "Incremental Term Facility") and/or increase commitments under any Revolving Facility (each such increase, an "Incremental Revolving Increase"; each Incremental Term Facility and each Incremental Revolving Increase are collectively referred to as "Incremental Facilities") to this Agreement at the option of the Company by an agreement in writing entered into by the Borrowers, the Administrative Agent and each Person (including any existing Lender) that agrees to provide a portion of such Incremental Facility (and, for the avoidance of doubt, shall not require the consent of any other Lender) (each an "Incremental Facility Amendment"); provided that:

(a) the aggregate principal amount of all Incremental Facilities established under this Section 2.16 following the Fifth Amendment Effective Date shall not exceed the sum of:

(i) \$150,000,000; plus

(ii) an unlimited amount so long as, in the case of this clause (ii), after giving effect to the relevant Incremental Facility on a Pro Forma Basis, the Consolidated Secured Leverage Ratio does not exceed 2.75:1.00 (assuming the full amount of such Incremental Facility is fully drawn and without "netting" the cash proceeds of such Incremental Facility or any other simultaneous incurrence of debt on the consolidated balance sheet of the Company);

provided that any Incremental Facility may be incurred under either sub-clauses (i) or sub-clause (ii) of this clause (a) as selected by the Company in its sole discretion and if any Incremental Facility is intended to be incurred in part under both sub-clauses (i) and (ii) then the permissibility of the portion of such Incremental Facility to be incurred under sub-clause (ii) shall first be determined without giving effect to the portion of such Incremental Facility incurred under sub-clause (i), but giving full Pro Forma Effect to the use of proceeds of the entire amount of such Incremental Facility;

(b) no Event of Default shall exist on the effective date of any Incremental Facility or would exist after giving effect to any Incremental Facility;

(c) no existing Lender shall be under any obligation to provide any Incremental Facility Commitment and any such decision whether to provide an Incremental Facility Commitment shall be in such Lender's sole and absolute discretion;

(d) each Incremental Facility shall be in an aggregate principal amount of at least \$10,000,000 and each Incremental Facility Commitment shall be in a minimum principal amount of at least \$1,000,000, in the case of an Incremental Revolving Increase, and at least \$1,000,000 in the case of an Incremental Term Facility (or, in each case, such lesser amounts as the Administrative Agent may agree);

(e) each Person providing an Incremental Facility Commitment shall qualify as an Eligible Assignee;

(f) the Borrowers shall deliver to the Administrative Agent:

(i) a certificate of each Loan Party dated as of the date of such increase signed by a Responsible Officer of such Loan Party (A) certifying and attaching resolutions adopted by the board of directors or equivalent governing body of such Loan Party approving such Incremental Facility and (B) in the case of the Company, certifying that, before and after giving effect to such increase, (1) the representations and warranties of each Loan Party contained in Article V or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (or, if qualified by materiality or reference to Material Adverse Effect, in all respects) on and as of the date of such increase, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or, if qualified by materiality or reference to Material Adverse Effect, in all respects) as of such earlier date, (2) no Default or Event of Default exists and (3) such Incremental Facility or Incremental Facilities have been incurred in compliance with this Agreement;

(ii) such amendments to the Collateral Documents as the Administrative Agent may reasonably request to cause the Collateral Documents to secure the Obligations after giving effect to such Incremental Facility; and

(iii) customary opinions of legal counsel to the Loan Parties, addressed to the Administrative Agent and each Lender (including each Person providing an Incremental Facility Commitment), dated as of the effective date of such Incremental Facility;

(g) the Administrative Agent shall have received documentation from each Person providing a commitment in respect of such requested Incremental Facility or Incremental Facilities (each such commitment, an "Incremental Facility Commitment") evidencing its Incremental Facility Commitment and its obligations under this Agreement in form and substance reasonably acceptable to the Administrative Agent;

(h) in the case of an Incremental Term Facility, the Administrative Agent shall have determined in its reasonable discretion whether such Incremental Term Facility consists of a tranche A term loan (an "Incremental Tranche A Term Facility") or a tranche B term loan (an "Incremental Tranche B Term Facility");

(i) in the case of an Incremental Term Facility that is an Incremental Tranche A Term Facility:

(i) the interest rate, interest rate margins, fees, discount, prepayment premiums, amortization and final maturity date for such Incremental Term Facility shall be as agreed by the Loan Parties and the Lenders providing such Incremental Term Facility; provided that:

(A) the final maturity of such Incremental Term Facility shall not be earlier than the later of (1) the Maturity Date with respect to the Revolving Loans and (2) the final maturity date of any then outstanding Incremental Tranche A Term Loan; and



(B) the Weighted Average Life of such Incremental Term Facility shall not be shorter than the then remaining Weighted Average Life of any then outstanding Incremental Tranche A Term Loan;

(ii) the proceeds of such Incremental Term Facility shall be used for the purposes described in the definitive documentation for such Incremental Term Facility;

(iii) such Incremental Term Facility shall share ratably in any prepayments of the other Term Facilities pursuant to Section 2.06 (or otherwise provide for more favorable prepayment treatment for the then outstanding Term Facilities) and shall have ratable voting rights as the other Term Facilities (or otherwise provide for more favorable voting rights for the then outstanding Term Facilities); and

(iv) if such Incremental Term Facility consists of one or more new tranches of term loans, the other terms thereof, if not consistent with the terms applicable to the Term B Loan, shall be reasonably acceptable to the Administrative Agent;

(j) in the case of an Incremental Term Facility that is an Incremental Tranche B Term Facility:

(i) the interest rate, interest rate margins, fees, discount, prepayment premiums, amortization and final maturity date for such Incremental Term Facility shall be as agreed by the Loan Parties and the Lenders providing such Incremental Term Facility; provided that:

(A) the final maturity of such Incremental Term Facility shall not be earlier than the later of (1) the Maturity Date with respect to the Term B Loan and (2) the final maturity date of any then outstanding Incremental Tranche B Term Loan;

(B) the Weighted Average Life of such Incremental Term Facility shall not be shorter than the then remaining Weighted Average Life of the Term B Loan or any then outstanding Incremental Tranche B Term Loan;

(C) if the All-In-Yield on such Incremental Term Facility exceeds the All-In-Yield on the Term B Loan or any then outstanding Incremental Tranche B Term Facility by more than  $\frac{1}{2}$  of one percent (1.00%) per annum, then the Applicable Rate or fees payable by the Borrowers with respect to the Term B Loan and each then outstanding Incremental Tranche B Term Facility shall on the effective date of such Incremental Term Facility be increased to the extent necessary to cause the All-In-Yield on the Term B Loan and each then outstanding Incremental Tranche B Term Facility to be not more than  $\frac{1}{2}$  of one percent (1.00%) less than the All-In-Yield on such Incremental Term Facility (such increase to be allocated as reasonably determined by the Administrative Agent in consultation with the Borrowers); provided that, notwithstanding anything to the contrary in the foregoing clause (C), the provisions of this clause (C) shall not apply to any Incremental Tranche B Term Facility established after the first twelve (12) months following the Closing Date in relation to the Term B Loan or any then existing Incremental Tranche B Term Facility;

(ii) the proceeds of such Incremental Term Facility shall be used for the purposes described in the definitive documentation for such Incremental Term Facility;

(iii) such Incremental Term Facility shall share ratably in any prepayments of the Term B Loan and any then outstanding Incremental Tranche B Term Loan pursuant to Section 2.06 (or otherwise provide for more favorable prepayment treatment for the then outstanding Term Facilities) and shall have ratable voting rights as the other Term

Facilities (or otherwise provide for more favorable voting rights for the then outstanding Term Facilities); and

(iv) if such Incremental Term Facility consists of one or more new tranches of term loans, the other terms thereof, if not consistent with the terms applicable to the Term B Loan, shall be reasonably acceptable to the Administrative Agent;

(k) in the case of any Incremental Revolving Increase with respect to the Revolving Facility:

(i) such Incremental Revolving Increase shall have the same terms (including interest rate and interest rate margins, provided that, subject to clause (ii) below, such Incremental Revolving Increase may be issued with a utilization fee and/or additional unused fee payable solely to the Lenders under such Incremental Revolving Increase) applicable to the Revolving Facility; and

(ii) the existing Lenders under the Revolving Facility shall on the effective date of such Incremental Revolving Increase make such assignments (which assignments shall not be subject to the requirements set forth in Section 10.06(b)) of the outstanding Revolving Loans and participation interests in Letters of Credit and Swing Line Loans under the Revolving Facility to the Lenders providing such Incremental Revolving Increase and the Administrative Agent may make such adjustments to the Register as are necessary so that, after giving effect to such assignments and adjustments, each Lender under the Revolving Facility (including the Lenders providing such Incremental Revolving Increase) will hold revolving loans and participation interests in Letters of Credit and Swing Line Loans under the Revolving Facility equal to its *pro rata* share thereof; and

(l) the Company shall have delivered to the Administrative Agent a Pro Forma Compliance Certificate demonstrating that after giving effect to the incurrence of such Incremental Facility on a Pro Forma Basis (without "netting" the cash proceeds of such Incremental Facility or any other simultaneous incurrence of debt on the consolidated balance sheet of the Company and assuming, in the case of any Incremental Facility that consists of an Incremental Revolving Increase, the full amount of such Incremental Facility is fully drawn) the Loan Parties would be in Pro Forma Compliance;

provided, further, that the conditions set forth in the foregoing proviso shall be subject to the provisions of Section 1.10 in the case of any Incremental Term Facility used to finance a Limited Condition Acquisition.

The Incremental Facility Commitments and credit extensions thereunder shall constitute Commitments and Credit Extensions under, and shall be entitled to all the benefits afforded by, this Agreement and the other Loan Documents, and shall, without limiting the foregoing, benefit equally and ratably from the Guarantees and security interests created by the Collateral Documents. The Lenders hereby authorize the Administrative Agent to enter into, and the Lenders agree that this Agreement and the other Loan Documents shall be amended by, such Incremental Facility Amendments to the extent (and only to the extent) the Administrative Agent deems necessary in order to establish Incremental Facilities on terms consistent with and/or to effect the provisions of this Section 2.16. This Section 2.16 shall supersede any provisions in Section 10.01 to the contrary. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Incremental Facility Amendment.

#### 2.17 Cash Collateral.

(a) Certain Credit Support Events. If (i) an L/C Issuer has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing, (ii) as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, (iii) the Company shall be required to provide Cash Collateral pursuant to Section 2.06 or Section 8.02, or (iv) there shall exist a Defaulting Lender, the Company shall immediately

(in the case of clause (iii) above) or within one (1) Business Day (in all other cases) following any request by the Administrative Agent or an L/C Issuer, provide Cash Collateral in an amount not less than the applicable Minimum Collateral Amount (determined in the case of Cash Collateral provided pursuant to clause (iv) above, after giving effect to Section 2.18(a)(iv) and any Cash Collateral provided by the Defaulting Lender). Additionally, if the Administrative Agent notifies the Company at any time that the Outstanding Amount of all L/C Obligations at such time exceeds the Letter of Credit Sublimit then in effect, then, within two (2) Business Days after receipt of such notice, the Company shall provide Cash Collateral for the Outstanding Amount of the L/C Obligations in an amount not less than the amount by which the Outstanding Amount of all L/C Obligations exceeds the Letter of Credit Sublimit.

(b) Grant of Security Interest. The Company, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to (and subjects to the control of) the Administrative Agent, for the benefit of the Administrative Agent, each L/C Issuer and the Lenders, and agrees to maintain, a first priority security interest in all such cash, deposit accounts and all balances therein, and all other property so provided as collateral pursuant hereto, and in all proceeds of the foregoing, all as security for the obligations to which such Cash Collateral may be applied pursuant to Section 2.17(c). If at any time the Administrative Agent determines that Cash Collateral is subject to any right or claim of any Person other than the Administrative Agent or an L/C Issuer as herein provided, or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, the Company will, promptly upon demand by the Administrative Agent, pay or provide to the Administrative Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency. All Cash Collateral (other than credit support not constituting funds subject to deposit) shall be maintained in one or more Controlled Accounts at Bank of America. The Company shall pay on demand therefor from time to time all customary account opening, activity and other administrative fees and charges in connection with the maintenance and disbursement of Cash Collateral.

(c) Application. Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under any of this Section 2.17 or Sections 2.03, 2.06, 2.18 or 8.02 in respect of Letters of Credit shall be held and applied to the satisfaction of the specific L/C Obligations, obligations to fund participations therein (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) and other obligations for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(d) Release. Cash Collateral (or the appropriate portion thereof) provided to reduce Fronting Exposure or to secure other obligations shall be released to the Person providing such Cash Collateral promptly following (i) the elimination of the applicable Fronting Exposure or other obligations giving rise thereto (including by the termination of Defaulting Lender status of the applicable Lender (or, as appropriate, its assignee following compliance with Section 10.06(b)(vi))) or (ii) the determination by the Administrative Agent and the L/C Issuers that there exists excess Cash Collateral; provided, however, (x) any such release shall be without prejudice to, and any disbursement or other transfer of Cash Collateral shall be and remain subject to, any other Lien conferred under the Loan Documents and the other applicable provisions of the Loan Documents, and (y) the Person providing Cash Collateral and the L/C Issuers may agree that Cash Collateral shall not be released but instead held to support future anticipated Fronting Exposure or other obligations.

## **2.18 Defaulting Lenders.**

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

- (i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be

restricted as set forth in the definition of "Required Lenders", "Required Pro Rata Facilities Lenders", "Required Revolving Lenders" and [Section 10.01](#).

(ii) **Defaulting Lender Waterfall.** Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to [Article VIII](#) or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to [Section 10.08](#) shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; second, to the payment on a *pro rata* basis of any amounts owing by such Defaulting Lender to the L/C Issuers or Swing Line Lender hereunder; third, to Cash Collateralize the L/C Issuers' Fronting Exposure with respect to such Defaulting Lender in accordance with [Section 2.17](#); fourth, as the Company may request (so long as no Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; fifth, if so determined by the Administrative Agent and the Company, to be held in a deposit account and released *pro rata* in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the L/C Issuers' future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with [Section 2.17](#); sixth, to the payment of any amounts owing to the Lenders, the L/C Issuers or Swing Line Lender as a result of any judgment of a court of competent jurisdiction obtained by any Lender, any L/C Issuer or the Swing Line Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; seventh, so long as no Default exists, to the payment of any amounts owing to the Company as a result of any judgment of a court of competent jurisdiction obtained by the Company against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Loans or L/C Borrowings in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Loans were made or the related Letters of Credit were issued at a time when the conditions set forth in [Section 4.02](#) were satisfied or waived, such payment shall be applied solely to pay the Loans of, and L/C Obligations owed to, all Non-Defaulting Lenders on a *pro rata* basis prior to being applied to the payment of any Loans of, or L/C Obligations owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations and Swing Line Loans are held by the Lenders *pro rata* in accordance with the Commitments hereunder without giving effect to [Section 2.18\(a\)\(iv\)](#). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this [Section 2.18\(a\)\(ii\)](#) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) **Certain Fees.**

(A) No Defaulting Lender shall be entitled to receive any fee payable under [Section 2.10\(a\)](#) for any period during which that Lender is a Defaulting Lender (and the Company shall not be required to pay any such fee that otherwise would have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive Letter of Credit Fees and B/A Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its Applicable Percentage of the stated amount of Letters of Credit and Bankers' Acceptances for which it has provided Cash Collateral pursuant to [Section 2.17](#).

(C) With respect to any Letter of Credit Fee or B/A Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Company shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in L/C Obligations that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to an L/C Issuer the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such L/C Issuer's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) Reallocation of Applicable Percentages to Reduce Fronting Exposure. All or any part of such Defaulting Lender's participation in L/C Obligations and Swing Line Loans shall be reallocated among the Non-Defaulting Lenders in accordance with their respective Applicable Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that such reallocation does not cause the aggregate Revolving Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Commitment. Subject to Section 10.21, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) Cash Collateral, Repayment of Swing Line Loans. If the reallocation described in clause (a)(iv) above cannot, or can only partially, be effected, the Company shall, without prejudice to any right or remedy available to it hereunder or under applicable Law, (x) first, prepay Swing Line Loans in an amount equal to the Swing Line Lenders' Fronting Exposure and (y) second, Cash Collateralize the L/C Issuers' Fronting Exposure in accordance with the procedures set forth in Section 2.17.

(b) Defaulting Lender Cure. If the Company, the Administrative Agent, Swing Line Lender and the L/C Issuers agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Line Loans to be held on a *pro rata* basis by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 2.18(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Company while that Lender was a Defaulting Lender; and provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

## 2.19 Designated Lenders.

Each of the Administrative Agent, each L/C Issuer, the Swing Line Lender and each Lender at its option may make any Credit Extension or otherwise perform its obligations hereunder through any Lending Office (each, a "Designated Lender"); provided that any exercise of such option shall not affect the obligation of such Borrower to repay any Credit Extension in accordance with the terms of this Agreement. Any Designated Lender shall be considered a Lender; provided that in the case of an Affiliate or branch of a Lender, such provisions that would be applicable with respect to Credit Extensions actually provided by such Affiliate or branch of such Lender shall apply to such Affiliate or branch of such Lender to the same extent as such Lender; provided that for the purposes only of voting in connection with any Loan Document, any participation by any Designated Lender in any outstanding Credit Extension shall be deemed a participation of such Lender.

## 2.20 Joint and Several Liability.

(a) Each U.S. Borrower that is not a Specified U.S. Obligor and each Non-U.S. Borrower that is not a Specified Non-U.S. Borrower shall be jointly and severally liable for the Obligations regardless of which Borrower actually receives Credit Extensions hereunder or the amount of such Credit Extensions received or the manner in which the Administrative Agent, any L/C Issuer or any Lender accounts for such Credit Extensions on its books and records, provided that the obligations of each such Borrower under the Loan Documents shall be limited to an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under the Debtor Relief Laws.

(b) Each Non-U.S. Borrower and U.S. Borrower that is a Specified U.S. Obligor shall be jointly and severally liable for the Non-U.S. Obligations regardless of which Borrower actually receives Credit Extensions hereunder or the amount of such Credit Extensions received or the manner in which the Administrative Agent, any L/C Issuer or any Lender accounts for such Credit Extensions on its books and records, provided that the obligations of each such Non-U.S. Borrower under the Loan Documents shall be limited to an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under the Debtor Relief Laws.

## ARTICLE III.

### TAXES, YIELD PROTECTION AND ILLEGALITY

#### 3.01 Taxes.

(a) Payments Free of Taxes; Obligation to Withhold; Payments on Account of Taxes.

(i) Any and all payments by or on account of any obligation of any Loan Party under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable Laws. If any applicable Laws (as determined in the good faith discretion of the Administrative Agent or any Loan Party) require the deduction or withholding of any Tax from any such payment by the Administrative Agent or a Loan Party, then the Administrative Agent or such Loan Party shall be entitled to make such deduction or withholding, upon the basis of the information and documentation to be delivered pursuant to clause (e) below.

(ii) If any Loan Party or the Administrative Agent shall be required by the Code to withhold or deduct any Taxes from any payment, then (A) such Loan Party or the Administrative Agent shall withhold or make such deductions as are determined by such Loan Party or the Administrative Agent to be required based upon the information and documentation it has received pursuant to clause (e) below, (B) such Loan Party or the Administrative Agent shall timely pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with applicable Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(iii) If any Loan Party or the Administrative Agent shall be required by any applicable Laws other than the Code to withhold or deduct any Taxes from any payment, then (A) such Loan Party or the Administrative Agent, as required by such Laws, shall withhold or make such deductions as are determined by it to be required based upon the information and documentation it has received pursuant to clause (e) below, (B) such Loan Party or the Administrative Agent, to the extent required by such Laws, shall timely

pay the full amount withheld or deducted to the relevant Governmental Authority in accordance with such Laws, and (C) to the extent that the withholding or deduction is made on account of Indemnified Taxes, the sum payable by the applicable Loan Party shall be increased as necessary so that after any required withholding or the making of all required deductions (including deductions applicable to additional sums payable under this Section 3.01) the applicable Recipient receives an amount equal to the sum it would have received had no such withholding or deduction been made.

(b) Payment of Other Taxes by the Loan Parties. Without limiting the provisions of clause (a) above, the Loan Parties shall timely pay to the relevant Governmental Authority in accordance with applicable Law, or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Tax Indemnifications.

(i) Each of the Loan Parties shall, and does hereby, jointly and severally indemnify each Recipient, and shall make payment in respect thereof within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) payable or paid by such Recipient or required to be withheld or deducted from a payment to such Recipient, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Company by a Lender or an L/C Issuer (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or an L/C Issuer, shall be conclusive absent manifest error. Each of the Loan Parties shall, and does hereby, jointly and severally indemnify the Administrative Agent, and shall make payment in respect thereof within ten (10) days after demand therefor, for any amount which a Lender or an L/C Issuer for any reason fails to pay indefeasibly to the Administrative Agent as required pursuant to Section 3.01(c)(ii) below; provided, however, that no Loan Party shall have any obligation to indemnify any party hereunder for Indemnified Taxes, Other Taxes or any other liability that arises from such party's own gross negligence or willful misconduct. To the extent that a Loan Party pays an amount to the Administrative Agent pursuant to the preceding sentence (a "Back-Up Indemnity Payment"), then upon request of the Company, the Administrative Agent shall use commercially reasonable efforts to exercise its set-off rights described in the last sentence of clause (c)(ii) below (on behalf of itself or the Loan Parties) to collect the applicable Back-Up Indemnity Payment amount from the applicable Lender or L/C Issuer and shall pay the amount so collected to the Company net of any reasonable expenses incurred by the Administrative Agent in its efforts to collect (through set-off or otherwise) from such Lender or L/C Issuer with respect to clause (c)(ii), below.

(ii) Each Lender and each L/C Issuer shall, and does hereby, severally indemnify, and shall make payment in respect thereof within ten (10) days after demand therefor, (A) the Administrative Agent against any Indemnified Taxes attributable to such Lender or such L/C Issuer (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Party to do so), (B) the Administrative Agent and the Loan Party, as applicable, against any Taxes attributable to such Lender's failure to comply with the provisions of Section 10.06(d) relating to the maintenance of a Participant Register and (C) the Administrative Agent and the Loan Party, as applicable, against any Excluded Taxes attributable to such Lender or such L/C Issuer, in each case, that are payable or paid by the Administrative Agent or a Loan Party in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest

error. Each Lender and each L/C Issuer hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender or such L/C Issuer, as the case may be, under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this clause (ii).

(d) Evidence of Payments. As soon as practicable after any payment of Taxes by any Loan Party to a Governmental Authority as provided in this Section 3.01, the Company shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of any return required by Laws to report such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders; Tax Documentation.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Company and the Administrative Agent, at the time or times reasonably requested by the Company or the Administrative Agent, such properly completed and executed documentation prescribed by applicable Law or the taxing authorities of a jurisdiction pursuant to such applicable Law or reasonably requested by the Company or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Company or the Administrative Agent, shall deliver such other documentation prescribed by applicable Law or reasonably requested by the Company or the Administrative Agent as will enable the Company or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation either (A) set forth in Section 3.01(e)(ii)(A), (ii)(B), and (ii)(D) below or (B) required by applicable law other than the Code or the taxing authorities of the jurisdiction pursuant to such applicable law to comply with the requirements for exemption or reduction of withholding tax in that jurisdiction) shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing, in the event that any Borrower is a U.S. Person,

(A) any Lender that is a U.S. Person shall deliver to the Company, such Borrower(s), and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company, any such Borrower, or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Company, such Borrower(s), and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company, any such Borrower, or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN-E (or W-8BEN, as applicable) establishing an



exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN-E (or W-8BEN, as applicable) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(2) executed copies of IRS Form W-8ECI;

(3) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit I-1 to the effect that such Non-U.S. Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Company within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "U.S. Tax Compliance Certificate") and (y) executed copies of IRS Form W-8BEN-E (or W-8BEN, as applicable); or

(4) to the extent a Non-U.S. Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN-E (or W-8BEN, as applicable), a U.S. Tax Compliance Certificate substantially in the form of Exhibit I-2 or Exhibit I-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-U.S. Lender is a partnership and one or more direct or indirect partners of such Non-U.S. Lender are claiming the portfolio interest exemption, such Non-U.S. Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit I-4 on behalf of each such direct and indirect partner;

(C) any Non-U.S. Lender shall, to the extent it is legally entitled to do so, deliver to the Company, such Borrower(s) and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Non-U.S. Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Company, any such Borrower or the Administrative Agent), executed copies of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit the Company, such Borrower(s) or the Administrative Agent to determine the withholding or deduction required to be made; and

(D) if a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Company, such Borrower(s) and the Administrative Agent at the time or times prescribed by Law and at such time or times reasonably requested by the Company or the Administrative Agent such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company, any such Borrower or the Administrative Agent as may be necessary for the Company, such Borrower(s) and the Administrative Agent to comply with their obligations under FATCA and to determine that such Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for

purposes of this clause (D), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) Each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01 expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Company, such Borrower(s) and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. Unless required by applicable Laws, at no time shall the Administrative Agent have any obligation to file for or otherwise pursue on behalf of a Lender or an L/C Issuer, or have any obligation to pay to any Lender or any L/C Issuer, any refund of Taxes withheld or deducted from funds paid for the account of such Lender or such L/C Issuer, as the case may be. If any Recipient determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified by any Loan Party or with respect to which any Loan Party has paid additional amounts pursuant to this Section 3.01, it shall pay to such Loan Party an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by a Loan Party under this Section 3.01 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) incurred by such Recipient, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that each Loan Party, upon the request of the Recipient, agrees to repay the amount paid over to such Loan Party (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Recipient in the event the Recipient is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this subsection, in no event will the applicable Recipient be required to pay any amount to such Loan Party pursuant to this subsection the payment of which would place the Recipient in a less favorable net after-Tax position than such Recipient would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This subsection shall not be construed to require any Recipient to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Loan Party or any other Person.

(g) Survival. Each party's obligations under this Section 3.01 shall survive the resignation or replacement of the Administrative Agent or any assignment of rights by, or the replacement of, a Lender or an L/C Issuer, the termination of the Commitments and the repayment, satisfaction or discharge of all other Obligations.

### 3.02 Illegality.

(a) If any Lender determines in good faith that any Change in Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to perform any of its obligations hereunder or make, maintain or fund or charge interest with respect to any Credit Extension or to determine or charge interest rates based upon a Relevant Rate or the B/A Discount Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars or any Alternative Currency in the applicable interbank market, then, on notice thereof by such Lender to the Company through the Administrative Agent, (i) any obligation of such Lender to issue, make, maintain, fund or charge interest with respect to any such Credit Extension or to make or continue Eurocurrency Rate Loans or Alternative Currency Loans, as applicable, in the affected currency or currencies or, in the case of Loans denominated in Dollars, to convert Base Rate Loans to Eurocurrency Rate Loans or, in the case of Loans denominated in Canadian Dollars, to convert Canadian Prime Rate Loans to Alternative Currency Term Rate Loans, Bankers' Acceptances or B/A Equivalent Loans, as applicable, shall be suspended, and (ii) if such notice asserts the illegality of such Lender making or maintaining Base Rate Loans the interest rate on which is determined by reference to the Eurocurrency Rate component of the Base Rate, the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurocurrency Rate component of the Base Rate, in each case until such Lender notifies the

Administrative Agent and the Company that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrowers shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay all Alternative Currency Loans in the affected currency or currencies or, if applicable and such Loans are denominated in Dollars, convert all Eurocurrency Rate Loans of such Lender to Base Rate Loans (the interest rate on which Base Rate Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Eurocurrency Rate component of the Base Rate), or if applicable and such Loans are denominated in Canadian Dollars, convert all Alternative Currency Term Rate Loans, Bankers' Acceptances and B/A Equivalent Loans of such Lender to Canadian Prime Rate Loans, in each case, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Loans to such day, or immediately (other than with respect to Bankers' Acceptances and B/A Equivalent Loans), if such Lender may not lawfully continue to maintain such Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the Eurocurrency Rate, the Administrative Agent shall during the period of such suspension compute the Base Rate applicable to such Lender without reference to the Eurocurrency Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the Eurocurrency Rate. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest on the amount so prepaid or converted.

(b) If, in any applicable jurisdiction, the Administrative Agent, any L/C Issuer or any Lender or any Designated Lender determines in good faith that any Change in Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Administrative Agent, any L/C Issuer or any Lender or its applicable Designated Lender to (i) perform any of its obligations hereunder or under any other Loan Document, (ii) to fund or maintain its participation in any Loan or Letter of Credit or (iii) issue, make, maintain, fund or charge interest or fees with respect to any Credit Extension to a Non-U.S. Borrower, such Person shall promptly notify the Administrative Agent, then, upon the Administrative Agent notifying the Company, and until such notice by such Person is revoked, any obligation of such Person to issue, make, maintain, fund or charge interest or fees with respect to any such Credit Extension shall be suspended, and to the extent required by applicable Law, cancelled. Upon receipt of such notice, the Loan Parties shall, (A) repay that Person's participation in the Loans or other applicable Obligations on the last day of the Interest Period for each Loan or other Obligation occurring after the Administrative Agent has notified the Company or, if earlier, the date specified by such Person in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by applicable Law), (B) to the extent applicable to an L/C Issuer, Cash Collateralize that portion of applicable L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit to the extent not otherwise Cash Collateralized and (C) take all reasonable actions requested by such Person to mitigate or avoid such illegality.

(c) Notwithstanding anything contained in this Article III to the contrary, a Lender shall not be entitled to exercise the rights under Section 3.02 to the extent such Lender is not generally exercising such rights against other similarly situated borrowers under similar circumstances.

### **3.03 Inability to Determine Rates.**

(a) If in connection with any request for a Eurocurrency Rate Loan, an Alternative Currency Loan, a Bankers' Acceptance or a B/A Equivalent Loan or (to the extent applicable) a conversion to or continuation thereof, (i) the Administrative Agent determines in good faith that (A) deposits (whether in Dollars, Canadian Dollars or another Alternative Currency) are not being offered to banks in the applicable interbank market for such currency, or Bankers' Acceptances are no longer being traded in the Canadian market for Bankers' Acceptances, for the applicable amount and Interest Period of such Eurocurrency Rate Loan, Alternative Currency Loan, Bankers' Acceptance or a B/A Equivalent Loan, for the applicable amount and Interest Period of such Eurocurrency Rate Loan, Alternative Currency Loan, Bankers' Acceptance or a B/A

Equivalent Loan, (B) adequate and reasonable means do not exist for determining the Eurocurrency Rate, Alternative Currency Term Rate, Alternative Currency Daily Rate or B/A Discount Rate, as applicable, for any requested Interest Period with respect to a proposed Eurocurrency Rate Loan, Alternative Currency Term Rate Loan, Bankers' Acceptance or B/A Equivalent Loan, or in connection with an existing or proposed Base Rate Loan or Alternative Currency Daily Rate Loan, (C) for any reason a market for Bankers' Acceptances does not exist at any time or the Lenders cannot for other reasons, after reasonable efforts, readily sell Bankers' Acceptances or perform their other obligations under this Agreement with respect to Bankers' Acceptances, or (D) a fundamental change has occurred in the foreign exchange or interbank markets with respect to an Alternative Currency (including changes in national or international financial, political or economic conditions or currency exchange rates or exchange controls) (in each case with respect to clause (i), "Impacted Loans") or (ii) the Administrative Agent or the Required Lenders determine that for any reason the Eurocurrency Rate, Alternative Currency Term Rate or B/A Discount Rate, as applicable, for any requested Interest Period with respect to a proposed Eurocurrency Rate Loan, Alternative Currency Term Rate Loan, Bankers' Acceptance or a B/A Equivalent Loan, or the Alternative Currency Daily Rate with respect to a proposed Alternative Currency Daily Rate Loan for any requested determination date, does not adequately and fairly reflect the cost to such Lenders of funding such Eurocurrency Rate Loan, Alternative Currency Loan, Bankers' Acceptance or a B/A Equivalent Loan, as applicable, the Administrative Agent will promptly so notify the Company and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Loans in the affected currency or currencies or to sell Bankers' Acceptances shall be suspended, (to the extent of the affected Loans, Interest Periods or determination dates, as applicable), and (y) in the event of a determination described in the preceding sentence with respect to the Eurocurrency Rate component of the Base Rate, the utilization of the Eurocurrency Rate component in determining the Base Rate shall be suspended, in each case until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, (1) the Company may revoke any pending request for a Borrowing of, conversion to or continuation (as applicable) of Eurocurrency Rate Loans or Alternative Currency Loans (in each case to the extent of the affected Loans, Interest Periods or determination dates, as applicable), Bankers' Acceptances or B/A Equivalent Loans, or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the Dollar Equivalent of the amount specified therein and (2) any outstanding affected Loans denominated in an Alternative Currency, at the Company's election, shall either (I) be converted into a Borrowing of Base Rate Loans in the Dollar Equivalent of the amount of such outstanding Alternative Currency Loan immediately, in the case of an Alternative Currency Daily Rate Loan or Canadian Prime Rate Loan or at the end of the applicable Interest Period, in the case of an Alternative Currency Term Rate Loan, Bankers' Acceptance or B/A Equivalent Loan, or (II) be prepaid in full immediately, in the case of an Alternative Currency Daily Rate Loan or Canadian Prime Rate Loan or at the end of the applicable Interest Period, in the case of an Alternative Currency Term Rate Loan, Bankers' Acceptance or B/A Equivalent Loan; provided that if no election is made by the applicable Borrower (x) in the case of an Alternative Currency Daily Rate Loan or Canadian Prime Rate Loan, by the date that is three (3) Business Days after receipt by the applicable Borrower of such notice or (y) in the case of an Alternative Currency Term Rate Loan, Bankers' Acceptance or B/A Equivalent Loan, by the last day of the current Interest Period for the applicable Alternative Currency Term Rate Loan, Bankers' Acceptance or B/A Equivalent Loan, the Borrower shall be deemed to have elected clause (1) above.

(b) Notwithstanding the foregoing, if the Administrative Agent has made the determination described in clause (a)(i) of this Section 3.03, the Administrative Agent, in consultation with the Company and the Required Lenders, may establish an alternative interest rate for the Impacted Loans, in which case, such alternative rate of interest shall apply with respect to the Impacted Loans until (i) the Administrative Agent revokes the notice delivered with respect to the Impacted Loans under clause (a)(i) of this Section 3.03, (ii) the Administrative Agent or the Required Lenders notify the Administrative Agent and the Company that such alternative interest rate does not adequately and fairly reflect the cost to such Lenders of funding the Impacted Loans, or (iii) any Lender determines that any Change in Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for such Lender or its

applicable Lending Office to make, maintain or fund Loans whose interest is determined by reference to such alternative rate of interest or to determine or charge interest rates based upon such rate or any Governmental Authority has imposed material restrictions on the authority of such Lender to do any of the foregoing and provides the Administrative Agent and the Company written notice thereof.

### 3.04 Increased Costs; Reserves on Eurocurrency Rate Loans.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(e)) or any L/C Issuer;

(ii) subject any Recipient to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (e) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any L/C Issuer or the applicable interbank market any other condition, cost or expense affecting this Agreement, Eurocurrency Rate Loans or Alternative Currency Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making, converting to, continuing or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or such L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or such L/C Issuer hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or such L/C Issuer, in each case in an amount deemed by such Lender or such L/C Issuer to be material, the Company will pay (or cause the applicable Designated Borrower to pay) to such Lender or such L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or such L/C Issuer, as the case may be, for such additional costs incurred or reduction suffered, provided that the Borrowers shall not be required to compensate a Lender or an L/C Issuer pursuant to this Section 3.04(a) for any additional amounts incurred more than ninety (90) days prior to the date that such Lender or such L/C Issuer notifies the Borrowers of the Change in Law giving rise to such additional amounts and of such Lender's or such L/C Issuer's intention to claim compensation therefor; provided that, if the Change in Law giving rise to such additional amounts is retroactive, then such 90-day period referred to above shall be extended to include the period of retroactive effect thereof.

(b) Capital Requirements. If any Lender or any L/C Issuer determines that any Change in Law affecting such Lender or such L/C Issuer or any Lending Office of such Lender or such Lender's or such L/C Issuer's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or such L/C Issuer's capital or on the capital of such Lender's or such L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit or Swing Line Loans held by, such Lender, or the Letters of Credit issued by such L/C Issuer, to a level below that which such Lender or such L/C Issuer or such Lender's or such L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such L/C Issuer's policies and the policies of such Lender's or such L/C Issuer's holding company with respect to capital adequacy), in each case in an amount deemed by such Lender or such L/C Issuer to be material, then from time to time the Company will pay (or cause the applicable Designated Borrower to pay) to such Lender or such L/C Issuer, as the case may be, such additional amount or amounts as will compensate

such Lender or such L/C Issuer or such Lender's or such L/C Issuer's holding company for any such reduction suffered.

(c) **Certificates for Reimbursement.** A certificate of a Lender or an L/C Issuer (i) setting forth in reasonable detail the amount or amounts necessary to compensate such Lender or such L/C Issuer or its holding company, as the case may be, as specified in clauses (a) or (b) of this Section 3.04 and (ii) setting forth in reasonable detail the manner in which such amount was deferred, which shall be conclusive absent manifest error, and shall be delivered to the Company. The Company shall pay (or cause the applicable Designated Borrower to pay) such Lender or such L/C Issuer, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof. Notwithstanding anything contained in this Article III to the contrary, a Lender shall not be entitled to any compensation pursuant to Section 3.04 to the extent such Lender is not generally imposing such charges or requesting such compensation from other similarly situated borrowers under similar circumstances.

(d) **Delay in Requests.** Failure or delay on the part of any Lender or any L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section 3.04 shall not constitute a waiver of such Lender's or such L/C Issuer's right to demand such compensation, provided that no Borrower shall be required to compensate a Lender or an L/C Issuer pursuant to the foregoing provisions of this Section 3.04 for any increased costs incurred or reductions suffered more than nine (9) months prior to the date that such Lender or such L/C Issuer, as the case may be, notifies the Company of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) **Additional Reserve Requirements.** The Company shall pay (or cause the applicable Designated Borrower to pay) to each Lender, (i) as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Eurocurrency Rate Loan equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), and (ii) as long as such Lender shall be required to comply with any other reserve ratio requirement or analogous requirement of any central banking or financial regulatory authority imposed in respect of the maintenance of the Commitments or the funding of the Eurocurrency Rate Loans or Alternative Currency Loans, such additional costs (expressed as a percentage per annum and rounded upwards, if necessary, to the nearest five decimal places) equal to the actual costs allocated to such Commitment or Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan, provided the Company shall have received at least ten (10) days' prior notice (with a copy to the Administrative Agent) of such additional interest or costs from such Lender. If a Lender fails to give notice ten (10) days prior to the relevant Interest Payment Date, such additional interest or costs shall be due and payable ten (10) days from receipt of such notice.

**3.05 Compensation for Losses.** The Company shall compensate (or cause the applicable Designated Borrower to compensate) such Lender for, and hold such Lender harmless from, any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan, Alternative Currency Daily Rate Loan or Canadian Prime Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by any Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan,

Alternative Currency Daily Rate Loan or Canadian Prime Rate Loan on the date or in the amount notified by the Company or the applicable Designated Borrower;

(c) any failure by any Borrower to make payment of any Loan or drawing under any Letter of Credit (or interest due thereon) denominated in an Alternative Currency on its scheduled due date or any payment thereof in a different currency; or

(d) any assignment of a Eurocurrency Rate Loan, Alternative Currency Term Rate Loan, Bankers' Acceptance or B/A Equivalent Loan on a day other than the last day of the Interest Period therefor as a result of a request by the Company pursuant to Section 10.13;

including any foreign exchange losses and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan, from fees payable to terminate the deposits from which such funds were obtained or from the performance of any foreign exchange contract, but in any event, excluding loss of anticipated profit. The Company will (or will cause the applicable Borrower to), within ten (10) Business Days after the Company's (or applicable Borrower's) receipt of a certificate of the type described in Section 3.04(c), pay such Lender such additional amounts as will compensate such Lender for such losses, costs and expenses.

For purposes of calculating amounts payable by the Company (or the applicable Designated Borrower) to the Lenders under this Section 3.05, (x) each Lender shall be deemed to have funded each Eurocurrency Rate Loan made by it at the Eurocurrency Rate for such Loan by a matching deposit or other borrowing in the interbank market for such currency for a comparable amount and for a comparable period, whether or not such Eurocurrency Rate Loan was in fact so funded and (y) each Lender shall be deemed to have funded each Alternative Currency Term Rate Loan, Bankers' Acceptance or B/A Equivalent Loan made by such Lender at the Alternative Currency Term Rate or B/A Discount Rate for such Loan by a matching deposit or other borrowing in the interbank market for such currency for a comparable amount and for a comparable period, whether or not such Alternative Currency Term Rate Loan, Bankers' Acceptance or B/A Equivalent Loan was in fact so funded.

### **3.06 Mitigation Obligations; Replacement of Lenders.**

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or requires any Borrower to pay any Indemnified Taxes or additional amounts to any Lender, any L/C Issuer, or any Governmental Authority for the account of any Lender or any L/C Issuer pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then at the request of the Company such Lender or such L/C Issuer shall, as applicable, use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender or such L/C Issuer, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender or such L/C Issuer, as the case may be, to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender or such L/C Issuer, as the case may be. The Company hereby agrees to pay (or cause the applicable Designated Borrower to pay) all reasonable costs and expenses incurred by any Lender or any L/C Issuer in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if any Borrower is required to pay any Indemnified Taxes or additional amounts to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01 and, in each case, such Lender has declined or is unable to designate a different lending office in accordance with Section 3.06(a), the Company may replace such Lender in accordance with Section 10.13.

### 3.07 Successor LIBOR; Replacement of Relevant Rates.

(a) **Successor LIBOR.** Notwithstanding anything to the contrary in this Agreement or any other Loan Documents (including Section 10.01 hereof), but subject to Section 3.07(c) hereof, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Company or the Required Lenders notify the Administrative Agent (with, in the case of the Required Lenders, a copy to the Company) that the Company or Required Lenders (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining LIBOR for the applicable currency for any requested Interest Period because the LIBOR Screen Rate for the applicable currency is not available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) the administrator of the LIBOR Screen Rate for the applicable currency or a Governmental Authority having jurisdiction over the Administrative Agent has made a public statement identifying a specific date after which LIBOR for the applicable currency or the LIBOR Screen Rate for the applicable currency shall no longer be made available, or used for determining the interest rate of loans denominated in the applicable currency (such specific date, the "**Scheduled LIBOR Screen Rate Unavailability Date**"), or

(iii) syndicated loans currently being executed, or that include language similar to that contained in this Section, are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace LIBOR for the applicable currency,

then, reasonably promptly after such determination by the Administrative Agent or receipt by the Administrative Agent of such notice, as applicable, the Administrative Agent and the Company may amend this Agreement to replace LIBOR for the applicable currency with an alternate benchmark rate (including any mathematical or other adjustments to the benchmark (if any) incorporated therein), giving due consideration to any evolving or then-existing convention for similar syndicated credit facilities denominated in the applicable currency for such alternative benchmarks (any such proposed rate, a "**LIBOR Successor Rate**"), together with any proposed LIBOR Successor Rate Conforming Changes and any such amendment shall become effective at 5:00 p.m. on the fifth Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Company unless, prior to such time, Lenders comprising the Required Lenders have delivered to the Administrative Agent written notice that such Required Lenders do not accept such amendment.

If no LIBOR Successor Rate has been determined and the circumstances under clause (i) above exist or the Scheduled LIBOR Screen Rate Unavailability Date has occurred (as applicable), the Administrative Agent will promptly so notify the Company and each Lender. Thereafter, (x) the obligation of the Lenders to make or maintain Eurocurrency Rate Loans in the applicable currency shall be suspended (to the extent of the affected Eurocurrency Rate Loans or Interest Periods), and (y) if the applicable currency is Dollars, then the Eurocurrency Rate component shall no longer be utilized in determining the Base Rate. Upon receipt of such notice, the applicable Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurocurrency Rate Loans denominated in the applicable currency (to the extent of the affected Eurocurrency Rate Loans or Interest Periods) or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans (subject to the foregoing clause (y)) in the amount specified therein.

Notwithstanding anything else herein, any definition of LIBOR Successor Rate shall provide that in no event shall such LIBOR Successor Rate be less than zero for purposes of this Agreement.



(b) Relevant Rate for Alternative Currencies. Notwithstanding anything to the contrary in this Agreement or any other Loan Documents, if the Administrative Agent determines (which determination shall be conclusive absent manifest error), or the Company or Required Revolving Lenders notify the Administrative Agent (with, in the case of the Required Revolving Lenders, a copy to the Company) that the Company or the Required Revolving Lenders (as applicable) have determined, that:

(i) adequate and reasonable means do not exist for ascertaining the Relevant Rate for an Alternative Currency because none of the tenors of such Relevant Rate (including any forward-looking term rate thereof) is available or published on a current basis and such circumstances are unlikely to be temporary; or

(ii) the Applicable Authority has made a public statement identifying a specific date after which all tenors of the Relevant Rate for an Alternative Currency (including any forward-looking term rate thereof) shall or will no longer be representative or made available, or used for determining the interest rate of loans denominated in such Alternative Currency, or shall or will otherwise cease, provided that, in each case, at the time of such statement, there is no successor administrator that is satisfactory to the Administrative Agent that will continue to provide such representative tenor(s) of the Relevant Rate for such Alternative Currency (the latest date on which all tenors of the Relevant Rate for such Alternative Currency (including any forward-looking term rate thereof) are no longer representative or available permanently or indefinitely, the "Scheduled Unavailability Date"); or

(iii) syndicated loans currently being executed and agented in the U.S., are being executed or amended (as applicable) to incorporate or adopt a new benchmark interest rate to replace the Relevant Rate for an Alternative Currency;

or if the events or circumstances of the type described in Section 3.03(b)(i), (ii) or (iii) have occurred with respect to the Successor Rate then in effect, then, the Administrative Agent and the Company may amend this Agreement solely for the purpose of replacing the Relevant Rate for an Alternative Currency or any then current Successor Rate for an Alternative Currency in accordance with this Section 3.03 with an alternative benchmark rate giving due consideration to any evolving or then existing convention for similar credit facilities syndicated and agented in the U.S. and denominated in such Alternative Currency for such alternative benchmarks, and, in each case, including any mathematical or other adjustments to such benchmark giving due consideration to any evolving or then existing convention for similar credit facilities syndicated and agented in the U.S. and denominated in such Alternative Currency for such benchmarks, which adjustment or method for calculating such adjustment shall be published on an information service as selected by the Administrative Agent from time to time in its reasonable discretion and may be periodically updated (and any such proposed rate, including for the avoidance of doubt, any adjustment thereto, a "Successor Rate"), and any such amendment shall become effective at 5:00 p.m. on the fifth (5<sup>th</sup>) Business Day after the Administrative Agent shall have posted such proposed amendment to all Lenders and the Company unless, prior to such time, Lenders comprising the Required Revolving Lenders have delivered to the Administrative Agent written notice that the Required Revolving Lenders object to such amendment. The Administrative Agent will promptly (in one or more notices) notify the Company and each Lender of the implementation of any Successor Rate. Any Successor Rate shall be applied in a manner consistent with market practice; provided that to the extent such market practice is not administratively feasible for the Administrative Agent, such Successor Rate shall be applied in a manner as otherwise reasonably determined by the Administrative Agent. Notwithstanding anything else herein to the contrary, if at any time any Successor Rate as so determined would otherwise be less than zero, the Successor Rate will be deemed to be zero for purposes of this Agreement and the other Loan Documents. In connection with the implementation of a Successor Rate, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement; provided that, with respect to any

such amendment so effected, the Administrative Agent shall post each such amendment implementing such Conforming Changes to the Company and the Lenders reasonably promptly after such amendment becomes effective.

(c) Benchmark Replacement for Dollars. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, but subject to the limitations set forth in Section 3.07(c)(vii) below:

(i) On March 5, 2021 the Financial Conduct Authority (“FCA”), the regulatory supervisor of LIBOR’s administrator (“IBA”), announced in a public statement the future cessation or loss of representativeness of overnight/Spot Next, 1-week, 1-month, 2-month, 3-month, 6-month and 12- month U.S. dollar LIBOR tenor settings. On the earliest of (A) the date that all Available Tenors of U.S. dollar LIBOR have permanently or indefinitely ceased to be provided by IBA or have been announced by the FCA pursuant to public statement or publication of information to be no longer representative, (B) June 30, 2023 and (C) the Early Opt-in Effective Date in respect of a SOFR Early Opt-in, if the then-current Benchmark is LIBOR, the Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Loan Document in respect of any setting of such Benchmark on such day and all subsequent settings without any amendment to, or further action or consent of any other party to this Agreement or any other Loan Document. If the Benchmark Replacement is Daily Simple SOFR, all interest payments will be payable on a quarterly basis.

(ii)

(x) Upon (A) the occurrence of a Benchmark Transition Event or (B) a determination by the Administrative Agent that neither of the alternatives under clause (1) of the definition of Benchmark Replacement are available, the Benchmark Replacement under clause (2) of the definition thereof will replace the then-current Benchmark for all purposes hereunder and under any Loan Document in respect of any Benchmark setting at or after 5:00 p.m. on the fifth Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Loan Document so long as the Administrative Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Required Lenders (and any such objection shall be conclusive and binding absent manifest error); provided that solely in the event that the then-current Benchmark at the time of such Benchmark Transition Event is not a SOFR-based rate, the Benchmark Replacement therefor shall be determined in accordance with clause (1) of the definition of Benchmark Replacement unless the Administrative Agent determines that such alternative rate is not available.

(y) On the Early Opt-in Effective Date in respect of an Other Rate Early Opt-in, the Benchmark Replacement will replace LIBOR for all purposes hereunder and under any Loan Document in respect of any setting of such Benchmark on such day and all subsequent settings without any amendment to, or further action or consent of any other party to this Agreement or any other Loan Document.

(iii) At any time that the administrator of the then-current Benchmark has permanently or indefinitely ceased to provide such Benchmark or such Benchmark has been announced by the regulatory supervisor for the administrator of such Benchmark pursuant to public statement or publication of information to be no longer representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored, the applicable Borrower may revoke any request for a borrowing of, conversion to or continuation of Loans to be made, converted or continued that would bear interest by reference to such Benchmark

until the Company's receipt of notice from the Administrative Agent that a Benchmark Replacement has replaced such Benchmark, and, failing that, the Company will be deemed to have converted any such request into a request for a borrowing of or conversion to Base Rate Loans. During the period referenced in the foregoing sentence, the component of Base Rate based upon the Benchmark will not be used in any determination of the Base Rate.

(iv) In connection with the implementation and administration of a Benchmark Replacement, the Administrative Agent will have the right to make Benchmark Replacement Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Benchmark Replacement Conforming Changes will become effective without any further action or consent of any other party to this Agreement; provided that, with respect to any such amendment so effected, the Administrative Agent shall post each such amendment implementing such Benchmark Replacement Conforming Changes to the Company and the Lenders reasonably promptly after such amendment becomes effective.

(v) The Administrative Agent will promptly notify the Company and the Lenders of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Benchmark Replacement Conforming Changes. Any determination, decision or election that may be made by the Administrative Agent pursuant to this Section 3.07(c), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its sole discretion and without consent from any other party hereto, except, in each case, as expressly required pursuant to this Section 3.07(c).

(vi) At any time (including in connection with the implementation of a Benchmark Replacement), (A) if the then-current Benchmark is a term rate (including Term SOFR or LIBOR), then the Administrative Agent may remove any tenor of such Benchmark that is unavailable or non-representative for Benchmark (including Benchmark Replacement) settings and (B) the Administrative Agent may reinstate any such previously removed tenor for Benchmark (including Benchmark Replacement) settings.

(vii) Notwithstanding the foregoing or anything to the contrary in this Agreement or any other Loan Document, the provisions of this Section 3.07(c) shall not apply, and shall have no force or effect, with respect to the Term B Loan.

**3.08 Survival.** All obligations of the Loan Parties under this Article III shall survive termination of the Aggregate Commitments, repayment of all other Obligations hereunder, resignation of the Administrative Agent and the Facility Termination Date.

#### ARTICLE IV.

##### CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

**4.01 Conditions of Initial Credit Extension.** The obligation of each L/C Issuer and each Lender to make its initial Credit Extension hereunder is subject to satisfaction of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or telecopies (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance reasonably satisfactory to the Administrative Agent and each of the Lenders:

- (i) executed counterparts of this Agreement and each other Loan Document;
- (ii) as to each Borrower, a Note executed by such Borrower in favor of each Lender requesting Notes;
- (iii) searches of filings made under the UCC, the PPSA, the Bank Act (Canada) or other applicable Law, in each case in the jurisdiction of formation of each Loan Party and each other jurisdiction reasonably deemed appropriate by the Administrative Agent;
- (iv) such UCC and PPSA financing statements or similar documents required under any other applicable Law in the name of each Loan Party for each appropriate jurisdiction as is necessary, in the Administrative Agent's reasonable discretion, to perfect the Administrative Agent's security interest in the Collateral;
- (v) all certificates evidencing any certificated Equity Interests pledged to the Administrative Agent pursuant to the Security Agreements, together with duly executed in blank, undated stock powers attached thereto (unless, with respect to the pledged Equity Interests of any Non-U.S. Subsidiary, such stock powers are deemed unnecessary by the Administrative Agent in its reasonable discretion under the law of the jurisdiction of organization of such Person);
- (vi) searches of ownership of, and Liens on, United States and Canadian intellectual property registrations and applications of each Loan Party in the appropriate governmental offices;
- (vii) duly executed notices of grant of security interest in the form required by the Security Agreements as are necessary, in the Administrative Agent's reasonable discretion, to perfect the Administrative Agent's security interest in the United States and Canadian intellectual property registrations and applications of the Loan Parties;
- (viii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party;
- (ix) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each of the Borrowers and the Restricted Subsidiaries is validly existing and in good standing in its jurisdiction of organization or formation;
- (x) a favorable opinion of each of (A) Arnold & Porter Kaye Scholer LLP, U.S. counsel to the Loan Parties, (B) Blake, Cassels & Graydon LLP, Canadian counsel to the Loan Parties and (C) local counsel to the Loan Parties in each other jurisdiction for which the Administrative Agent has requested a legal opinion, in each case addressed to the Administrative Agent and each Lender, as to such matters concerning the Loan Parties and the Loan Documents as the Administrative Agent may reasonably request;
- (xi) a certificate signed by a Responsible Officer of the Company certifying (A) that the conditions specified in Sections 4.01(b), 4.01(c), 4.02(a) and 4.02(b) have been satisfied and (B) that there has been no event or circumstance since the date of the Audited Financial Statements that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect;
- (xii) a certificate signed by the chief financial officer of the Company certifying that the Company and its Subsidiaries are Solvent on a consolidated basis after giving effect to the Credit Extensions to be made hereunder on the Closing Date;

(xiii) a perfection certificate in form and substance reasonably satisfactory to the Administrative Agent and signed by a Responsible Officer of the Company;

(xiv) evidence reasonably satisfactory to the Administrative Agent that all insurance required to be maintained pursuant to the Loan Documents has been obtained and is in effect; and

(xv) copies of (A) the audited consolidated balance sheets of the Company and its Subsidiaries for the fiscal years ended December 31, 2015, 2016 and 2017, and the related consolidated statements of operations, comprehensive income, changes in equity and cash flows for such fiscal years of the Company and its Subsidiaries, including the notes thereto, (B) unaudited consolidated financial statements of the Company and its Subsidiaries for each fiscal quarter ending on or after March 31, 2018 and at least sixty (60) days prior to the Closing Date, including balance sheets and statements of income or operations, shareholders' equity and cash flows (the "Interim Financial Statements") and annual projections for the Company and its Subsidiaries for the five (5) full fiscal years ending after the Closing Date.

(b) Substantially concurrently herewith, all obligations under the Existing Credit Agreement shall have been repaid in full (other than contingent indemnification obligations for which no claim or demand has yet been made), all commitments thereunder shall have been terminated and all Liens securing the same shall have been released (or arrangements satisfactory to the Administrative Agent for such release shall have been made).

(c) There shall not exist any action, suit, investigation or proceeding pending or, to the knowledge of the Company or any other Loan Party, threatened in writing in any court or before any arbitrator or governmental authority that would reasonably be expected to have a Material Adverse Effect.

(d) The Administrative Agent and the Lenders shall have completed due diligence of the Loan Parties and their respective Subsidiaries in scope, and with results, reasonably satisfactory to the Administrative Agent and the Lenders, including OFAC, FCPA and Corruption of Foreign Public Officials Act (Canada).

(e) The Administrative Agent and the Lenders shall have received all documentation and other information with respect to each Loan Party requested in writing at least five (5) Business Days prior to the Closing Date by the Administrative Agent that any Lender determines is required by regulatory authorities under applicable Law, including without limitation the PATRIOT Act, the Canadian AML Acts and applicable U.S. and Canadian law regarding anti-money laundering, anti-terrorist financing, government sanction and "know your customer" matters.

(f) At least three (3) Business Days prior to the Closing Date, any Borrower that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation shall have delivered to each Lender that so requests a Beneficial Ownership Certification in relation to such Borrower.

(g) Unless waived by the Administrative Agent, the Company shall have paid (i) all fees and expenses required to be paid on the Closing Date pursuant to the Fee Letter or other writing between or among the Company and any lender(s) and (ii) all fees, charges and disbursements of counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent) to the extent invoiced at least three (3) Business Days prior to the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings and as shall be identified in the invoice provided at least three (3) Business Days prior to the Closing Date (provided that such estimate shall not thereafter preclude a final settling of accounts between the Company and the Administrative Agent).

Without limiting the generality of the provisions of the last paragraph of [Section 9.03](#), for purposes of determining compliance with the conditions specified in this [Section 4.01](#), each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

**4.02 Conditions to all Credit Extensions.** The obligation of each Lender to honor any Request for Credit Extension (including a Request for Credit Extension relating to an advance under an Incremental Facility but excluding a Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurocurrency Rate Loans, Alternative Currency Term Rate Loans, Bankers' Acceptances or B/A Equivalent Loans) is subject to the following conditions precedent:

(a) The representations and warranties of (i) the Borrowers contained in [Article V](#) and (ii) each Loan Party contained in each other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects (or, if qualified by materiality or reference to Material Adverse Effect, in all respects) on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects (or, if qualified by materiality or reference to Material Adverse Effect, in all respects) as of such earlier date, and except that for purposes of this [Section 4.02](#), the representations and warranties contained in [clauses \(a\)](#) and [\(b\)](#) of [Section 5.05](#) shall be deemed to refer to the most recent statements furnished pursuant to [clauses \(a\)](#) and [\(b\)](#), respectively, of [Section 6.01](#).

(b) No Default or Event of Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds thereof.

(c) The Administrative Agent and, if applicable, the applicable L/C Issuer(s) or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

(d) If the applicable Borrower is a Designated Borrower, then the conditions of [Section 2.15](#) to the designation of such Borrower as a Designated Borrower shall have been met to the satisfaction of the Administrative Agent.

(e) In the case of a Credit Extension to be denominated in an Alternative Currency, such currency remains an Eligible Currency.

(f) There shall be no restriction, limitation, prohibition or material impediment imposed under Law or by any Governmental Authority as to the proposed Credit Extension or the repayment thereof or as to rights created under any Loan Document or as to application of the proceeds of the realization of any such rights.

Notwithstanding anything to the contrary contained in this Agreement, the conditions set forth in [clauses \(a\)](#) and [\(b\)](#) of this [Section 4.02](#) shall be subject to the provisions of [Section 1.10](#) in the case of any Incremental Term Facility used to finance a Limited Condition Acquisition.

Each Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurocurrency Rate Loans, Alternative Currency Term Rate Loans, Bankers' Acceptances or B/A Equivalent Loans) submitted by any Borrower shall be deemed to be a representation and warranty that the conditions specified in [Sections 4.02\(a\)](#) and [\(b\)](#) have been satisfied on and as of the date of the applicable Credit Extension.

**ARTICLE V.**  
**REPRESENTATIONS AND WARRANTIES**

Each Loan Party jointly and severally represents and warrants to the Administrative Agent and the Lenders that:

**5.01 Existence, Qualification and Power.** Each Loan Party and each Restricted Subsidiary (a) is (i) duly incorporated, organized or formed, (ii) validly existing and (iii) in good standing (to the extent applicable) under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and (to the extent applicable) in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i), or (c), to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect.

**5.02 Authorization; No Contravention.** The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party, (a) have been duly authorized by all necessary corporate or other organizational action, and (b) do not and will not (i) contravene the terms of any of such Person's Organization Documents; (ii) conflict with or result in any breach or contravention of, or the creation of any Lien (other than Liens under the Loan Documents) under, or require any payment to be made under (A) any material Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any Restricted Subsidiary or (B) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (iii) violate any material Law.

**5.03 Governmental Authorization; Other Consents.** No material approval, consent, exemption, authorization, or other material action by, or material notice to, or material filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document other than (a) those that have already been obtained and are in full force and effect, (b) filings to perfect the Liens created by the Collateral Documents and (c) any filing required to release Liens securing the Existing Credit Agreement.

**5.04 Binding Effect.** This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable Debtor Relief Laws or by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

**5.05 Financial Statements; No Material Adverse Effect.**

(a) The Audited Financial Statements (i) were prepared in accordance with IFRS consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present in all material respects the financial condition of the Company and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with IFRS consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Company and its Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(b) The Interim Financial Statements (i) were prepared in accordance with IFRS consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present in all material respects the financial condition of the Company and

its Subsidiaries as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments and (iii) show all material indebtedness and other liabilities, direct or contingent, of the Company and its consolidated Subsidiaries as of the date of such financial statements, including liabilities for taxes, material commitments and Indebtedness.

(c) Since the date of the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or would reasonably be expected to have a Material Adverse Effect.

**5.06 Litigation.** There are not any actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of the Company, threatened (and reasonably likely to be commenced) in writing against the Company or any of its Restricted Subsidiaries or any property or rights of the Company or any of its Restricted Subsidiaries as to which there is a reasonable likelihood of an adverse determination and which, if adversely determined, would individually or in the aggregate result in a Material Adverse Effect.

**5.07 No Default.** Neither any Loan Party nor any Restricted Subsidiary thereof is in default under or with respect to any Contractual Obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

**5.08 Ownership of Property; Liens.** Each Loan Party and each Restricted Subsidiary has good record and marketable title in fee simple (or similar concept under the Law of any applicable jurisdiction) to, or valid leasehold interests (or similar concept under the Law of any applicable jurisdiction) in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of the Loan Parties and the Restricted Subsidiaries is subject to no Liens, other than Permitted Liens.

**5.09 Environmental Compliance.** The Loan Parties and their Restricted Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof the Company has reasonably concluded that such Environmental Laws and claims would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**5.10 Insurance.** The properties of the Company and the Restricted Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Company, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the applicable Loan Party operates.

**5.11 Taxes.** The Company and the Restricted Subsidiaries have filed all federal, state, provincial and territorial income tax returns and other tax returns and reports required to be filed, except where such failure to file would not reasonably be likely to have a Material Adverse Effect, and have paid all federal, state, provincial and territorial income and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with IFRS or in respect of which such failure to pay would not reasonably be likely to have a Material Adverse Effect. To the knowledge of the Company and its Restricted Subsidiaries, there is no proposed Tax assessment against the Company or any Restricted Subsidiary that would, if made, have a Material Adverse Effect. Neither the Company nor any Restricted Subsidiary is party to any tax sharing agreement.



## 5.12 ERISA and Canadian Pension Plan Compliance.

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state laws. Each Pension Plan that is intended to be a qualified plan under Section 401(a) of the Code has received a favorable determination letter from the IRS to the effect that the form of such Plan is qualified under Section 401(a) of the Code and the trust related thereto has been determined by the IRS to be exempt from federal income tax under Section 501(a) of the Code, or an application for such a letter is currently being processed by the IRS. To the best knowledge of the Company, nothing has occurred that would prevent or cause the loss of such tax-qualified status.

(b) There are no pending or, to the best knowledge of the Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that would reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or would reasonably be expected to result in a Material Adverse Effect.

(c) (i) Other than as would not reasonably be expected to result in a Material Adverse Effect, (i) no ERISA Event has occurred, and neither the Company nor, to the knowledge of the Borrowers, any ERISA Affiliate is aware of any fact, event or circumstance that would reasonably be expected to constitute or result in an ERISA Event with respect to any Pension Plan; (ii) the Company and, to the knowledge of the Borrowers, each ERISA Affiliate has met all applicable requirements under the Pension Funding Rules in respect of each Pension Plan, and no waiver of the minimum funding standards under the Pension Funding Rules has been applied for or obtained; (iii) as of the most recent valuation date for any Pension Plan, the funding target attainment percentage (as defined in Section 430(d)(2) of the Code) is sixty percent (60%) or higher and neither the Company nor, to the knowledge of the Borrowers, any ERISA Affiliate knows of any facts or circumstances that would reasonably be expected to cause the funding target attainment percentage for any such plan to drop below sixty percent (60%) as of the most recent valuation date; (iv) neither the Company nor, to the knowledge of the Borrowers any ERISA Affiliate has incurred any liability to the PBGC other than for the payment of premiums, and there are no premium payments which have become due that are unpaid; (v) neither the Company nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or Section 4212(c) of ERISA; and (vi) no Pension Plan has been terminated by the plan administrator thereof nor by the PBGC, and no event or circumstance has occurred or exists that would reasonably be expected to cause the PBGC to institute proceedings under Title IV of ERISA to terminate any Pension Plan.

(d) As of the Fifth Amendment Effective Date none of the Borrowers is or will be using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Commitments.

(e) (i) Each Canadian Pension Plan is in compliance in all material respects with the applicable provisions of all applicable Laws and (ii) each Canadian Pension Plan has received a confirmation of registration from the Canada Revenue Agency and, to the best knowledge of the Company, nothing has occurred which would prevent, or cause the loss of, such registration. Each Loan Party and each Subsidiary has made all required contributions to each Canadian Pension Plan.

(f) There are no pending or, to the best knowledge of the Company, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Canadian Pension Plan that could reasonably be expected to have a Material Adverse Effect. There has been no violation of fiduciary duty with respect to any Canadian Pension Plan that has resulted or would reasonably be expected to result in a Material Adverse Effect.

(g) No Loan Party or Subsidiary maintains, contributes to, or has any liability or contingent liability with respect to, a Canadian Defined Benefit Pension Plan.

**5.13 Subsidiaries; Equity Interests.** Set forth on Schedule 5.13 is a complete and accurate list as of the Fifth Amendment Effective Date of each Subsidiary, together with (a) such Subsidiary's jurisdiction of organization or incorporation (as the case may be), (b) the number of shares of each class of Equity Interests of such Subsidiary outstanding, (c) the number and percentage of each class of outstanding shares of such Subsidiary owned (directly or indirectly) by the Company or any Subsidiary and (d) an indication as to whether such Subsidiary is a Restricted Subsidiary or an Unrestricted Subsidiary, an Excluded Subsidiary (and, if so, the type (e.g., an Immaterial Subsidiary) of such Excluded Subsidiary), a CFC Holdco and/or a CFC. The outstanding Equity Interests of each Restricted Subsidiary are validly issued, fully paid and non-assessable (to the extent applicable) and are owned by a Loan Party in the amounts specified on Schedule 5.13 free and clear of all Liens other than the Liens created pursuant to the applicable Collateral Documents and inchoate and other non-consensual Permitted Liens.

**5.14 Margin Regulations; Investment Company Act.**

(a) No Loan Party is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock and the Credit Extensions hereunder will not be used to purchase or carry margin stock in violation of Regulation U or to extend credit to others for the purpose of purchasing or carrying margin stock or for any purpose that would violate the provisions of Regulation X issued by the FRB, as in effect from time to time.

(b) None of the Company, any Person Controlling the Company, or any Restricted Subsidiary is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

**5.15 Disclosure.** No report, financial statement, certificate or other written information furnished (other than projected financial information and information of a general economic or industry-specific nature) by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished), when taken as a whole, contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein not materially misleading in light of the circumstances under which they were made; provided that, with respect to projected financial information, the Company represents only that such projected financial information were prepared in good faith based upon assumptions believed to be reasonable at the time and estimates as of the date of preparation (it being understood and agreed that such projections are as to future events and are not to be viewed as facts and are subject to significant uncertainties and contingencies, many of which are beyond the control of the Company and its Subsidiaries, that no assurance can be given that any particular projection will be realized, that actual results during the period or periods covered by any such projected financial information may differ significantly from the projected results and such differences may be material, and that such projected financial information are not a representation by the Company or any of its Subsidiaries that such projections will be achieved. As of the Fifth Amendment Effective Date, to the knowledge of the Company the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects.

**5.16 Compliance with Laws.** Each Loan Party and each Restricted Subsidiary is in compliance in all material respects with the requirements of all applicable Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

**5.17 Taxpayer Identification Number; Other Identifying Information.** The true and correct U.S. taxpayer identification number of the Initial U.S. Borrower and each Designated Borrower that is a U.S. Subsidiary and a party hereto on the Fifth Amendment Effective Date is set forth on Schedule 10.02. The true and correct unique corporate or other identification number of each Canadian Borrower and each Designated Borrower that is a Non-U.S. Subsidiary and a party hereto on the Fifth

Amendment Effective Date that has been issued by its jurisdiction of organization and the name of such jurisdiction are set forth on [Schedule 5.17](#).

**5.18 Casualty, Etc.** As of the Fifth Amendment Effective Date, neither the businesses nor the properties of any Loan Party or any of its Restricted Subsidiaries are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

**5.19 Solvency.** The Company and its Restricted Subsidiaries, on a consolidated basis, are Solvent.

**5.20 Intellectual Property; Licenses, Etc.** The Company and its Restricted Subsidiaries own, or possess the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights (collectively, "IP Rights") that are reasonably necessary for the operation of their respective businesses except where and to the extent any lack of ownership or possession would not reasonably be expected to have a Material Adverse Effect, without conflict with the rights of any other Person except where and to the extent any such conflict would not reasonably be expected to have a Material Adverse Effect. To the knowledge of the Company, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Company or any Loan Party infringes upon any rights held by any other Person that would reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the knowledge of the Borrowers, threatened in writing (and reasonably likely to be commenced), which, either individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

**5.21 Labor Matters.** Except as set forth on [Schedule 5.21](#), there are no collective bargaining agreements or Multiemployer Plans covering the employees of the Company or any Restricted Subsidiary as of the Fifth Amendment Effective Date and neither the Company nor any Restricted Subsidiary has suffered any material strikes, walkouts, work stoppages or other labor difficulty in the three (3) years preceding the Fifth Amendment Effective Date.

**5.22 OFAC.** Neither the Company, nor any of its Subsidiaries, nor, to the knowledge of the Company and its Subsidiaries, any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by any individual or entity that is (i) currently the subject or target of any Sanctions, (ii) included on OFAC's List of Specially Designated nationals, the Canadian Sanctions List, HMT's Consolidated List of Financial Sanctions Targets and the Investment Ban List, or any similar list enforced by any other relevant sanctions authority or (iii) located, organized or resident in a Designated Jurisdiction. The Loan Parties have instituted and maintained policies and procedures designed to promote and achieve compliance with the foregoing.

**5.23 Anti-Corruption Laws.**

To the extent applicable, the Company and its Subsidiaries have conducted their businesses in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, the Corruption of Foreign Public Officials Act (Canada), the UK Bribery Act 2010, and, to the extent applicable, other similar anti-corruption legislation in other jurisdictions and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

**5.24 Collateral Documents.**

The Collateral Documents create valid security interests in, and Liens on, the Collateral purported to be covered thereby, which security interests and Liens are currently (or, upon delivery of Collateral to the Administrative Agent and/or when the appropriate filings or other actions required by the applicable Collateral Document or by applicable law have been filed or taken, will be) perfected security interests and Liens (to the extent such security interests and Liens are required to be perfected under the terms of the Collateral Documents) to the extent such security interests and Liens can be perfected by such delivery, filings and actions, prior to all other Liens other than Permitted Liens.

## 5.25 Representations as to Non-U.S. Obligors.

Each of the Company and each Non-U.S. Obligor represents and warrants to the Administrative Agent and the Lenders that:

(a) Such Non-U.S. Obligor is subject to civil and commercial Laws with respect to its obligations under this Agreement and the other Loan Documents to which it is a party (collectively as to such Non-U.S. Obligor, the "Applicable Non-U.S. Obligor Documents"), and the execution, delivery and performance by such Non-U.S. Obligor of the Applicable Non-U.S. Obligor Documents constitute and will constitute private and commercial acts and not public or governmental acts. Neither such Non-U.S. Obligor nor any of its property has any immunity from jurisdiction of any court or from any legal process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of the jurisdiction in which such Non-U.S. Obligor is organized or incorporated (as the case may be) and existing in respect of its obligations under the Applicable Non-U.S. Obligor Documents.

(b) The Applicable Non-U.S. Obligor Documents are in proper legal form under the Laws of the jurisdiction in which such Non-U.S. Obligor is organized or incorporated (as the case may be) and existing for the enforcement thereof against such Non-U.S. Obligor under the Laws of such jurisdiction, and to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Applicable Non-U.S. Obligor Documents. It is not necessary to ensure the legality, validity, enforceability, priority or admissibility in evidence of the Applicable Non-U.S. Obligor Documents that the Applicable Non-U.S. Obligor Documents be filed, registered or recorded with, or executed or notarized before, any court or other authority in the jurisdiction in which such Non-U.S. Obligor is organized or incorporated (as the case may be) and existing or that any registration charge or stamp or similar tax be paid on or in respect of the Applicable Non-U.S. Obligor Documents or any other document, except for (i) any such filing, registration, recording, execution or notarization as has been or will promptly be made or is not required to be made until the Applicable Non-U.S. Obligor Document or any other document is sought to be enforced and (ii) any charge or tax as has been or will be timely paid.

(c) There is no tax, levy, impost, duty, fee, assessment or other governmental charge, or any deduction or withholding, imposed by any Governmental Authority in or of the jurisdiction in which such Non-U.S. Obligor is organized or incorporated (as the case may be) and existing on or by virtue of the execution or delivery of the Applicable Non-U.S. Obligor Documents, except as has been disclosed to the Administrative Agent.

(d) The execution, delivery and performance of the Applicable Non-U.S. Obligor Documents executed by such Non-U.S. Obligor are, under applicable foreign exchange control regulations of the jurisdiction in which such Non-U.S. Obligor is organized or incorporated (as the case may be) and existing, not subject to any notification or authorization except (i) such as have been made or obtained or (ii) such as cannot be made or obtained until a later date (provided that any notification or authorization described in clause (ii) shall be made or obtained as soon as is reasonably practicable).

(e) With respect to each Loan Party organized in Barbados (each, a "Barbados Loan Party"), all relevant licenses, approvals and permits required under applicable Barbados Law for such Barbados Loan Party to make payments outside of Barbados, including any required pursuant to any applicable Barbados exchange controls, have been obtained and are in place to the extent necessary to permit such Barbados Loan Party to make all payments required thereof pursuant to this Agreement and the other Loan Documents to which it is required to be a party.

(f) With respect to each Loan Party incorporated in Malaysia (a "Malaysian Loan Party"), all consents, approvals, authorizations, licenses, exemptions, permissions, and orders which are required by any Governmental Authority or any other party, including to the extent applicable Bank Negara Malaysia (Central Bank of Malaysia), for such Malaysian Loan Party to execute, deliver and perform its obligations under this Agreement and each other Loan Document

to which it is required to be a party and to ensure that each such Loan Document shall be legal, valid and enforceable against such Malaysian Loan Party, have been duly obtained and are in full force and effect.

**5.26 Affected Financial Institutions.**

No Loan Party is an Affected Financial Institution.

**ARTICLE VI.  
AFFIRMATIVE COVENANTS**

Each Loan Party hereby covenants and agrees that such Loan Party shall, and shall cause each of its Restricted Subsidiaries to:

**6.01 Financial Statements.** Deliver to the Administrative Agent (who will make such documents available to each Lender), in form and detail reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) as soon as available, but in any event within one hundred twenty (120) days after the end of each fiscal year of the Company a consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of operations, comprehensive income, changes in shareholders' equity, and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with IFRS, audited and accompanied by a report and opinion of KPMG LLP or another independent certified public accountant of nationally recognized standing reasonably acceptable to the Required Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception (other than any qualification or exception in the last year of this Agreement and due solely to the impending maturity of the Loans and Commitments hereunder) or any qualification or exception as to the scope of such audit; and

(b) as soon as available, but in any event within sixty (60) days after the end of each of the first three (3) fiscal quarters of each fiscal year of the Company, a consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of operations, comprehensive income, shareholders' equity and cash flows for such fiscal quarter and for the portion of the Company's fiscal year then ended, in each case setting forth in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail, certified by a Responsible Officer of the Company as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of the Company and its Restricted Subsidiaries in accordance with IFRS, subject only to normal year-end audit adjustments and the absence of footnotes.

As to any information contained in materials furnished pursuant to Section 6.02(c), the Company shall not be separately required to furnish such information under subsection (a) or (b) above, but the foregoing shall not be in derogation of the obligation of the Company to furnish the information and materials described in subsections (a) and (b) above at the times specified therein.

**6.02 Certificates; Other Information.** Deliver to the Administrative Agent (who will make such documents available to each Lender), in form and detail reasonably satisfactory to the Administrative Agent and the Required Lenders:

(a) concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and (b), (i) a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller of the Company (which delivery

may, unless the Administrative Agent or a Lender requests executed originals, be by electronic communication including fax or email and shall be deemed to be an original authentic counterpart thereof for all purposes) and (ii) a report signed by a Responsible Officer of the Company that supplements Schedule 5.13 such that, as supplemented, such Schedule would be accurate and complete in all material respects as of the last day of the period covered by the Compliance Certificate described in the foregoing clause (i) (provided that if no supplement is required to cause such Schedule to be accurate and complete in all material respects as of such date, then the Company shall not be required to deliver such a report);

(b) concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and (b), for any period in which there exist any Unrestricted Subsidiaries, unaudited consolidating financial statements reflecting adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such financial statements delivered pursuant to Section 6.01(a) or (b), as applicable, all in reasonable detail and certified by a responsible Officer of the Company as fairly presenting in all material respects the financial condition, results of operations, comprehensive income, shareholders' equity and cash flows of the Company and its Restricted Subsidiaries in accordance with IFRS, subject only to normal year-end audit adjustments and the absence of footnotes;

(c) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Company, and copies of all annual, regular, periodic and special reports and registration statements which the Company may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, or under any other applicable securities Laws, and in any case not otherwise required to be delivered to the Administrative Agent pursuant hereto;

(d) promptly following any request therefor, provide information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act, the Beneficial Ownership Regulation and the Canadian AML Acts; and

(e) promptly, such additional information regarding the business, financial or corporate affairs of the Company or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may from time to time reasonably request.

Documents required to be delivered pursuant to Section 6.01(a) or (b) or Section 6.02(c) (to the extent any such documents are included in materials otherwise filed with the SEC or any national securities exchange) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Company posts such documents, or provides a link thereto on the Company's website on the Internet at the website address listed on Schedule 10.02; or (ii) on which such documents (A) are available on the website of the SEC at <http://www.sec.gov>, (B) are available on the website of the Canadian Securities Administrators at <https://www.sedar.com> or (C) are posted on the Company's behalf on another Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that, in the case of documents that are not available on <http://www.sec.gov> or <https://www.sedar.com>, (x) the Company shall deliver paper copies (which may include .pdf files) of such documents to the Administrative Agent or any Lender upon its request to the Company to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (y) the Company shall notify (which may be by facsimile or electronic mail) the Administrative Agent (by facsimile or electronic mail) of the posting of any such documents. The Administrative Agent shall have no obligation to request the delivery of or to maintain paper copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Company with any such request by a Lender for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

The Company hereby acknowledges that (a) the Administrative Agent and/or each Arranger may, but shall not be obligated to, make available to the Lenders and any L/C Issuer materials and/or information provided by or on behalf of the Company hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks, Syndtrak, ClearPar, or a substantially similar electronic transmission system (the "Platform") and (b) certain of the Lenders (each, a "Public Lender") may have personnel who do not wish to receive material non-public information with respect to the Company or its Affiliates, or the respective securities of any of the foregoing, and who may be engaged in investment and other market-related activities with respect to such Persons' securities. The Company hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Company shall be deemed to have authorized the Administrative Agent, the Arranger, the L/C Issuers and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Company or its securities for purposes of Canadian federal and provincial securities laws and United States federal and state securities laws (provided, however, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.07); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Side Information;" and (z) the Administrative Agent and the Arrangers shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Side Information." Notwithstanding the foregoing, the Company shall not be under any obligation to mark any Borrower Materials "PUBLIC."

**6.03 Notices.** Promptly notify the Administrative Agent (who will make such notice available to each Lender):

- (a) of the occurrence of any Default;
- (b) of any matter that has resulted or would reasonably be expected to result in a Material Adverse Effect;
- (c) of the occurrence of any ERISA Event or any material failure by any Loan Party or any Subsidiary to perform its obligations under a Canadian Pension Plan;
- (d) of the acquisition, as a result of the consummation of a Permitted Acquisition, of any Canadian Defined Benefit Pension Plan and copies of all documentation relating thereto and, thereafter, promptly after any request by the Administrative Agent or any Lender, copies of all actuarial valuation reports in respect thereof;
- (e) of any material change in accounting policies or financial reporting practices by the Company or any Subsidiary; and
- (f) the entering into by the Company or any Subsidiary of any Permitted Securitization Transaction (together with such information regarding such Permitted Securitization Transaction as the Administrative Agent or any Lender may reasonably request).

Each notice pursuant to this Section 6.03 shall be accompanied by a statement of a Responsible Officer of the Company setting forth details of the occurrence referred to therein and stating what action the Company has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

**6.04 Payment of Obligations.** Pay and discharge as the same shall become due and payable, all its material obligations and liabilities, including (a) all Tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with IFRS are being maintained by the Company or such Restricted Subsidiary or in respect of which such failure to pay

would not reasonably be likely to have a Material Adverse Effect; and (b) all lawful claims which, if unpaid, would by law become a Lien upon its property (other than Permitted Liens).

**6.05 Preservation of Existence, Etc.**

- (a) Preserve, renew and maintain in full force and effect its legal existence and good standing (to the extent applicable) under the Laws of the jurisdiction of its organization except in a transaction permitted by Sections 7.04 or 7.05;
- (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect; and
- (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which would reasonably be expected to have a Material Adverse Effect.

**6.06 Maintenance of Properties.**

- (a) Maintain, preserve and protect all of its material properties and equipment necessary in the normal operation of its business in good working order and condition, ordinary wear and tear and damage by casualty or condemnation excepted; and
- (b) make all necessary repairs thereto and renewals and replacements thereof, except to the extent that (i) any of such properties or equipment are obsolete or are being replaced in the ordinary course of business, (ii) the Company or any of its Restricted Subsidiaries reasonably determine that the continued maintenance, repair, renewal or replacement of any of its properties or equipment is no longer commercially practicable and is not in the best interests of the Company or any of its Restricted Subsidiaries, or (iii) where the failure to do so would not reasonably be expected to have a Material Adverse Effect.

**6.07 Maintenance and Evidence of Insurance.**

- (a) Maintenance of Insurance. Maintain with financially sound and reputable insurance companies not Affiliates of the Company or any Subsidiary, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons, including, without limitation, liability, casualty, property, terrorism and business interruption insurance.
- (b) Evidence of Insurance. Cause the Administrative Agent to be named as lenders' loss payable or loss payee (other than with respect to business interruption insurance) and as mortgagee, as its interest may appear, and/or additional insured with respect of any such insurance providing liability coverage or coverage in respect of any Collateral, and cause, unless otherwise agreed to by the Administrative Agent and, to the extent available and customarily agreed to by the relevant insurance provider, each provider of any such insurance to agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the Administrative Agent that it will give the Administrative Agent thirty (30) days' prior written notice before any such policy or policies shall be altered or cancelled (or ten (10) days' prior notice in the case of cancellation due to the nonpayment of premiums or, with respect to insurance premiums issued by non-U.S. insurance companies, to the extent available, as substantially similar notice as is practicable). Annually, upon expiration of current insurance coverage, the Loan Parties shall provide, or cause to be provided, to the Administrative Agent, such evidence of insurance as required by the Administrative Agent, including, but not limited to: (i) evidence of such insurance policies, (ii) declaration pages for each insurance policy and (iii) to the extent available from the relevant insurance provider, lender's loss payable endorsement (or other evidence that the Administrative Agent has substantially the same or similar standing under any insurance policies issued by non-U.S. insurance companies) if the Administrative Agent for



the benefit of the Secured Parties (or in its own name as creditor of Parallel Debt, as applicable) is not on the declarations page for such policy. As requested by the Administrative Agent, the Loan Parties agree to deliver to the Administrative Agent an Authorization to Share Insurance Information.

**6.08 Compliance with Laws.** Comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith would not reasonably be expected to have a Material Adverse Effect.

**6.09 Books and Records.** (a) Maintain proper books of record and account, in which full, materially true and correct entries in conformity with IFRS consistently applied shall be made of all material financial transactions and matters involving the assets and business of the Company or such Restricted Subsidiary, as the case may be, and (b) maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Company or such Restricted Subsidiary, as the case may be.

**6.10 Inspection Rights.** Upon the request of the Administrative Agent on behalf of any Lender, permit representatives and independent contractors of the Administrative Agent (which may include representatives of Lenders) to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants (provided, that one or more representatives of the Company shall be invited (with reasonable advance notice) to attend any such meetings with such independent public accountants (provided that the failure of any such representatives of the Company to attend any such meeting shall not preclude such meeting from occurring), all at the expense of the Lenders when no Event of Default exists, and at such reasonable times during normal business hours, upon reasonable advance notice to the Company and no more than once per year; provided, however, that when an Event of Default exists, the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Company at any time during normal business hours and without advance notice; provided, further that notwithstanding anything to the contrary herein, neither the Company nor any of its Restricted Subsidiaries shall be required to disclose, permit the inspection, examination or making of copies of or taking abstracts from, or discuss any document, information, or other matter (a) that constitutes non-financial trade secrets or non-financial proprietary information of the Company and its Restricted Subsidiaries and/or any of its customers and/or suppliers, (b) in respect of which disclosure to the Administrative Agent or any Lender (or any of their respective representatives or agents) is prohibited by applicable Law, (c) that is subject to attorney-client or similar privilege or constitutes attorney work product or (d) in respect of which the Company or any Subsidiary owes confidentiality obligations to any third party (it being understood that the Company or any of its Subsidiaries shall inform the Administrative Agent of the existence and nature of the confidential records, documents or other information not being provided and, following a reasonable request from the Administrative Agent, use commercially reasonable efforts to request consent from an applicable contractual counterparty to disclose such information (but shall not be required to incur any cost or expense or pay any consideration of any type to such party in order to obtain such consent)).

**6.11 Use of Proceeds.** Use the proceeds of the Credit Extensions (a) consisting of the Term B Loan to refinance Indebtedness outstanding under the Existing Credit Agreement, to pay professional fees and other expenses associated therewith and for general corporate purposes of the Company and its Subsidiaries (including for capital expenditures, Permitted Acquisitions, working capital needs, the payment of transaction fees and expenses, Investments, Restricted Payments and any other purpose not prohibited by the terms of the Loan Documents) not in contravention of any Law or of any Loan Document and (b) under the Revolving Facility and any Incremental Facility for general corporate purposes of the Company and its Subsidiaries (including for capital expenditures, Permitted Acquisitions, working capital needs, the payment of transaction fees and expenses, Investments, Restricted Payments and any other purpose not prohibited by the terms of the Loan Documents) of the Company and its Subsidiaries not in contravention of any Law or of any Loan Document.

**6.12 Compliance with Environmental Laws.** Comply, in all material respects, with all applicable Environmental Laws and Environmental Permits and obtain and renew all Environmental Permits necessary for its operations and properties; provided, however, that neither the Company nor any of its Restricted Subsidiaries shall be required to undertake any action under any Environmental Laws and Environmental Permits to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with IFRS.

**6.13 Maintenance of Ratings.** Use commercially reasonable efforts (it being understood and agreed that "commercially reasonable efforts" shall in any event include the payment by the Company of customary rating agency fees and cooperation with information and data requests by Moody's and S&P in connection with their ratings process) to obtain and maintain (a) a public corporate family rating of the Company and a rating of the credit facilities provided under this Agreement, in each case from Moody's, (b) a public corporate credit rating of the Company and a rating of the credit facilities provided under this Agreement, in each case from S&P and (c) a current, non-credit-enhanced, senior secured long-term debt rating with respect to each of the Term B Loan from each of S&P and Moody's; provided, that in no event shall the Company be required to maintain a specific rating with any such agency.

**6.14 Covenant to Guarantee Obligations.**

(a) Within forty-five (45) days (or such later date as the Administrative Agent may agree in its sole discretion) after (x) the acquisition or formation of any Restricted Subsidiary (other than an Excluded Subsidiary) or (y) the date on which any Excluded Subsidiary ceases to be an Excluded Subsidiary, cause such Restricted Subsidiary to (i) become a U.S. Guarantor (if such Subsidiary is a U.S. Subsidiary and not a CFC Holdco) or a Non-U.S. Guarantor (if such Subsidiary is a Non-U.S. Subsidiary or a CFC Holdco), as applicable, by executing and delivering to the Administrative Agent a Joinder Agreement or such other documents as the Administrative Agent shall deem appropriate for such purpose and (ii) upon the request of the Administrative Agent in its reasonable discretion, deliver to the Administrative Agent such Organization Documents, resolutions and favorable opinions of counsel, all in form, content and scope reasonably satisfactory to the Administrative Agent; provided that notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, no Specified Subsidiary shall be required to provide a Guarantee in respect of any of the Obligations other than the Non-U.S. Obligations.

(b) If any Subsidiary (including, to the extent permitted by applicable Law, any Excluded Subsidiary other than any Special Purpose Subsidiary or any other Subsidiary with respect to which the Administrative Agent and the Company reasonably agree that the burden or cost of such Person providing the Guaranty shall outweigh the benefits to be obtained by the Lenders therefrom) that is not a Guarantor provides a Guarantee in respect of any Additional Indebtedness issued by a Loan Party, cause such Subsidiary to, concurrently with providing such Guarantee in respect of such Additional Indebtedness (or at such later date that the Administrative Agent may agree in its sole discretion), (i) become a U.S. Guarantor (if such Subsidiary is a U.S. Subsidiary and not a CFC Holdco) or a Non-U.S. Guarantor (if such Subsidiary is a Non-U.S. Subsidiary or a CFC Holdco), as applicable, by executing and delivering to the Administrative Agent a Joinder Agreement or such other documents as the Administrative Agent shall deem reasonably appropriate for such purpose and (ii) upon the request of the Administrative Agent in its reasonable discretion, deliver to the Administrative Agent such Organization Documents, resolutions and favorable opinions of counsel, all in form, content and scope reasonably satisfactory to the Administrative Agent; provided that notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, no Specified Subsidiary shall be required to provide a Guarantee in respect of any of the Obligations other than the Non-U.S. Obligations.

Notwithstanding anything to the contrary contained herein, (x) the Company may from time to time, upon notice to the Administrative Agent, elect to cause any Subsidiary that would otherwise be an Excluded Subsidiary to become a U.S. Guarantor (if such Subsidiary is a U.S. Subsidiary and not a CFC Holdco) or a Non-U.S. Guarantor (if such Subsidiary is a Non-U.S. Subsidiary or

a CFC Holdco), as applicable, provided that the requirements set forth in the foregoing clause (a) applicable to any Subsidiary that is required to provide the Guaranty pursuant to such clause are satisfied, and (y) the Subsidiaries set forth on Part A of Schedule 6.19 shall not be required to comply with this Section 6.14 until the Post-Closing Compliance Date.

**6.15 Covenant to Give Security.** Except with respect to Excluded Property:

(a) Cause each U.S. Obligor that is not a Specified U.S. Obligor (in each case, whether now or hereafter existing) to grant or cause to be granted a first priority perfected (or similar concept under any applicable non-U.S. Laws) security interest (subject to Permitted Liens) in the following (to the extent not constituting Excluded Property), in each case to secure the Obligations pursuant to the Domestic U.S. Security Agreement, in each case on the Closing Date or, if acquired thereafter, within forty-five (45) days (or such later date as the Administrative Agent may agree in its sole discretion) of the acquisition thereof:

(i) (A) one hundred percent (100%) of the issued and outstanding Equity Interests of any Restricted Subsidiary that is a U.S. Subsidiary and not a CFC Holdco directly owned by such U.S. Obligor; (B) sixty-five percent (65%) of the issued and outstanding Equity Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) of any Restricted Subsidiary that is (x) a CFC directly owned by such U.S. Obligor or (y) a CFC Holdco directly owned by such U.S. Obligor; and (C) one hundred percent (100%) of the issued and outstanding Equity Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) of any Restricted Subsidiary that is (x) a CFC directly owned by such U.S. Obligor or (y) a CFC Holdco directly owned by such U.S. Obligor; and

(ii) all personal property of such U.S. Obligor;

(b) Cause each Non-U.S. Obligor that is not a Specified Non-U.S. Obligor (in each case, whether now or hereafter existing) to grant or cause to be granted a first priority perfected (or similar concept under any applicable non-U.S. Laws) security interest (subject to Permitted Liens) in the following (to the extent not constituting Excluded Property), in each case to secure the Obligations pursuant to the Canadian Security Agreement or, upon the request of the Administrative Agent, another Security Agreement, in each case on the Closing Date or, if acquired thereafter, within forty-five (45) days (or such later date as the Administrative Agent may agree in its sole discretion) of the acquisition thereof:

(i) (A) except to the extent the following clause (B) applies, one hundred percent (100%) of the issued and outstanding Equity Interests of any Restricted Subsidiary directly owned by such Non-U.S. Obligor; (B) sixty-five percent (65%) of the issued and outstanding Equity Interests entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) of any Restricted Subsidiary that is a CFC Holdco directly owned by such Non-U.S. Obligor; and (C) one hundred percent (100%) of the issued and outstanding Equity Interests not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) of any Restricted Subsidiary that is a CFC Holdco directly owned by such Non-U.S. Obligor; provided that the foregoing clauses (B) and (C) shall not apply with respect to any security interest granted to secure the Non-U.S. Obligations; and

(ii) all personal property of such Non-U.S. Obligor;

(c) Cause each Specified U.S. Obligor (whether now or hereafter existing) to grant a first priority perfected security interest (subject to Permitted Liens) in the following (to the extent not constituting Excluded Property), in each case to secure the Non-U.S. Obligations pursuant to the Specified U.S. Security Agreement or, upon the request of the Administrative Agent, another pledge and/or security agreement in favor of the Administrative Agent, for the benefit of the Secured Parties (or in its own name as creditor of Parallel Debt, as applicable), in form and substance reasonably acceptable to the Administrative Agent, in each case on the Closing Date or,

if acquired thereafter, within thirty (30) days (or such later date as the Administrative Agent may agree in its sole discretion exercised reasonably) of the acquisition thereof:

- (i) one hundred percent (100%) of the issued and outstanding Equity Interests of any Restricted Subsidiary directly owned by such Specified U.S. Obligor; and
- (ii) all personal property of such Specified U.S. Obligor;

(d) Cause each Specified Non-U.S. Obligor (whether now or hereafter existing) to grant a first priority perfected security interest (subject to Permitted Liens) in the following (to the extent not constituting Excluded Property), in each case to secure the Non-U.S. Obligations pursuant to the Canadian Security Agreement or, upon the request of the Administrative Agent, another pledge and/or security agreement in favor of the Administrative Agent, for the benefit of the Secured Parties (or in its own name as creditor of Parallel Debt, as applicable), in form and substance reasonably acceptable to the Administrative Agent, in each case on the Closing Date or, if acquired thereafter, within thirty (30) days (or such later date as the Administrative Agent may agree in its sole discretion, exercised reasonably) of the acquisition thereof:

- (i) one hundred percent (100%) of the issued and outstanding Equity Interests of any Restricted Subsidiary directly owned by such Specified Non-U.S. Obligor; and
- (ii) all personal property of such Specified Non-U.S. Obligor;

(e) At any time upon reasonable request of the Administrative Agent (but, for the avoidance of doubt, subject to any applicable time periods set forth in [Section 6.14](#) and this [Section 6.15](#)), promptly execute and deliver any and all further instruments and documents and take all such other action (including promptly completing any registration or stamping of documents as may be applicable) as the Administrative Agent reasonably may deem necessary or desirable to maintain in favor of the Administrative Agent, for the benefit of the Secured Parties (or in its own name as creditor of Parallel Debt, as applicable), Liens and insurance rights on the Collateral that are duly perfected in accordance with the requirements of, or the obligations of the Loan Parties under, the Loan Documents and all applicable Laws.

Notwithstanding anything to the contrary contained herein, the Subsidiaries set forth on [Part A](#) of [Schedule 6.19](#) shall not be required to comply with this [Section 6.15](#) until the Post-Closing Compliance Date.

**6.16 Anti-Corruption Laws.** Conduct its business in material compliance with the United States Foreign Corrupt Practices Act of 1977, the Corruption of Foreign Public Officials Act (Canada), the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions applicable to the Company and its Restricted Subsidiaries and maintain procedures designed to promote and achieve compliance with such laws; provided that no Non-U.S. Subsidiary shall be required to comply with anti-corruption legislation of any jurisdiction other than the Laws applicable in its jurisdiction of organization if such compliance would cause such Person to violate the laws of its jurisdiction of organization.

**6.17 Further Assurances.** Promptly upon request by the Administrative Agent, or any Lender through the Administrative Agent, (a) correct any material defect or error that may be discovered in any Loan Document or in the execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments (including promptly completing any registration or stamping of documents as may be applicable) as the Administrative Agent, or any Lender through the Administrative Agent, may reasonably require from time to time in order to (i) carry out more effectively the purposes of the Loan Documents, (ii) to the fullest extent permitted by applicable Law, subject any Loan Party's or any of its Subsidiaries' properties, assets, rights or interests (other than, in each case, Excluded Property) to the Liens now or hereafter intended to be covered by any of the Collateral Documents, (iii) perfect and maintain the validity, effectiveness and priority of any of the Collateral Documents and any of the Liens intended to be created thereunder and (iv) assure, convey,

grant, assign, transfer, preserve, protect and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Loan Document or under any other instrument executed in connection with any Loan Document to which any Loan Party or any of its Subsidiaries is or is to be a party, and cause each of its Subsidiaries to do so.

**6.18 Pari Passu Ranking.** Ensure that the payment obligations of the Loan Parties under the Loan Documents rank and continue to rank at least *pari passu* with the claims of all of the Loan Parties' other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

**6.19 Post-Closing Obligations.**

(a) By no later than the date that is sixty (60) days after the Closing Date (or such later date as the Administrative Agent may agree in its sole discretion) (the "Post-Closing Compliance Date"), cause the Subsidiaries set forth on Part A of Schedule 6.19 to comply with the requirements of Sections 6.14 and 6.15; provided that (x) any of the Subsidiaries set forth on Part A of Schedule 6.19 shall be exempted from this Section 6.19 and from the requirements of Section 6.14 and/or Section 6.15 (or any of them) in the event that the Administrative Agent and the Company reasonably agree that the burden or cost of such Subsidiary complying with Section 6.14 and/or Section 6.15 (or any aspect of such Sections) would outweigh the benefits to be obtained by the Lenders therefrom and (y) from the Closing Date through and including the Post-Closing Compliance Date, (i) for purposes of determining compliance with Sections 7.01, 7.02 and 7.03 (regardless of whether such Subsidiaries have, in fact, become Guarantors and Loan Parties hereunder), all intercompany Liens, intercompany Investments and intercompany Indebtedness of the Subsidiaries set forth on Part A of Schedule 6.19 in existence on the Closing Date shall be deemed to be set forth on Schedules 7.01, 7.02 and 7.03, respectively (regardless of whether actually set forth thereon).

(b) Undertake all actions listed on Part B of Schedule 6.19, in each case as promptly as practicable and in any event within the time periods set forth on such Schedule (or such longer periods of time as may be agreed to by the Administrative Agent in its sole discretion).

**6.20 Designation of Subsidiaries.**

(a) The Company may at any time designate any Restricted Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; provided that (i) no Default or Event of Default shall exist immediately prior or immediately after giving effect to such designation; (ii) the Company shall have delivered to the Administrative Agent a Pro Forma Compliance Certificate demonstrating that after giving effect to such designation on a Pro Forma Basis, the Loan Parties would be in Pro Forma Compliance; (iii) no Restricted Subsidiary may be designated as an Unrestricted Subsidiary if such Restricted Subsidiary or any of its Subsidiaries (A) owns any Equity Interests or Indebtedness of, or owns or holds any Liens on, any property of the Company or any Restricted Subsidiary or (B) Guarantees any Indebtedness of the Company or any Restricted Subsidiary; (iv) any Unrestricted Subsidiary that has been designated as a Restricted Subsidiary may not subsequently be re-designated as an Unrestricted Subsidiary; (v) no Restricted Subsidiary may be designated as an Unrestricted Subsidiary if such Person were a Restricted Subsidiary on the Closing Date; and (vi) no Restricted Subsidiary may be designated as an Unrestricted Subsidiary unless concurrent with such designation such Restricted Subsidiary is designated as an "unrestricted subsidiary" (or otherwise not be subject to the covenants) under any Additional Indebtedness.

(b) The designation of any Restricted Subsidiary as an Unrestricted Subsidiary shall constitute an Investment by the Company in such Subsidiary on the date of such designation in an amount equal to the outstanding amount of all Investments by the Company and its Restricted Subsidiaries in such Subsidiary on such date. Accordingly, such designation shall be permitted only if the Investment represented thereby would be permitted under Section 7.02.

(c) The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute (i) the incurrence on the date of such designation of any Investment, Indebtedness or Liens of such Subsidiary existing on such date and (ii) for purposes of calculating the outstanding amount of Investments by the Company and its Restricted Subsidiaries in all Unrestricted Subsidiaries, a return on all Investments by the Company and its Restricted Subsidiaries in such Subsidiary in an amount equal to the outstanding amount of all such Investments in such Subsidiary on the date of such designation.

(d) If at any time any Unrestricted Subsidiary (i) owns any Equity Interests or Indebtedness of, or owns or holds any Liens on, any property of the Company or any Restricted Subsidiary, (ii) Guarantees any Indebtedness of the Company or any Restricted Subsidiary or (iii) ceases to be an "unrestricted subsidiary" (or otherwise becomes subject to the covenants) under any Additional Indebtedness, then the Company shall, concurrently therewith, re-designate such Unrestricted Subsidiary as a Restricted Subsidiary.

#### ARTICLE VII.

##### NEGATIVE COVENANTS

Each Loan Party hereby covenants that no Loan Party shall, nor shall it permit any of its Restricted Subsidiaries (or, with respect to [Section 7.16](#) and [Section 7.17](#), its Unrestricted Subsidiaries) to, directly or indirectly:

**7.01 Liens.** Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens pursuant to any Loan Document;

(b) Liens existing on the Fifth Amendment Effective Date and listed on [Schedule 7.01](#) and any renewals or extensions thereof, provided that (i) the property covered thereby is not changed, (ii) the amount secured or benefited thereby is not increased except as contemplated by [Section 7.03\(b\)](#), (iii) the direct or any contingent obligor with respect thereto is not changed, and (iv) any renewal or extension of the obligations secured or benefited thereby is permitted by [Section 7.03\(b\)](#);

(c) Liens for Taxes that are (i) not yet due or (ii) being contested in good faith and by appropriate proceedings diligently conducted and for which adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with IFRS;

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business (i) which are not overdue for a period of more than thirty (30) days or (ii) which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person;

(e) Liens incurred in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA or in respect of a Canadian Pension Plan;

(f) deposits and other Liens to secure the performance of bids, trade contracts and leases (other than Indebtedness), tenders, statutory obligations, surety bonds (other than bonds related to judgments or litigation), leases, performance bonds, government contracts and other obligations of a like nature incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

- (h) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) not constituting an Event of Default under Section 8.01(b);
- (i) Liens securing Indebtedness permitted under Section 7.03(c); provided that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (ii) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition;
- (j) licenses (including licenses of intellectual property), sublicenses, leases or subleases granted to third parties in the ordinary course of business not interfering with the business of the Company or any Restricted Subsidiary in any material respect;
- (k) Liens in favor of customs and revenue authorities arising as a matter of law which secure payment of customs duties in connection with the importation of goods;
- (l) any interest of title of a lessor under, and Liens arising from UCC financing statements (or equivalent filings, registrations or agreements in foreign jurisdictions) relating to, leases permitted by this Agreement;
- (m) normal and customary rights of setoff or bankers' liens upon deposits of cash in favor of banks or other depository institutions;
- (n) Liens securing Acquired Indebtedness, provided that (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (ii) such Liens existed prior to the applicable Permitted Acquisition and were not incurred in connection with, or in anticipation or contemplation of, the applicable Permitted Acquisition;
- (o) Liens securing Subordinated Indebtedness and Pari Passu Indebtedness, in each case, to the extent permitted under Section 7.03(h);
- (p) Liens on Securitized Assets created or deemed to exist in connection with (i) any Permitted Securitization Transaction or (ii) the Specified Receivables Purchase Agreement;
- (q) Liens pursuant to any Loan Document securing (x) Secured Cash Management Agreements and (y) Secured Swap Contracts;
- (r) purported Liens evidenced by the filing of UCC financing statements in respect of consignment of goods;
- (s) with respect to any real property occupied, owned or leased by any Borrower or any of their Subsidiaries, leases, subleases, tenancies, options, concession agreements, rental agreements occupancy agreements, franchise agreements, access agreements and any other agreements, whether or not of record and whether now in existence or hereafter entered into, of the real properties of any Loan Party or any Restricted Subsidiary granted by such Person to third parties, in each case entered into in the ordinary course of such Person's business and so long as, to the extent such real properties are subject to Liens, such Liens do not materially interfere with the ordinary conduct of business of the Loan Parties or their Restricted Subsidiaries, taken as a whole, and do not materially impair the use of such property for its intended purposes;
- (t) Liens arising by operation of law under Article 4 of the Uniform Commercial Code in connection with collection of items provided for therein or under Article 2 of the Uniform Commercial Code in favor of a reclaiming seller of goods or buyer of goods;
- (u) Liens attaching solely to (i) cash earnest money deposits in connection with any letter of intent or purchase agreement and (ii) proceeds of an asset disposition permitted hereunder that are held in escrow to secure obligations under the sale documentation relating to such disposition;

(v) any laws, regulations or ordinances now or hereafter in effect (including, but not limited to, zoning, building and environmental protection) as to the use, occupancy, subdivision or improvement of real property occupied, owned or leased by the Company or any of its Restricted Subsidiaries adopted or imposed by any Governmental Authority;

(w) Liens of landlords under leases where the Company or any of its Restricted Subsidiaries is the tenant, securing performance by the tenant under the lease arising by statute or under any lease or related contractual obligation entered into in the ordinary course of business;

(x) (i) Liens that are customary contractual rights of setoff or netting relating to (A) the establishment of depositary relations with banks not granted in connection with the issuance of Indebtedness, (B) pooled deposit or sweep accounts of the Company or any Restricted Subsidiary to permit satisfaction of overdraft or similar obligations or to secure negative cash balances in local accounts of foreign Restricted Subsidiaries incurred in the ordinary course of business of the Company or any Restricted Subsidiary, (C) purchase orders and other agreements entered into with customers of the Company or any Restricted Subsidiary in the ordinary course of business and (D) commodity trading or other brokerage accounts incurred in the ordinary course of business, (ii) Liens encumbering reasonable customary initial deposits and margin deposits and (iii) Liens on the proceeds of any Indebtedness incurred in connection with any transaction permitted hereunder, which proceeds have been deposited into an escrow account on customary terms to secure such Indebtedness pending the application of proceeds to finance such transaction;

(y) Liens securing insurance premium financing arrangements; provided, that such Liens only encumber the insurance premiums, policies or dividends with respect to the policies that were financed with the funds advanced under such arrangements;

(z) Liens on cash or cash equivalents arising in connection with the defeasance, discharge or redemption of Indebtedness;

(aa) Liens arising out of conditional sale, title retention, consignment, bailment or similar arrangements for the purchase, sale or shipment of goods entered into in the ordinary course of business;

(bb) Liens (i) on cash advances or escrow deposits in favor of the seller of any property to be acquired by the Company or any Restricted Subsidiary to be applied against the purchase price therefor or otherwise in connection with any escrow arrangements with respect thereto or any disposition permitted under Section 7.05 and (ii) consisting of an agreement to dispose of any property in a disposition permitted under Section 7.05 solely to the extent such disposition, as the case may be, would have been permitted on the date of the creation of such Lien;

(cc) Liens on securities which are the subject of repurchase agreements referred to in the definition of "Cash Equivalents" granted under such repurchase agreements in favor of the counterparties thereto;

(dd) undetermined or inchoate Liens and charges arising or potentially arising under statutory provisions incidental to current operations which have not at the time been filed or registered in accordance with applicable Law or of which written notice has not been duly given in accordance with applicable Law, or which although filed or registered, relate to obligations not due or delinquent; and

(ee) Liens not otherwise permitted by this Section 7.01 securing obligations in an aggregate principal amount not to exceed at any one time outstanding the greater of (x) \$100,000,000 and (y) 2.5% of Consolidated Total Assets (determined as of the date of incurrence of such obligations).



**7.02 Investments.** Make any Investments, except:

- (a) Investments held by the Company or such Restricted Subsidiary in the form of Cash Equivalents;
- (b) advances to officers, directors and employees of the Company and Subsidiaries in an aggregate amount not to exceed \$5,000,000 at any time outstanding, for travel, entertainment, relocation and analogous ordinary business purposes;
- (c) Investments in the Company or any Loan Party; provided that in the case of any such Investment by a Restricted Subsidiary that is not a Loan Party in a Loan Party, (i) such Investment shall be subordinated to the Obligations in a manner and to an extent reasonably acceptable to the Administrative Agent and (ii) such Investment shall not be repaid unless no Event of Default exists;
- (d) Investments of any Restricted Subsidiary that is not a Loan Party in any other Restricted Subsidiary that is not a Loan Party;
- (e) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;
- (f) Guarantees permitted by Section 7.03;
- (g) Permitted Acquisitions;
- (h) Investments of any Person in existence at the time such Person becomes a Subsidiary pursuant to a Permitted Acquisition; provided such Investment was not made in connection with or anticipation of such Person becoming a Subsidiary;
- (i) to the extent constituting Investments, deposit accounts maintained in the ordinary course of business and cash pooling arrangements in the ordinary course of business;
- (j) Investments of the Company or any Restricted Subsidiary in any Special Purpose Subsidiary in connection with any Permitted Securitization Transaction, provided that such Investments are customary in Securitization Transactions;
- (k) to the extent constituting Investments, Restricted Payments permitted under Section 7.06;
- (l) Investments existing on, or contractually committed to as of, the Fifth Amendment Effective Date and described in Schedule 7.02 or consisting of intercompany Investments between or among the Company and its Subsidiaries outstanding on the Fifth Amendment Effective Date and any modification, replacement, renewal or extension thereof so long as such modification, renewal or extension thereof does not increase the amount of such Investment except, in the case of any such Investment described on Schedule 7.02, by the terms thereof as in effect on the Fifth Amendment Effective Date and described on Schedule 7.02 or as otherwise permitted by this Section 7.02;
- (m) Swap Contracts permitted under Section 7.03(d).
- (n) Investments (including debt obligations and Equity Interests) (i) received by the Company or any of its Subsidiaries as a creditor pursuant to a bankruptcy, insolvency, receivership or plan of reorganization under any Debtor Relief Law of any Person or a composition or readjustment of the debts of such Person, (ii) in settlement of a dispute or delinquent account, (iii) upon foreclosure with respect to any secured Investment or other transfer

of title with respect to any secured Investment and/or (iv) as a result of the settlement, compromise, resolution of litigation, arbitration or other disputes;

(o) Investments consisting of (i) deposits or prepaid expenses or (ii) endorsements for collection or deposit and customary trade arrangements, in each case made or incurred in the ordinary course of business;

(p) any Investment received as non-cash consideration from any Disposition permitted by Section 7.05;

(q) Investments comprised of notes payable, or Equity Interests issued by account debtors to the Company or any Restricted Subsidiary pursuant to negotiated agreements with respect to settlement of such account debtor's account in the ordinary course of business;

(r) Investments by a Loan Party and/or any Subsidiary that is not a Loan Party in any Restricted Subsidiary which is not a Loan Party consisting of (i) the contribution or Disposition of the Equity Interests of any Restricted Subsidiary which is not a Loan Party or (ii) any non-cash Investments arising as a result of any in-kind settlement transaction (including but not limited to loans made or deemed made in the course of settling the distribution of any Restricted Payment) entered into by and among a Loan Party and/or any Subsidiary that is not a Loan Party, on the one hand, and any Restricted Subsidiary which is organized or formed under the Laws of the Kingdom of Thailand, on the other hand;

(s) Investments consisting of Indebtedness to the extent permitted under Section 7.03 (other than clause (g), thereof), Permitted Liens, transactions to the extent permitted by Section 7.04, and Restricted Payments and Junior Payments to the extent permitted by Section 7.06;

(t) Investments in any Subsidiary in connection with reorganizations and activities related to tax planning; provided that after giving effect to any such reorganization and related activities, the security interest of the Administrative Agent in the Collateral, taken as a whole, is not materially impaired and after giving effect to such Investment, the Company and its Subsidiaries shall otherwise be in compliance with Section 7.02;

(u) Investments comprised of notes owing to any Loan Party or any wholly owned Subsidiary in connection with the Disposition of the Toronto Property; and

(v) other Investments in an aggregate amount not to exceed at any time outstanding the sum of (i) the greater of (x) \$200,000,000 and (y) 5.0% of Consolidated Total Assets (determined as of the date of the making of such Investment) plus (ii) an unlimited amount so long as both before and after giving effect to such Investment on a Pro Forma Basis, the Consolidated Secured Leverage Ratio shall be less than 2.75:1.00 (for purposes of clarity, the amount of any Investment made in reliance on the immediately preceding clause (i) and permitted thereunder at such time shall not be included in any calculation of the amount available in the immediately preceding clause (i)).

For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment, but in each case, net of any return in respect thereof, including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts.

**7.03 Indebtedness.** Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents, Secured Cash Management Agreements and Secured Swap Contracts;

(b) Indebtedness outstanding on the Fifth Amendment Effective Date and listed on Schedule 7.03 and any refinancings, refundings, renewals or extensions thereof; provided that the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder;

(c) Guarantees of the Company or any Loan Party in respect of Indebtedness otherwise permitted hereunder of the Company or any Loan Party; provided that if such Indebtedness is subordinated to the Obligations, such Guarantee shall be subordinated to the Obligations on terms at least as favorable to the Lenders as those contained in the subordination of such Indebtedness;

(d) obligations (contingent or otherwise) of the Company or any Loan Party existing or arising under any Swap Contract, provided that such obligations are (or were) entered into by such Person in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a "market view";

(e) Indebtedness in respect of capital leases, Synthetic Lease Obligations and purchase money obligations for fixed or capital assets within the limitations set forth in the proviso to Section 7.01(i); provided, however, that the aggregate amount of all such Indebtedness at any one time outstanding shall not exceed \$150,000,000;

(f) Indebtedness in respect of workers' compensation claims, self-insurance obligations, performance bonds, surety, appeal or similar bonds and completion guarantees provided by the Company and its Restricted Subsidiaries in the ordinary course of business;

(g) intercompany Indebtedness permitted under Section 7.02 (other than clause(s) thereof); provided that in the case of Indebtedness owing by a Loan Party to any Subsidiary that is not a Loan Party, such Indebtedness shall be unsecured and subordinated in right of payment to the Obligations on a basis, and pursuant to an agreement, reasonably acceptable to the Administrative Agent;

(h) Pari Passu Indebtedness, Subordinated Indebtedness and unsecured Indebtedness (any such Indebtedness, "Additional Indebtedness"); provided in each case that (i) after giving effect to the incurrence of such Indebtedness and the application of the proceeds thereof on a Pro Forma Basis, (A) the Loan Parties would be in Pro Forma Compliance and (B) solely with respect to Pari Passu Indebtedness and Subordinated Indebtedness, the Consolidated Secured Leverage Ratio would be less than 2.75:1.00, (ii) with respect to the incurrence of (A) any such Subordinated Indebtedness or unsecured Indebtedness, in each case, in excess of \$100,000,000 or (B) any such Pari Passu Indebtedness, the Company shall have delivered to the Administrative Agent a Pro Forma Compliance Certificate demonstrating compliance with the immediately preceding sub-clauses (A) and (B) of the immediately preceding clause (i), as applicable; (iii) no Default or Event of Default shall exist at the time of, or would result from, the incurrence of, such Indebtedness; (iv) the maturity date of such Indebtedness shall be at least ninety-one (91) days after the later of (A) the latest Maturity Date and (B) the maturity date for any Incremental Term Loan; (v) the Weighted Average Life of any such Indebtedness shall not be shorter than the then remaining Weighted Average Life of any other Term Loan; (vi) such Additional Indebtedness shall be subject to intercreditor or subordination agreements, as applicable, reasonably acceptable to the Administrative Agent; and (vii) the terms and conditions including such financial maintenance covenants (if any) applicable to such Additional Indebtedness shall not be, when taken as a whole, materially more restrictive (as determined by the Administrative Agent acting reasonably) than those contained in the Loan Documents;

(i) Indebtedness of any Borrower or any Restricted Subsidiary assumed or acquired connection with Permitted Acquisition (any such Indebtedness, "Acquired Indebtedness").

provided that (i) such Indebtedness shall exist prior to the applicable Permitted Acquisition and was not incurred in connection with, in anticipation or contemplation of, the applicable Permitted Acquisition and (ii) the aggregate principal amount of all such Indebtedness shall not exceed \$25,000,000 at any one time outstanding;

(j) (i) Attributable Indebtedness under any Securitization Transaction (other than, for the avoidance of doubt, any Permitted Receivables Transaction or the Specified Receivables Purchase Agreement, each of which is governed by the provisions of the immediately succeeding clauses (ii) and (iii)), (ii) to the extent constituting Indebtedness, the obligations of the Company or any Restricted Subsidiary pursuant to any Permitted Receivables Transaction and (iii) to the extent constituting Indebtedness, the obligations of the Company or any Restricted Subsidiary pursuant to the Specified Receivables Purchase Agreement; provided that the aggregate amount of all Indebtedness and all outstanding sales of receivables permitted pursuant to this clause (j) shall not exceed at any time outstanding (A) so long as (I) the Company maintains a current public corporate family rating of BB- or better from S&P or Ba3 or better from Moody's, (II) no Credit Extension (other than Letters of Credit and Term Loans) shall be outstanding and (III) no extension of credit shall be outstanding under any other credit facility under which the Company or any Restricted Subsidiary is a borrower (other than any letter of credit issued in the ordinary course of business), fifty percent (50%) or (B) under all other circumstances, thirty percent (30%), in each case, of the aggregate book value of the trade accounts receivable of or owing to the Loan Parties, determined on a consolidated basis prior to giving effect to prior Securitization Transactions, prior Permitted Receivables Transactions and the Specified Receivables Purchase Agreement, in each case to the extent not collected on or prior to the date on which the relevant transaction is completed; provided, further, that solely with respect to any Securitization Transaction entered into pursuant to sub-clause (i) of this clause (j), (x) no Default or Event of Default shall exist immediately prior to or immediately after giving effect to such Securitization Transaction, (y) prior to entering into such Securitization Transaction, the Company shall have delivered to the Administrative Agent a Pro Forma Compliance Certificate demonstrating that, after giving effect to such Securitization Transaction on a Pro Forma Basis, the Loan Parties would be in Pro Forma Compliance and (z) such Securitization Transaction shall be non-recourse to the Company and its Restricted Subsidiaries other than with respect to purchase or repurchase obligations for breaches of representations and warranties, performance guaranties and indemnity obligations and other similar undertakings in each case that are customary for similar standard market accounts receivable securitizations;

(k) accrued expenses (including salaries, accrued vacation and other compensation), current trade or other accounts payable and other current liabilities arising in the ordinary course of business and not past due more than 90 days except to the extent being contested in good faith and by appropriate proceedings;

(l) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations (including contingent earn-out obligations) incurred in connection with any disposition permitted hereunder, any acquisition or other purchase of assets or Equity Interests permitted hereunder, and Indebtedness arising from surety bonds, performance bonds or similar instruments securing the performance of the Company or any Restricted Subsidiary pursuant to such agreement;

(m) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business;

(n) Indebtedness in respect of premium financing arrangements; provided that the aggregate principal amount of such Indebtedness shall not exceed the annual premium amount and shall be secured only by the Liens described in Section 7.01(x);

(o) Indebtedness consisting of unsecured guarantees by the Company or any of its Restricted Subsidiaries of operating leases of any Loan Party (other than the Company);

(p) Indebtedness in respect of commercial credit cards, stored value cards, employee credit cards, purchasing cards and treasury management services and other netting services, overdraft protections, automated clearing-house arrangements, employee credit card programs, controlled disbursement, ACH transactions, return items, interstate depository network service, Society for Worldwide Interbank Financial Telecommunication transfers, cash pooling and operational foreign exchange management, and, in each case, similar arrangements and otherwise in connection with cash management or customary banking arrangements, and deposit accounts, in each case to the extent incurred in the ordinary course of business; provided that, to the extent any such arrangements create Indebtedness obligations or liabilities by a Loan Party to or with respect to any Subsidiary that is not a Loan Party, such Indebtedness obligations or liabilities must be permitted under Section 7.02 (other than under Section 7.02(s) by reference to, or in reliance on, this clause (p));

(q) Indebtedness representing deferred compensation to employees of the Company and its Subsidiaries;

(r) (i) Indebtedness in respect of guarantees of the obligations of suppliers, customers and licensees in the ordinary course of business and (ii) Indebtedness incurred in the ordinary course of business in respect of obligations of the Company or any Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services;

(s) unfunded pension fund and other employee benefit plan obligations and liabilities incurred in the ordinary course of business to the extent that the unfunded amounts would not otherwise cause an Event of Default;

(t) Indebtedness consisting of obligations owing under any dealer, customer or supplier incentive, supply, license or similar agreements entered into in the ordinary course of business;

(u) Indebtedness consisting of (i) take-or-pay obligations contained in supply arrangements and/or (ii) obligations to reacquire assets or inventory in connection with customer financing arrangements, in each case, in the ordinary course of business;

(v) (i) Indebtedness of any Non-U.S. Subsidiary under (A) any Specified Local Facility or (B) any other local overdraft, working capital, letter of credit or other facility or extension of credit, in each case incurred in the ordinary course of business of such Non-U.S. Subsidiary, in an aggregate amount for all such Indebtedness incurred pursuant to this clause (v)(i) not to exceed \$100,000,000 at any time outstanding; provided that, in the event that any such facility is secured, to the extent deemed necessary or appropriate by the Administrative Agent in its sole discretion, any such secured Indebtedness shall be subject to an intercreditor agreement in form and substance reasonably acceptable to the Administrative Agent and (ii) Guarantees by the Company or any other Loan Party in respect of Indebtedness incurred pursuant to the foregoing clause (v)(i);

(w) to the extent constituting Indebtedness, customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business; and

(x) other Indebtedness in an aggregate principal amount not to exceed at any time outstanding the greater of (x) \$150,000,000 and (y) 4.0% of Consolidated Total Assets (determined as of the date of incurrence of such Indebtedness).

Notwithstanding anything to the contrary in this Section 7.03 or otherwise, no Special Purpose Subsidiary shall contract, create, incur, assume or permit to exist any Indebtedness other than Indebtedness existing from time to time under any Permitted Securitization Transaction.

**7.04 Fundamental Changes.** Merge, amalgamate, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Event of Default exists or would result therefrom:

(a) (i) the Company may merge, amalgamate or consolidate with any of its Subsidiaries; provided that the Company is the continuing or surviving Person, and (ii) any Restricted Subsidiary may merge, amalgamate or consolidate with (or engage in any similar transaction, including to be acquired by or wound up into) any of the Company or one or more other Restricted Subsidiaries; provided that (x) if a Guarantor is a party thereto, the continuing or surviving Person is a Borrower or a Guarantor, (y) if any Borrower is a party thereto, a Borrower is the continuing or surviving Person and (z) if any Canadian Borrower is a party to any amalgamation, the new created "amalgamated" Person shall provide to the Administrative Agent customary documents and other deliverables with respect to the such Person;

(b) the Company or any Restricted Subsidiary may merge or amalgamate with any other Person in connection with a Permitted Acquisition, provided that (i) if the Company is a party thereto, the Company is the continuing or surviving Person, (ii) if a Borrower is a party thereto, a Borrower is the continuing or surviving Person and (iii) if a Guarantor is a party thereto, such surviving Person shall be a Borrower or a Guarantor;

(c) any Restricted Subsidiary may Dispose of all or substantially all of its assets (upon voluntary liquidation or otherwise) to the Company or to another Restricted Subsidiary; provided that (i) if the transferor in such a transaction is a Loan Party, then the transferee must be a Loan Party and (ii) if the transferor in such a transaction is a Borrower, the transferee must be a Borrower;

(d) (i) each of the dissolutions, liquidations, consolidations and other Dispositions that are in process or slated to occur and described in Schedule 7.04 may be consummated and (ii) any Subsidiary that is an Immaterial Subsidiary or an Unrestricted Subsidiary may be dissolved, liquidated, or consolidated with or into another Person; provided that (A) with respect to any such consolidation with or into another Person pursuant to this clause (d), (1) if a Borrower is a party thereto, a Borrower is the continuing or surviving Person, (2) if a Guarantor is a party thereto, such surviving Person shall be a Borrower or a Guarantor and (3) if a Restricted Subsidiary is a party thereto, such surviving Person shall be a Restricted Subsidiary, (B) with respect to any such dissolution or liquidation pursuant to this clause (d), the assets of such Person so dissolved or liquidated shall be transferred to (1) if such Person so dissolved or liquidated is a Borrower, a Borrower (2) if such Person so dissolved or liquidated is a Guarantor, a Borrower or a Guarantor and (3) if such Person so dissolved or liquidated is a Restricted Subsidiary, another Restricted Subsidiary and (C) with respect to any such Disposition pursuant to clause (d)(i), the assets so Disposed shall be transferred to (1) if the Person making such Disposition is a Borrower, another Borrower, (2) if the Person making such Disposition is a Guarantor, a Borrower or a Guarantor and (3) if the Person making such Disposition is a Restricted Subsidiary, another Restricted Subsidiary; and

(e) any Disposition to the extent permitted by Section 7.05 (other than, for the avoidance of doubt, pursuant to clause (e) of such Section) shall be permitted under this Section 7.04.

**7.05 Dispositions.** Make any Disposition or enter into any agreement to make any Disposition, except:

(a) Dispositions of used, obsolete, damaged, worn-out or surplus equipment, or property no longer useful in the conduct of the business or otherwise economically impracticable to maintain, whether now owned or hereafter acquired, in the ordinary course of business;

- (b) Disposition of inventory, goods held for sale and other assets and licenses of intellectual property (including on an intercompany basis), in each case in the ordinary course of business;
- (c) Dispositions of equipment or real property to the extent that such property is exchanged for credit against, or the net cash proceeds of such Disposition are reasonably promptly applied to, the purchase price of property useful in the business of the Company and its Restricted Subsidiaries as conducted on the Fifth Amendment Effective Date;
- (d) Dispositions of property (including, for the avoidance of doubt, owned Equity Interests) to the Company or to another Restricted Subsidiary; provided that if the transferor of such property is a Loan Party, the transferee thereof must be a Loan Party;
- (e) Dispositions permitted by Section 7.04 (other than clause (e) thereof) or Section 7.06;
- (f) non-exclusive licenses of IP Rights in the ordinary course of business and substantially consistent with past practice for terms not exceeding five (5) years;
- (g) Dispositions of accounts receivable in connection with the collection or compromise thereof;
- (h) licenses, sublicenses, leases or subleases granted to others not interfering in any material respect with the business of the Company and its Restricted Subsidiaries;
- (i) Dispositions of Cash Equivalents in the ordinary course of business;
- (j) to the extent constituting Dispositions, Recovery Events;
- (k) Dispositions of Securitized Assets by (i) any Special Purpose Subsidiary in connection with any Permitted Securitization Transaction or (ii) the Specified Receivables Purchase Agreement;
- (l) the Disposition of each of (i) the Toronto Property and (ii) all or any part of the Valencia Property, in the case of each of the foregoing clauses (i) and (ii), to any Person other than a Subsidiary in a single transaction or series of related transactions;
- (m) the Disposition of non-core or non-strategic assets acquired in connection with a Permitted Acquisition or similar Investment; provided that (x) to the extent required by Section 2.06(b)(ii), such Net Cash Proceeds from any such sale are reinvested or applied in prepayment of the Loans in accordance with the provisions of Section 2.06(b)(v), (y) immediately after giving effect thereto, no Event of Default would exist and (z) the fair market value of such non-core or non-strategic assets (determined as of the date of acquisition thereof by the applicable Loan Party or Restricted Subsidiary, as the case may be) so Disposed shall not exceed twenty-five percent (25%) of the purchase price paid for all such assets acquired in such Permitted Acquisition;
- (n) the termination of a lease due to the default of the landlord thereunder or pursuant to any right of termination of the tenant under the lease;
- (o) Dispositions of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such similar replacement property;

- (p) the lease or sub-lease of any real or personal property in the ordinary course of business and the termination or non-renewal of any real property lease not used or not necessary to the operations of the Company or any Restricted Subsidiary;
- (q) Dispositions in the ordinary course of business consisting of the abandonment of intellectual property rights which, in the reasonable good faith determination of the Company, are not material to the conduct of the business of the Company and its Subsidiaries, taken as a whole;
- (r) Dispositions of Investments in joint ventures or any Restricted Subsidiaries that are not wholly owned Subsidiaries to the extent required by, or made pursuant to, buy/sell arrangements between joint venture or similar parties set forth in the relevant joint venture arrangements and/or similar binding arrangements;
- (s) Dispositions or consignments of equipment, inventory or other assets (including leasehold interests in real property) with respect to facilities that are temporarily not in use, held for sale or closed;
- (t) Dispositions in connection with the termination or unwinding of Swap Contracts;
- (u) Dispositions of Equity Interests or Indebtedness of Unrestricted Subsidiaries;
- (v) exchanges or swaps, including transactions covered by Section 1031 of the Code (or any comparable provision of any foreign jurisdiction), of property or assets so long as the exchange or swap is made for fair value (as reasonably determined by the Company) for like property or assets; provided that (i) within ninety (90) days of any such exchange or swap, in the case of any Loan Party and to the extent such property does not constitute Excluded Property, the Administrative Agent has a perfected Lien having the same priority as any Lien held on the property so exchanged or swapped and (ii) any Net Cash Proceeds received as a "cash boot" in connection with any such transaction shall be applied and/or reinvested as (and to the extent) required by Section 2.06;
- (w) any merger, consolidation, Disposition or conveyance, the sole purpose and effect of which is to reincorporate or reorganize (i) any U.S. Subsidiary in another jurisdiction in the U.S. or (ii) any Non-U.S. Subsidiary in the U.S. or any other jurisdiction; provided, that any Loan Party involved in such transaction does not become an Excluded Subsidiary (except to the extent that it is or becomes an Immaterial Subsidiary so long as it remains a Loan Party hereunder) as a result of such transaction and any Restricted Subsidiary does not become an Unrestricted Subsidiary as a result of such transaction unless the designation of such Restricted Subsidiary as an Unrestricted Subsidiary is permitted under Section 6.20 at such time;
- (x) Dispositions of accounts receivable due from any customer of the Company or any Restricted Subsidiary in connection with such customer's supplier financing program pursuant to a customary receivables sale agreement (each such Disposition, a "Permitted Receivables Transaction"); provided that (i) any such sale is made on a nonrecourse basis to the Company and its Restricted Subsidiaries other than with respect to the representations given by the Company or the applicable Restricted Subsidiary, as the case may be, in connection with such receivables, (ii) if the Company or such Restricted Subsidiary, as the case may be, receives an updated pricing schedule that provides for a total "discount rate" resulting in more than a five percent (5%) discount on the total amount of each account receivable sold pursuant to such receivables sale agreement (i.e., discounting any such receivable so that the receivables would be sold for less than "95 cents on the dollar"), the Company or such Restricted Subsidiary, as the case may be, does not permit any such receivables to be sold at such discount rate for more than five (5) Business Days after its receipt of such updated pricing schedule and (iii) any lien release and UCC-3 financing statement amendment to be filed in connection with such lien release shall be reasonably satisfactory (including with respect to the terms and conditions thereof in the case of any such lien release) to the Administrative Agent and such UCC-3 financing statement amendment shall be promptly filed by the Administrative Agent after entering into such lien release; and



(y) Dispositions not otherwise permitted under this Section 7.05, so long as (i) no Default or Event of Default has occurred and is continuing, (ii) at least seventy-five percent (75%) of the consideration paid in connection therewith shall be cash or Cash Equivalents paid contemporaneously with consummation of the transaction, (iii) the consideration paid in connection therewith shall be in an amount not less than the fair market value of the property disposed of (as reasonably determined by the Company), (iv) such transaction does not involve the Disposition of a minority Equity Interest in any Loan Party (other than the Company), (v) such Disposition does not involve a Disposition of receivables other than receivables owned by or attributable to other property concurrently being disposed of in a Disposition otherwise permitted under this Section 7.05, and (vi) the aggregate net book value of all of the assets subject to Dispositions made in reliance on this clause (y) shall not exceed \$45,000,000 in any fiscal year.

**7.06 Restricted Payments and Junior Payments.** Declare or make, directly or indirectly, any Restricted Payment or any Junior Payment, or incur any obligation (contingent or otherwise) to do so, except:

(a) each Restricted Subsidiary may make Restricted Payments to the Company, the Guarantors and any other Person that owns an Equity Interest in such Restricted Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made;

(b) the Company and each Subsidiary may declare and make dividend payments or other distributions payable solely in the common stock or other common Equity Interests of such Person;

(c) the Company and each Subsidiary may purchase, redeem or otherwise acquire Equity Interests issued by it with the proceeds received from the substantially concurrent issue of new shares of its common stock or other common Equity Interests;

(d) to the extent constituting Restricted Payments, (i) transactions contemplated by or required under any of (A) the Long Term Incentive Plan of the Company, (B) the Celestica Share Unit Plan of the Company or (C) the Directors' Share Compensation Plan of the Company or any replacement or successor plan thereto, and (ii) transactions contemplated by or required under any other employment, compensation or separation agreement or arrangement entered into by the Company or any Restricted Subsidiary in the ordinary course of business; and

(e) the Company may make Restricted Payments and Junior Payments (including, without limitation, normal-course issuer bids) (x) at all times prior to the Fifth Amendment Effective Date, in the amounts permitted under this clause (e) prior to giving effect to the Fifth Amendment, and (y) from and after the Fifth Amendment Effective Date, in an aggregate amount during the remaining term of this Agreement not to exceed the sum of (i) \$100,000,000 plus (ii) an unlimited amount so long as both before and after giving effect to such Restricted Payment or Junior Payment, as applicable, on a Pro Forma Basis, the Consolidated Secured Leverage Ratio shall be less than 2.75:1.00; provided that no Default or Event of Default then exists or would arise therefrom (for purposes of clarity, the amount of any Restricted Payment made in reliance on the immediately preceding clause (i) and permitted thereunder at such time shall not be included in any calculation of the amount available in the immediately preceding clause (i)).

**7.07 Change in Nature of Business.** Engage in any material line of business other than those lines of business conducted by the Company and its Restricted Subsidiaries on the Fifth Amendment Effective Date and/or any business similar, complementary, ancillary, adjacent, reasonably related or incidental thereto.

**7.08 Transactions with Affiliates.** Enter into any transaction of any kind with any Affiliate (other than the Company or a Restricted Subsidiary) of the Company, whether or not in the ordinary course of business, other than (a) reasonable and customary compensation and reimbursement expenses of officers and directors, (b) stock option plans for officers, management and other employees, (c) transactions solely between or among the Company and/or one or more Restricted Subsidiaries or any

Person that becomes a Restricted Subsidiary as a result of such transaction, (c) any dividends or distributions on account of shares of any Equity Interests issued by Subsidiaries of the Company ratably to the holders thereof, (d) transactions between or among the Company and/or one or more Restricted Subsidiaries and their Affiliates that are required under applicable Law or by any Governmental Authority, (e) transactions entered into on or prior to the Fifth Amendment Effective Date and described on Schedule 7.08 and (f) other transactions on terms not materially less favorable to the Company or such Restricted Subsidiary as would be obtainable by the Company or such Restricted Subsidiary at the time in a comparable arm's length transaction with a Person other than an Affiliate.

**7.09 Burdensome Agreements.** Enter into any Contractual Obligation (other than this Agreement or any other Loan Document) that (a) limits the ability (i) of any Restricted Subsidiary to make Restricted Payments to the Company or any Loan Party or to otherwise transfer property to the Company or any Loan Party, (ii) of any Restricted Subsidiary to Guarantee the Indebtedness of the Borrowers or (iii) of the Company or any Restricted Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person; provided, however, that this clause (iii) shall not prohibit any negative pledge (x) incurred or provided in favor of any holder of Indebtedness permitted under Section 7.03(e) solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness or (y) contained in the Specified Receivables Purchase Agreement or in any document or instrument governing any Permitted Securitization Transaction or any Permitted Receivables Transaction, provided that any such restriction relates only to the applicable Securitized Assets or, in the case of any Permitted Receivables Transaction, accounts receivable actually sold, conveyed, pledged, encumbered or otherwise contributed pursuant to the Specified Receivables Purchase Agreement, to such Permitted Securitization Transaction or to such Permitted Receivables Transaction, as applicable; or (b) requires the grant of a Lien to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person, in the case of each of clauses (a) and (b), other than Contractual Obligations:

(a) set forth in any agreement evidencing (i) Indebtedness of a Restricted Subsidiary that is not a Loan Party permitted by Section 7.03, (ii) Indebtedness permitted by Section 7.03 that is secured by a Permitted Lien if the relevant restriction applies only to the Person obligated under such Indebtedness and its Restricted Subsidiaries or the property or assets intended to secure such Indebtedness and (iii) Indebtedness permitted pursuant to clauses (e), (j) and/or (w) of Section 7.03 (including any refinancings or replacements of any of the foregoing);

(b) that are or were created by virtue of any Lien granted upon, Disposition of, transfer of, agreement to transfer or grant of, any option or right with respect to any property, assets or Equity Interests not otherwise prohibited under this Agreement; provided that such Lien is only on or with respect to the property, assets or Equity Interests subject to such Disposition, transfer, agreement to transfer or option or right;

(c) arising under or as a result of applicable Law or the requirements of any Governmental Authority or the terms of any license, authorization, concession or permit obtained in the ordinary course of business;

(d) arising under customary non-assignment provisions with respect to assignments, leases, subletting or other transfers (including the granting of any Lien) contained in leases, subleases, licenses, sublicenses, joint venture agreements and other agreements, in each case entered into in the ordinary course of business;

(e) imposed by customary provisions in partnership agreements, limited liability company organizational governance documents, joint venture agreements and other similar agreements but solely with respect to the Equity Interests of such partnership, limited liability company or joint venture;

(f) that are assumed in connection with any acquisition of property or the Equity Interests of any Person, so long as the relevant encumbrance or restriction relates solely to the Person and its subsidiaries (including the Equity Interests of the relevant Person or Persons) and/or property so acquired and was not created in connection with or in anticipation of such acquisition;

(g) set forth in any agreement for any Disposition of any Restricted Subsidiary (or all or substantially all of the property and/or assets thereof) that restricts the payment of dividends or other distributions or the making of cash loans or advances by such Restricted Subsidiary pending such Disposition;

(h) set forth in agreements or instruments which prohibit the payment of dividends or the making of other distributions with respect to any class of Equity Interests of a Person other than on a pro rata basis;

(i) set forth in documents which exist on the Fifth Amendment Effective Date and were not created in contemplation thereof and which are set forth on Schedule 7.09;

(j) on cash, other deposits or net worth or similar restrictions imposed by Persons under contracts entered into in the ordinary course of business or for whose benefit such cash, other deposits or net worth or similar restrictions exist;

(k) arising in any Swap Contract and/or any agreement relating to any Swap Obligation or obligations of the type referred to in Section 7.03(d);

(l) arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be incurred hereunder if the relevant restrictions, taken as a whole, are not materially less favorable to the Lenders than the restrictions contained in this Agreement, taken as a whole (as determined in good faith by the Company);

(m) relating to any asset (or all of the assets) of and/or the Equity Interests of any Restricted Subsidiary which are imposed pursuant to an agreement entered into in connection with any Disposition of such asset (or assets) and/or all or a portion of the Equity Interests of the relevant Person that is permitted or not restricted by this Agreement;

(n) set forth in any agreement relating to any Permitted Lien that limits the right of the Company or any Restricted Subsidiary to Dispose of or encumber the assets subject thereto; and

(o) imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (a) through (p) above; provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancing are, in the reasonable judgment of the Company, not materially more restrictive with respect to such encumbrances and other restrictions, taken as a whole, than those in effect prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

**7.10 Use of Proceeds.** Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

#### **7.11 Financial Covenants.**

(a) Consolidated Interest Coverage Ratio. Except with the consent of the Required Pro Rata Facilities Lenders, permit the Consolidated Interest Coverage Ratio as of the end of any fiscal quarter of the Company to be less than 3.25:1.00.

(b) Consolidated Total Leverage Ratio. Except with the consent of the Required Pro Rata Facilities Lenders, permit the Consolidated Total Leverage Ratio at any time during any period of four (4) fiscal quarters of the Company to be greater than 4.00:1.00; provided, that, upon the occurrence of a Qualified Acquisition, for the four (4) fiscal quarters commencing with

the fiscal quarter during which such Qualified Acquisition closes (each such period, a "Leverage Increase Period"), the required ratio set forth above may, upon receipt by the Administrative Agent of a Qualified Acquisition Notice, be increased to 4.50:1.00; provided further, that (i) the maximum Consolidated Total Leverage Ratio permitted pursuant to this Section 7.11(b) shall revert to 4.00:1.00 following the end of each Leverage Increase Period, (ii) for at least two (2) fiscal quarters ending immediately following each Leverage Increase Period, the Consolidated Total Leverage Ratio as of the end of each such fiscal quarter shall not be permitted to be greater than 4:00:1.00 prior to giving effect to another Leverage Increase Period and (iii) the Leverage Increase Period shall apply for purposes of determining compliance with this Section 7.11(b), for purposes of any Qualified Acquisition Pro Forma Determination and for purposes of determining Pro Forma Compliance in connection with the incurrence of Indebtedness under Section 7.03(b).

**7.12 Organization Documents; Fiscal Year; Legal Name, Jurisdiction of Formation and Form of Entity.**

- (a) Amend, modify or change its Organization Documents in a manner materially adverse to the Lenders;
- (b) Change the Company's fiscal year;
- (c) Without providing ten (10) days (or such lesser period as the Administrative Agent may agree) prior written notice to the Administrative Agent, change its name, jurisdiction of formation or form of organization; or
- (d) Make any change in accounting policies or reporting practices, except as required by IFRS.

**7.13 Sale Leasebacks.** Enter into any Sale and Leaseback Transaction; provided that any Sale and Leaseback Transaction shall be permitted so long as such Sale and Leaseback Transaction (1) cash consideration is received by the Company or any of its Restricted Subsidiaries for the property subject thereto, (2) the Company or its applicable Restricted Subsidiary would otherwise be permitted to enter into, and remain liable under, the applicable underlying lease and (3) the aggregate fair market value of the property sold pursuant to all such Sale and Leaseback Transactions under this Section 7.13 shall not exceed \$50,000,000.

**7.14 Amendments to and Prepayments of Additional Indebtedness.**

- (a) Amend or modify any of the terms of any Additional Indebtedness if after giving effect to such amendment or modification the terms of such Additional Indebtedness would not satisfy the requirements of clauses (iv) through (vii) of Section 7.03(h);
- (b) Make (or give any notice with respect thereto) any voluntary prepayment or redemption or acquisition for value of (including without limitation, by way of depositing money or securities with the trustee with respect thereto before due for the purpose of paying when due), or refund, refinance or exchange, any Additional Indebtedness except for (i) Junior Payments permitted by Section 7.06 and (ii) in the case of the giving of notice with respect to any such voluntary prepayment, redemption, acquisition for value, refund, refinance or exchange, any such notice given in connection with the repayment in full of all Obligations and the termination of the Aggregate Commitments;
- (c) Amend or modify any of the subordination provisions applicable to any Subordinated Indebtedness without the prior written consent of the Administrative Agent; or
- (d) Make any payments in respect of any Subordinated Indebtedness in violation of the subordination provisions applicable to such Subordinated Indebtedness

**7.15 Canadian Pension Matters.** Maintain, contribute to, or incur any liability or contingent liability in respect of a Canadian Defined Benefit Pension Plan, except as a result of the consummation of a Permitted Acquisition, or with the prior written consent of the Administrative Agent.

**7.16 Sanctions.** Directly or knowingly indirectly, use any Credit Extension or the proceeds of any Credit Extension, or lend, contribute or otherwise make available such Credit Extension or the proceeds of any Credit Extension to any Person, to fund any activities of or business with any Person, or in any Designated Jurisdiction, that, at the time of such funding, is the subject of Sanctions, or in any other manner that will result in a violation by any Person (including any Person participating in the transaction, whether as Lender, Arranger, Administrative Agent, L/C Issuer, Swing Line Lender, or otherwise) of Sanctions.

**7.17 Anti-Corruption Laws.** Directly or knowingly indirectly use any Credit Extension or the proceeds of any Credit Extension for any purpose which would breach the United States Foreign Corrupt Practices Act of 1977, the Corruption of Foreign Public Officials Act (Canada), the UK Bribery Act 2010, and other similar anti-corruption legislation in other jurisdictions in which a Borrower or any of its Subsidiaries conducts business or owns property.

## ARTICLE VIII.

### EVENTS OF DEFAULT AND REMEDIES

**8.01 Events of Default.** Any of the following shall constitute an Event of Default:

(a) **Non-Payment.** Any Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, and in the currency required hereunder, any amount of principal of any Loan or any L/C Obligation, or (ii) within five (5) Business Days after the same becomes due, any interest on any Loan or on any L/C Obligation, or any fee due hereunder, or (iii) within five (5) Business Days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) **Specific Covenants.** Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Section 6.01, 6.02, 6.03(a), 6.05(a) or 6.10 or Article VII; provided that any such failure to observe or perform any of the covenants set forth in Section 7.11 shall not constitute an Event of Default for purposes of the Term B Loan or any Incremental Tranche B Term Facility unless and until the Administrative Agent or the Required Pro Rata Facilities Lenders first exercise any remedy in accordance with this Article VIII in respect of such breach (and until such time, the failure to comply with Section 7.11 shall only constitute an Event of Default with respect to the Aggregate Revolving Commitments and any Incremental Tranche A Term Facilities); provided, further, that any Event of Default under any of the covenants set forth in Section 7.11 may be amended, waived or otherwise modified from time to time by the Required Pro Rata Facilities Lenders pursuant to Section 10.01; or

(c) **Other Defaults.** Any Loan Party fails to perform or observe any other covenant or agreement (not specified in clauses (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty (30) days after the earlier of (i) a Responsible Officer of a Loan Party having actual knowledge of such failure, or (ii) receipt by a Responsible Officer of the Company of notice from the Administrative Agent or any Lender of such failure; or

(d) **Representations and Warranties.** Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Company or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any respect (or in any material respect if such representation or warranty is not by its terms already qualified as to materiality or Material Adverse Effect) when made or deemed made; or

(e) Cross-Default. (i) The Company or any Restricted Subsidiary (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness or Guarantee (other than Indebtedness hereunder and Indebtedness under Swap Contracts) having an aggregate principal amount (including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount and the continuation of such failure beyond any applicable grace or cure period, or (B) after giving effect to any applicable grace or cure period, fails to observe or perform any other agreement or condition relating to any such Indebtedness or Guarantee or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness or the beneficiary or beneficiaries of such Guarantee (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded (provided that any breach of any covenant or agreement contained in Section 7.11 that may give rise to an event described in clause (B) above shall not, by itself, constitute an Event of Default for purposes of the Term B Loan or any Incremental Tranche B Term Facility unless and until the Administrative Agent or Required Pro Rata Facilities Lenders shall first exercise any remedy in accordance with this Article VIII as a result of such breach); or (ii) there occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which the Company or any Restricted Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which the Company or any Restricted Subsidiary is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by the Company or such Restricted Subsidiary as a result thereof is greater than the Threshold Amount and, in the case of any Termination Event not arising out of a default by the Company or any Restricted Subsidiary, such Swap Termination Value has not been paid by the Company or such Restricted Subsidiary when due; or

(f) Insolvency Proceedings, Etc. Any Loan Party or any Material Restricted Subsidiary institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; makes a proposal to its creditors or files notice of its intention to do so, institutes any other proceeding under applicable Law seeking to adjudicate it a bankrupt or an insolvent, or seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors, composition of it or its debts or any other similar relief; or applies for or consents to the appointment of any receiver, receiver-manager, trustee, custodian, conservator, liquidator, rehabilitator, judicial manager or similar officer for it or for all or any material part of its property; or any receiver, receiver-manager, trustee, custodian, conservator, liquidator, rehabilitator, judicial manager or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty (60) consecutive calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty (60) calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) Subject to the immediately succeeding clause (iii), any Loan Party or any Material Restricted Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within thirty (30) days after its issue or levy, or (iii) any Singapore Entity that is a Loan Party or a Material Restricted Subsidiary becomes or will be unable or admits in writing its inability or fails generally to pay its debts as they become due; or

(h) **Judgments.** There is entered against the Company or any Restricted Subsidiary (i) one or more final judgments or orders for the payment of money in an aggregate amount (as to all such judgments or orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage), or (ii) any one or more non-monetary final judgments that have, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of thirty (30) consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) **ERISA and Canadian Pension Plan Events.** (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or would reasonably be expected to result in liability of the Company under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, (ii) the Company or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount or (iii) any failure by any Loan Party or any Subsidiary to perform its obligations under, or the incurrence by any Loan Party or any Subsidiary of any liability or contingent liability in respect of, a Canadian Pension Plan which has resulted or could reasonably be expected to result in liability of any Loan Party in an aggregate amount in excess of the Threshold Amount; or

(j) **Invalidity of Loan Documents.** Any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or satisfaction in full of all the Obligations (other than contingent indemnification obligations for which no claim or demand has yet been made), ceases to be in full force and effect; or any Loan Party or any Subsidiary contests in any manner the validity or enforceability of any Loan Document for any reason other than satisfaction in full of all the Obligations (other than contingent indemnification obligations for which no claim or demand has yet been made); or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any provision of any Loan Document (other than upon satisfaction in full of the Obligations (other than contingent indemnification obligations for which no claim or demand has yet been made)); or

(k) **Change of Control.** There occurs any Change of Control; or

(l) **Subordinated Indebtedness.** The subordination provisions applicable to any Subordinated Indebtedness shall, in each case, in whole or in part, terminate, cease to be effective or cease to be legally valid, binding and enforceable against any holder of such Subordinated Indebtedness; or

(m) **Declared Company.** Any Loan Party is declared by the Minister of Finance of Singapore to be a company to which Part IX of the Companies Act, Chapter 50 of Singapore applies.

**8.02 Remedies Upon Event of Default.** If any Event of Default occurs and is continuing:

(a) if such Event of Default is an Event of Default specified in Section 8.01(b) above as a result of any Loan Party's failure to perform or observe Section 7.11, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Pro Rata Facilities Lenders, take any or all of the following actions:

(i) declare the commitment of each Revolving Lender to make Revolving Loans, the commitment of each Lender in respect of any unfunded Incremental Tranche A Term Loan, any obligation of the Swing Line Lender to make Swing Line Loans and any obligation of the L/C Issuers to make L/C Credit Extensions to be terminated, whereupon such commitments and obligations shall be terminated;

(ii) declare the unpaid principal amount of all outstanding Revolving Loans, Swing Line Loans, Incremental Tranche A Term Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document in respect of the Revolving Commitments and Incremental Tranche A Term Loans to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by each Borrower; and

(iii) require that the Borrowers Cash Collateralize the L/C Obligations (in an amount equal to the Minimum Collateral Amount with respect thereto); or

(b) if such Event of Default is any Event of Default other than an Event of Default specified in Section 8.01(b), above as a result of any Loan Party's failure to perform or observe Section 7.11 (or, if (x) such Event of Default is an Event of Default specified in Section 8.01(b) above as a result of any Loan Party's failure to perform or observe Section 7.11 and (y) the Administrative Agent has taken any of the actions described in the immediately preceding clause (a)), the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(i) declare the commitment of each Lender to make Loans and any obligation of the L/C Issuers to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(ii) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by each Borrower;

(iii) require that the Borrowers Cash Collateralize the L/C Obligations (in an amount equal to the Minimum Collateral Amount with respect thereto); and

(iv) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable law or equity;

provided, however, that upon the occurrence of an event described in Section 8.02(f) or an actual or deemed entry of an order for relief with respect to any Borrower under the Bankruptcy Code (or any similar occurrence in any other Debtor Relief Laws), the obligation of each Lender to make Loans and any obligation of the L/C Issuers to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrowers to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

**8.03 Application of Funds.** After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall, subject to the provisions of Sections 2.17 and 2.18, be applied by the Administrative Agent in the following order:

First, to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including fees, charges and disbursements of counsel to the Administrative Agent and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second, to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal, interest and Letter of Credit Fees) payable to the Lenders and the L/C Issuers (including fees, charges and disbursements of counsel to the respective Lenders and applicable L/C Issuers payable in accordance with the terms of this Agreement and any of the other Loan Documents



and amounts payable under Article III), ratably among them in proportion to the respective amounts described in this clause Second payable to them;

Third, to payment of (i) that portion of the Obligations constituting accrued and unpaid Letter of Credit Fees and interest on the Loans and L/C Borrowings and (ii) accrued and unpaid interest and fees with respect to any Specified Local Facility, all ratably among Bank of America or any of its Affiliates (with respect to any Specified Local Facility), the Lenders and the L/C Issuers in proportion to the respective amounts described in this clause Third payable to them;

Fourth, to payment of that portion of the Obligations constituting (i) unpaid principal of the Loans and L/C Borrowings, (ii) Swap Termination Values under any Secured Swap Contract (to the extent such Secured Swap Contract shall have been terminated and as to which the Administrative Agent shall have received notice of such termination and the Swap Termination Value thereof), (iii) amounts owing under any Secured Cash Management Agreements, (iv) obligations to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit and (v) payment of the unpaid principal of any Specified Local Facility, all ratably among Bank of America or any of its Affiliates (with respect to any Specified Local Facility), the Lenders (and in the case of Secured Swap Contracts, any Affiliate of a Lender) and the L/C Issuers in proportion to the respective amounts described in this clause Fourth held by them;

Fifth, to the Administrative Agent for the account of each L/C Issuer, to Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit issued by it to the extent not otherwise Cash Collateralized by the Company pursuant to Sections 2.03 and 2.17; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full (other than contingent indemnification obligations for which no claim or demand has been made), to the applicable Loan Party or Loan Parties or as otherwise required by Law.

Subject to Sections 2.03(c) and 2.17, amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fifth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above. Notwithstanding the foregoing, payments and Cash Collateral provided by a Designated Borrower shall only be applied to the Obligations of such Designated Borrower. Excluded Swap Obligations with respect to any Loan Party shall not be paid with amounts received from such Loan Party or such Loan Party's assets, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve the allocation to Obligations otherwise set forth above in this Section.

Notwithstanding anything in this Section 8.03 to the contrary, amounts received from any Specified Non-U.S. Obligor or Specified U.S. Obligor with respect to the Obligations shall only be applied to satisfy Non-U.S. Obligations.

Notwithstanding the foregoing, Obligations arising under Secured Cash Management Agreements and Secured Swap Contracts shall be excluded from the application described above if the Administrative Agent has not received a Secured Party Designation Notice, together with such supporting documentation as the Administrative Agent may request, from the applicable Lender or Affiliate thereof, as the case may be (unless such Lender or Affiliate is the Administrative Agent or an Affiliate thereof, in which case no Secured Party Designation Notice is required). Each Affiliate of a Lender that is not a party to this Agreement that has given the notice contemplated by the preceding sentence shall, by such notice, be deemed to have acknowledged and accepted the appointment of the Administrative Agent pursuant to the terms of Article IX for itself and its Affiliates as if a "Lender" party hereto. Notwithstanding the foregoing, payments and Cash Collateral provided by a Designated Borrower shall only be applied to the Obligations of such Designated Borrower. Excluded Swap Obligations with respect to any Loan Party shall not be paid with amounts received from such Loan Party or such Loan Party's assets, but appropriate adjustments shall be made with respect to payments from other Loan Parties to preserve the allocation to Obligations otherwise set forth above in this Section.

**ARTICLE IX.**  
**ADMINISTRATIVE AGENT**

**9.01 Appointment and Authority.** Each of the Lenders and each of the L/C Issuers hereby irrevocably appoints Bank of America to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Administrative Agent, the Lenders and the L/C Issuers, and neither the Company nor any other Loan Party shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the term "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

The Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Lenders (in its capacities as a Lender, Swing Line Lender (if applicable), party to any Secured Swap Contract and party to any Secured Cash Management Agreement) and each of the L/C Issuers hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender and such L/C Issuer for purposes of acquiring, holding and enforcing any and all Liens on Collateral, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as "collateral agent" and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Collateral Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of this Article IX and Article X (including Section 10.04(c)), as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents as if set forth in full herein with respect thereto.

Without limiting the powers of the collateral agent pursuant to the terms hereof or of the other Loan Documents, for the purposes of holding any Liens granted by any of the Loan Parties under the laws of the Province of Quebec pursuant to the Collateral Documents, each of the Lenders and each of the L/C Issuers hereby acknowledges that the collateral agent shall be and act as the hypothecary representative of all present and future Lenders (in its capacities as a Lender, Swing Line Lender (if applicable), party to any Secured Swap Contract and party to any Secured Cash Management Agreement) and L/C Issuers for all purposes of Article 2692 of the Civil Code of Quebec (the "Hypothecary Representative"). Each of the Secured Parties therefore appoints, to the extent necessary, the collateral agent as its Hypothecary Representative to hold the Liens created pursuant to such Collateral Documents in order to secure the Obligations. The collateral agent accepts to act as Hypothecary Representative of all present and future Secured Parties for all purposes of Article 2692 of the Civil Code of Quebec.

**9.02 Rights as a Lender.** The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity. Such Person and its Affiliates may accept deposits from, lend money to, own securities of, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Loan Party or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

**9.03 Exculpatory Provisions.** The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents, and its duties hereunder shall be administrative in nature. Without limiting the generality of the foregoing, the Administrative Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Law or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to any Loan Party or any of its Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a court of competent jurisdiction by final and nonappealable judgment. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given in writing to the Administrative Agent by the Company, a Lender or an L/C Issuer.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

#### **9.04 Reliance by Administrative Agent.**

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, or the issuance, extension, renewal or increase of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or such L/C Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or such L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Company), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

**9.05 Delegation of Duties.** The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-

agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Administrative Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

#### **9.06 Resignation of Administrative Agent.**

(a) The Administrative Agent may at any time give notice of its resignation to the Lenders, the L/C Issuers and the Company. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Company, and, at all times other than during the existence of an Event of Default, with the Company's consent (such consent not to be unreasonably withheld), to appoint a successor, which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation (or such earlier day as shall be agreed by the Required Lenders) (the "Resignation Effective Date"), then the retiring Administrative Agent may (but shall not be obligated to) on behalf of the Lenders and the L/C Issuers, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that in no event shall any such successor Administrative Agent be a Defaulting Lender. Whether or not a successor has been appointed, such resignation shall become effective in accordance with such notice on the Resignation Effective Date.

(b) If the Person serving as Administrative Agent is a Defaulting Lender pursuant to clause (d) of the definition thereof, the Required Lenders may, to the extent permitted by applicable Law, by notice in writing to the Company and such Person remove such Person as Administrative Agent and, in consultation with the Company and, at all times other than during the existence of an Event of Default, with the Company's consent (such consent not to be unreasonably withheld), appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days (or such earlier day as shall be agreed by the Required Lenders) (the "Removal Effective Date"), then such removal shall nonetheless become effective in accordance with such notice on the Removal Effective Date.

(c) With effect from the Resignation Effective Date or the Removal Effective Date (as applicable) (i) the retiring or removed Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or the L/C Issuers under any of the Loan Documents, the retiring or removed Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) except for any indemnity payments or other amounts then owed to the retiring or removed Administrative Agent, all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and each L/C Issuer directly, until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided for above. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or removed) Administrative Agent (other than as provided in Section 3.01(g) and other than any rights to indemnity payments or other amounts owed to the retiring or removed Administrative Agent as of the Resignation Effective Date or the Removal Effective Date, as applicable), and the retiring or removed Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section 9.06). The fees payable by the Company to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Company and such successor. After the retiring or removed Administrative Agent's resignation or removal hereunder and under the other

Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring or removed Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them (A) while the retiring or removed Administrative Agent was acting as Administrative Agent and (B) after such resignation or removal for as long as any of them continues to act in any capacity hereunder or under the other Loan Documents, including (1) acting as collateral agent or otherwise holding any collateral security on behalf of any of the Lenders and (2) in respect of any actions taken in connection with transferring the agency to any successor Administrative Agent.

(d) Any resignation by or removal of Bank of America as Administrative Agent pursuant to this Section shall also constitute its resignation as an L/C Issuer and Swing Line Lender. If Bank of America resigns as an L/C Issuer, it shall retain all the rights, powers, privileges and duties of an L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as an L/C Issuer and all L/C Obligations with respect thereto, including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c). If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.05(c). Upon the appointment by the Company of a successor L/C Issuer or Swing Line Lender hereunder (which successor shall in all cases be a Lender other than a Defaulting Lender) and the consent thereto by such successor, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as applicable, (b) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of their respective duties and obligations hereunder or under the other Loan Documents, and (c) the successor L/C Issuer shall issue letters of credit in substitution for the Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to Bank of America to effectively assume the obligations of Bank of America with respect to such Letters of Credit.

**9.07 Non-Reliance on Administrative Agent and Other Lenders.** Each Lender and each L/C Issuer expressly acknowledges that none of the Administrative Agent nor any Arranger has made any representation or warranty to it, and that no act by the Administrative Agent or any Arranger hereafter taken, including any consent to, and acceptance of any assignment or review of the affairs of any Loan Party or any Affiliate thereof, shall be deemed to constitute any representation or warranty by the Administrative Agent or any Arranger to any Lender or any L/C Issuer as to any matter, including whether the Administrative Agent or any Arranger has disclosed material information in its (or its Related Parties') possession. Each Lender and each L/C Issuer represents to the Administrative Agent and each Arranger that it has, independently and without reliance upon the Administrative Agent, any Arranger, any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis of, appraisal of, and investigation into, the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties and their Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrowers hereunder. Each Lender and each L/C Issuer also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Arranger, any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Loan Parties. Each Lender and each L/C Issuer represents and warrants that (i) the Loan Documents set forth the terms of a commercial lending facility and (ii) it is engaged in making, acquiring or holding commercial loans in the ordinary course and is entering into this Agreement as a Lender or L/C Issuer for the purpose of making, acquiring or holding commercial loans and providing other facilities set forth herein as may be applicable to such Lender or L/C Issuer, and not for the purpose of purchasing, acquiring or holding any other type of financial instrument, and each Lender and each L/C Issuer agrees not to assert a claim in contravention of the foregoing. Each Lender and each L/C Issuer represents and

warrants that it is sophisticated with respect to decisions to make, acquire and/or hold commercial loans and to provide other facilities set forth herein, as may be applicable to such Lender or such L/C Issuer, and either it, or the Person exercising discretion in making its decision to make, acquire and/or hold such commercial loans or to provide such other facilities, is experienced in making, acquiring or holding such commercial loans or providing such other facilities.

**9.08 No Other Duties, Etc.** Anything herein to the contrary notwithstanding, none of the Bookrunners or Arrangers listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an L/C Issuer hereunder.

**9.09 Administrative Agent May File Proofs of Claim; Credit Bidding.** In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise.

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuers and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuers and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuers and the Administrative Agent under Sections 2.03(h) and (i), 2.09 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and each L/C Issuer to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuers, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender or any L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or any L/C Issuer to authorize the Administrative Agent to vote in respect of the claim of any Lender or any L/C Issuer in any such proceeding.

The holders of the Obligations hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar Debtor Relief Laws in any other jurisdictions to which a Loan Party is subject, (b) at any other sale or foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable Law. In connection with any such credit bid and purchase, the Obligations owed to the holders thereof shall be entitled to be, and shall be, credit bid on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that would vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) in the asset or assets so purchased

(or in the Equity Interests or debt instruments of the acquisition vehicle or vehicles that are used to consummate such purchase). In connection with any such bid (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles to make a bid, (ii) to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or Equity Interests thereof shall be governed, directly or indirectly, by the vote of the Required Lenders, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in clauses (a)(i) through (a)(x), of Section 10.01 of this Agreement), and (iii) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of debt credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Lenders *pro rata* and the Equity Interests and/or debt instruments issued by any acquisition vehicle on account of the Obligations that had been assigned to the acquisition vehicle shall automatically be cancelled, without the need for any Lender or any acquisition vehicle to take any further action.

**9.10 Collateral and Guaranty Matters.** Without limiting the provisions of Section 9.09, each the Lenders (including in its capacities as a party to any Secured Cash Management Agreement and a party to any Secured Swap Contract) and each of the L/C Issuers irrevocably authorize the Administrative Agent, at its option and in its discretion:

(a) to release or authorize the release of any Lien on any property granted to or held by the Administrative Agent under any Loan Document (i) upon the occurrence of the Facility Termination Date, (ii) that is sold or otherwise disposed of or to be sold or otherwise disposed of as part of or in connection with any sale or other disposition permitted hereunder or under any other Loan Document, or (iii) subject to Section 10.01, if approved, authorized or ratified in writing by the Required Lenders;

(b) to subordinate any Lien on any property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.01(j);

(c) to release any Guarantor from its obligations under any Guaranty if such Person ceases to be a Restricted Subsidiary as a result of a transaction permitted under the Loan Documents;

(d) to release any Lien granted to or held by the Administrative Agent under any Loan Document on the Equity Interests of any Unrestricted Subsidiary;

(e) at any time the Specified Receivables Purchase Agreement or any Permitted Securitization Transaction is outstanding, release any Lien granted to or held by the Administrative Agent under any Loan Document on (i) any Securitized Asset that is subject thereto and (ii) the Equity Interests of any Special Purpose Subsidiary for such Permitted Securitization Transaction;

(f) to subordinate or release any Lien granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such property that is permitted by Section 7.01(dd); and

(g) to enter into and perform each intercreditor agreement or subordination agreement contemplated hereby.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor (other than, for the avoidance of doubt, any Borrower) from its obligations under the Guaranty pursuant to this Section 9.10.

The Administrative Agent shall not be responsible for or have a duty to ascertain or inquire into any representation or warranty regarding the existence, value or collectability of the Collateral, the existence, priority or perfection of the Administrative Agent's Lien thereon, or any certificate prepared by any Loan Party in connection therewith, nor shall the Administrative Agent be responsible or liable to the Lenders for any failure to monitor or maintain any portion of the Collateral.

**9.11 Secured Cash Management Agreements and Secured Swap Contracts.** No Lender or Affiliate thereof party to a Secured Swap Contract or Secured Cash Management Agreement that obtains the benefit of Section 8.03, any Guaranty or any Collateral by virtue of the provisions hereof or any Collateral Document shall have any right to notice of any action or to consent to, direct or object to any action hereunder or under any other Loan Document or otherwise in respect of the Collateral (including the release or impairment of any Collateral) or to notice of or to consent to any amendment, waiver or modification of the provisions hereof or of any Guaranty or any Collateral Document (including any release or impairment with respect to any Guarantor) other than in its capacity as a Lender and, in such case, only to the extent expressly provided in the Loan Documents. Notwithstanding any other provision of this Article IX to the contrary, the Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Cash Management Agreements and Secured Swap Contracts except to the extent expressly provided herein and unless the Administrative Agent has received a Secured Party Designation Notice of such Obligations, together with such supporting documentation as the Administrative Agent may request, from the applicable Lender or Affiliate thereof, as the case may be. The Administrative Agent shall not be required to verify the payment of, or that other satisfactory arrangements have been made with respect to, Obligations arising under Secured Cash Management Agreements and Secured Swap Contracts in the case of the date that (a) all Commitments have terminated, (b) all Obligations arising under the Loan Documents have been paid in full (other than contingent indemnification obligations for which no claim or demand has yet been made), and (c) all Letters of Credit have terminated or expired (other than Letters of Credit that have been Cash Collateralized).

**9.12 Certain ERISA Matters.**

(a) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Company or any other Loan Party, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments, or this Agreement,

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement,

(iii) (A) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (B) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Commitments and this Agreement, (C) the entrance into, participation in,



administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement satisfies the requirements of sub-sections (b) through (g) of Part I of PTE 84-14 and (D) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement, or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(b) In addition, unless either (1) clause (i) in the immediately preceding clause (a) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with clause (iv) in the immediately preceding clause (a), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent and each other Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Company or any other Loan Party, that none of the Administrative Agent, any Arranger or any of their respective Affiliates is a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent, each Arranger and their respective Affiliates, in each case under this Agreement, any Loan Document or any documents related hereto or thereto).

**9.13 Recovery of Erroneous Payments.** Without limitation of any other provision in this Agreement, if at any time the Administrative Agent makes a payment hereunder in error to any Credit Party, whether or not in respect of an Obligation due and owing by any Borrower at such time, where such payment is a Rescindable Amount, then in any such event, each Credit Party receiving a Rescindable Amount severally agrees to repay to the Administrative Agent forthwith on demand the Rescindable Amount received by such Credit Party in Same Day Funds in the currency so received, with interest thereon, for each day from and including the date such Rescindable Amount is received by it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation. Each Credit Party irrevocably waives any and all defenses, including any "discharge for value" (under which a creditor might otherwise claim a right to retain funds mistakenly paid by a third party in respect of a debt owed by another) or similar defense to its obligation to return any Rescindable Amount. The Administrative Agent shall inform each Credit Party promptly upon determining that any payment made to such Credit Party comprised, in whole or in part, a Rescindable Amount.

## ARTICLE X.

### MISCELLANEOUS

#### 10.01 Amendments, Etc.

(a) Except as otherwise provided in this Section 10.01, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Company or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Company or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

(i) except as provided in Section 4.01, waive any condition set forth in Section 4.01(a) without the written consent of each Lender;

(ii) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written consent of such Lender whose Commitment is being extended, increased or reinstated (it being understood and agreed that a waiver of any condition precedent set forth in Section 4.02 or of any Default or of a mandatory reduction in Commitments is not considered an extension, increase or reinstatement in Commitments of any Lender);

(iii) postpone any date fixed by this Agreement or any other Loan Document for any payment (excluding mandatory prepayments) of principal, interest, fees or other amounts due to the Lenders (or any of them) or any scheduled or mandatory reduction of the Aggregate Commitments hereunder or under any other Loan Document without the written consent of each Lender directly affected thereby;

(iv) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (b) of this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document without the written consent of each Lender entitled to receive such amount (it being understood that neither of the following constitutes a reduction in the rate of interest on any Loan or L/C Borrowing or any fees or other amounts: (A) any amendment to the definition of "Default Rate" or waiver of any obligation of the Borrowers to pay interest or Letter of Credit Fees at the Default Rate or (B) any amendment to or waiver of any financial covenant hereunder (or any defined term or component defined term used therein) even if the effect of such amendment or waiver would be to reduce the rate of interest on any Loan or L/C Borrowing or to reduce any fee payable hereunder);

(v) change Section 8.03 in a manner that would alter the *pro rata* sharing of payments required thereby without the written consent of each Lender directly affected thereby;

(vi) change any provision of this Section 10.01 or the definition of "Required Lenders", "Required Pro Rata Facilities Lenders", "Required Revolving Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender;

(vii) release any Borrower without the consent of each Lender, or, except in connection with a transaction permitted under Section 7.04 or Section 7.05, release all or substantially all of the value of the Guaranty without the written consent of each Lender whose Obligations are guaranteed thereby, except, in either case, to the extent any such release is permitted pursuant to Section 9.10 (in which case such release may be made by the Administrative Agent acting alone);

(viii) release or authorize the release of all or substantially all of the Collateral under the Collateral Documents without the written consent of each Lender whose Obligations hereunder are secured by such Collateral, it being understood that to the extent that Collateral comprises assets which are permitted to be sold pursuant to Section 7.05 or released pursuant to Section 9.10, such Collateral may be released without the consent of any of the Lenders;

(ix) amend Section 1.06 without the written consent of each Lender and L/C Issuer obligated to make Credit Extensions in Alternative Currencies; or

(x) change Section 2.15 in a manner that would alter the requirement that each of the Lenders obligated to make Credit Extensions to an Applicant Borrower approve the addition thereof as a Designated Borrower, without the written consent of each such Lender;

(xi) prior to the termination of the Aggregate Revolving Commitments, unless also signed by the Required Revolving Lenders, no such amendment, waiver or consent shall (A) waive any Default or Event of Default for purposes of Section 4.02(b), (B) amend, change, waive, discharge or terminate Sections 4.02 or 8.01 in a manner adverse to the Revolving Lenders or (C) amend, change, waive, discharge or terminate this clause (xi);

(xii) unless also signed by Lenders (other than Defaulting Lenders) holding in the aggregate at least a majority of the aggregate Outstanding Amount of the Term Loans entitled to receive prepayments pursuant to Section 2.06(b), no such amendment, waiver or consent shall (A) amend, change, waive, discharge or terminate Section 2.06(b)(v) so as to alter the manner of application of proceeds of any mandatory prepayment required by Section 2.06(b)(ii), (iii), (iv), or (v) (other than to allow the proceeds of such mandatory prepayments to be applied ratably with other Term Loans under this Agreement) or (B) amend, change, waive, discharge or terminate this clause (xii) (other than to provide Lenders of other Term Loans with proportional rights under this clause (xi));

(xiii) unless in writing and signed by each L/C Issuer in addition to the Lenders required above, no amendment, waiver or consent shall affect the rights or duties of the L/C Issuers under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it;

(xiv) unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, no amendment, waiver or consent shall affect the rights or duties of the Swing Line Lender under this Agreement;

(xv) unless in writing and signed by the Administrative Agent in addition to the Lenders required above, no amendment, waiver or consent shall affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document.

(b) Notwithstanding anything to the contrary in this Section 10.01:

(i) any amendment, waiver or consent with respect to (A) Section 7.11 (or any defined term or component defined term used therein) or any Default or Event of Default or exercise of remedies by the Required Pro Rata Facilities Lenders in respect or as a result thereof, (B) the second proviso in Section 8.01(b), (C) clause (a) of Section 8.02 or (D) the parenthetical provisions referencing Section 7.11 in Section 10.03 will not require the consent of the Required Lenders but shall be effective if, and only if, signed by the Required Pro Rata Facilities Lenders and the Loan Parties and acknowledged by the Administrative Agent;

(ii) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto.

(iii) any amendment, waiver or consent with respect to the definitions of "Alternative Currency Sublimit", "Canadian Dollar Sublimit", "Letter of Credit Sublimit" and "Swing Line Sublimit", Section 1.06, Section 2.03, Section 2.05 and Section 2.15 will not require the consent of the Required Lenders but shall be effective if, and only if, signed by the Required Revolving Lenders, the Loan Parties and any party whose consent is required pursuant to clauses (a)(ix), (a)(x), (a)(xiii), (a)(xiv) or (a)(xv) above and acknowledged by the Administrative Agent;

(iv) only the written consent of the Administrative Agent and the Loan Parties shall be required to amend this Agreement solely to implement requirements reasonably deemed necessary by the Administrative Agent to add a Designated Borrower hereunder or to obtain pledges of Equity Interests in Non-U.S. Obligors in accordance with this Agreement (including pursuant to additional Collateral Documents);

(v) an Incremental Facility Amendment shall be effective if signed only by Company (and any other applicable Borrower), the Administrative Agent and each Person that agrees to provide a portion of the applicable Incremental Facility;

(vi) no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than Defaulting Lenders), except that (A) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (B) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender;

(vii) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code supersedes the unanimous consent provisions set forth herein;

(viii) the Required Lenders shall determine whether or not to allow a Loan Party to use cash collateral in the context of a bankruptcy or insolvency proceeding and such determination shall be binding on all of the Lenders;

(ix) this Agreement may be amended with the written consent of only the Company, the Administrative Agent, the L/C Issuers and the Lenders obligated to make Credit Extensions in Alternative Currencies to amend the definition of "Alternative Currency", "Alternative Currency Daily Rate" or "Alternative Currency Term Rate" solely to add additional currency options and the applicable interest rate with respect thereto, in each case solely to the extent permitted pursuant to Section 1.06;

(x) only the written consent of the Administrative Agent and, subject to the applicable provisions of Section 3.07, the Company shall be required to make amendments contemplated by Section 3.07;

(xi) this Agreement may be amended and restated in accordance with this Section 10.01 but without the consent of a specific Lender if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the Commitments of such Lender shall have terminated, such Lender shall have no other commitment or other obligation hereunder and shall have been paid in full all principal, interest and other amounts then owing to it or then accrued for its account under this Agreement; and

(xii) only the written consent of the Administrative Agent and the Company shall be required to amend, modify or supplement this Agreement or any other Loan Document to cure or correct administrative errors or omissions, any ambiguity, omission, defect or inconsistency or to effect administrative changes or to extend an existing Lien over additional property, and such amendment shall become effective without any further consent of any other party to such Loan Document so long as (A) such amendment, modification or supplement does not adversely affect the rights of any Lender or other holder of Obligations in any material respect and (B) the Lenders shall have received at least five (5) Business Days' prior written notice thereof and the Administrative Agent shall not have received, within five (5) Business Days of the date of such notice to the Lenders, a written notice from the Required Lenders stating that the Required Lenders object to such amendment.

(c) In addition, notwithstanding anything to the contrary in this Section 10.01, the Company may, by written notice to the Administrative Agent from time to time, make one or more offers (each, a "Loan Modification Offer") to all the Lenders holdings Commitments and/or

Loans of a particular class or tranche to make one or more amendments or modifications to (i) allow the maturity of such Commitments or Loans of the accepting Lenders to be extended, (ii) modify the Applicable Rate and/or fees payable with respect to such Loans and Commitments of the accepting Lenders, (iii) modify any covenants or other provisions or add new covenants or provisions that are agreed between the Company, the Administrative Agent and the Accepting Lenders; provided that such modified or new covenants and provisions are applicable only during periods after the latest Maturity Date that is in effect on the effective date of such amendment, and (iv) any other amendment to a Loan Document required to give effect to the amendments described in clauses (i), (ii) and (iii) of this paragraph ("Permitted Amendments", and any amendment to this Agreement to implement Permitted Amendments, a "Loan Modification Agreement") pursuant to procedures reasonably specified by the Administrative Agent and reasonably acceptable to the Company. Such notice shall set forth (x) the terms and conditions of the requested Permitted Amendments and (y) the date on which such Permitted Amendments are requested to become effective. Permitted Amendments shall become effective only with respect to the applicable class or tranche of Commitments and/or Loans of the Lenders that accept the applicable Loan Modification Offer (such Lenders, the "Accepting Lenders") and, in the case of any Accepting Lender, only with respect to such Lender's Commitments and/or Loans as to which such Lender's acceptance has been made. The Company, each other Borrower and each Accepting Lender shall execute and deliver to the Administrative Agent a Loan Modification Agreement and such other documentation as the Administrative Agent shall reasonably specify to evidence the acceptance of the Permitted Amendments and the terms and conditions thereof, and the Loan Parties shall also deliver such resolutions, opinions and other documents as reasonably requested by the Administrative Agent. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Loan Modification Agreement. Each of the parties hereto hereby agrees that (1) upon the effectiveness of any Loan Modification Agreement, this Agreement shall be deemed amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Permitted Amendments evidenced thereby and only with respect to the applicable class or tranche of Commitments and Loans of the Accepting Lenders as to which such Lenders' acceptance has been made, (2) any applicable Lender who is not an Accepting Lender may be replaced by the Company in accordance with Section 10.13, and (3) to the extent relating to Revolving Commitments and Revolving Loans, the Administrative Agent and the Company shall be permitted to make any amendments or modifications to any Loan Documents necessary to allow any borrowings, prepayments, participations in Letters of Credit and Swing Line Loans and commitment reductions to be ratable across each class of Revolving Commitments the mechanics for which may be implemented through the applicable Loan Modification Agreement and may include technical changes related to the borrowing and repayment procedures of the Lenders; provided that with the consent of the Accepting Lenders such prepayments and commitment reductions and reductions in participations in Letters of Credit and Swing Line Loans may be applied on a non-ratable basis to the class of non-Accepting Lenders.

(d) In addition, notwithstanding anything to the contrary in this Section 10.01, this Agreement and any other Loan Document may be amended with only the consent of the Company and the Administrative Agent solely to the extent necessary to incorporate jurisdiction-specific provisions deemed reasonably necessary or appropriate by the Company, the Administrative Agent and their respective legal counsel in connection with the joinder of any Subsidiary as a Guarantor in accordance with the terms of Section 6.14 and the granting of security interests by such Subsidiary in accordance with the terms of Section 6.15.

#### **10.02 Notices; Effectiveness; Electronic Communication.**

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in clause (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Company or any other Loan Party, the Administrative Agent, an L/C Issuer or the Swing Line Lender, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire (including, as appropriate, notices delivered solely to the Person designated by a Lender on its Administrative Questionnaire then in effect for the delivery of notices that may contain material non-public information relating to the Company).

Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices and other communications sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices and other communications delivered through electronic communications to the extent provided in clause (b) below, shall be effective as provided in such clause (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the L/C Issuers hereunder may be delivered or furnished by electronic communication (including e-mail, FpML messaging, and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender or any L/C Issuer pursuant to Article II if such Lender or such L/C Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the Swing Line Lender, any L/C Issuer or the Company may each, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii), if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any Borrower, any Lender, any L/C Issuer or any other Person for losses, claims, damages, liabilities or expenses of any kind (whether in tort, contract or otherwise) arising out of the Company's, any Loan Party's or the Administrative Agent's transmission of Borrower Materials or notices through the platform, any other electronic platform or electronic messaging service, or through the Internet, except to the extent such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have

resulted from the gross negligence, bad faith or willful misconduct of such Agent Party; provided that in no event shall any Agent Party have any liability to any Borrower or any Subsidiary, any Lender, any L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Change of Address, Etc. Each of the Borrowers, the Administrative Agent, each L/C Issuer and the Swing Line Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the Company, the Administrative Agent, the L/C Issuers and the Swing Line Lender. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that the Administrative Agent has on record (i) an effective address, contact name, telephone number, facsimile number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender. Furthermore, each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable Law, including Canadian federal and provincial securities laws and United States federal and state securities Laws, to make reference to Borrower Materials that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Company or its securities for purposes of Canadian federal and provincial securities laws or United States federal or state securities laws.

(e) Reliance by Administrative Agent, L/C Issuer and Lenders. The Administrative Agent, the L/C Issuers and the Lenders shall be entitled to rely and act upon any notices (including telephonic notices, Loan Notices, Letter of Credit Applications and Swing Line Loan Notices) purportedly given by or on behalf of any Loan Party even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Company shall indemnify the Administrative Agent, each L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of any Loan Party, except to the extent that such losses, costs, expenses or liabilities are determined by a court of competent jurisdiction in a final and non-appealable judgment to have resulted from the bad faith, gross negligence or willful misconduct of, or material breach of this Agreement or any other Loan Document by, the Administrative Agent, such L/C Issuer or such Lender, or, in each case, any of its Related Parties, or, such Related Party, as applicable. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

**10.03 No Waiver; Cumulative Remedies; Enforcement.** No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided, and provided under each other Loan Document, are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Notwithstanding anything to the contrary contained herein or in any other Loan Document, the authority to enforce rights and remedies hereunder and under the other Loan Documents against the Loan Parties or any of them shall be vested exclusively in, and all actions and proceedings at law in connection with such enforcement shall be instituted and maintained exclusively by, the Administrative Agent in accordance with Section 8.02 for the benefit of all the Lenders and all the L/C Issuers (or in its own name as creditor of Parallel Debt, as applicable); provided, however, that the foregoing shall not prohibit (a) the Administrative Agent from exercising on its own behalf the rights and remedies that inure to its benefit (solely in its capacity as Administrative Agent) hereunder and under the other Loan Documents, (b) any

L/C Issuer or the Swing Line Lender from exercising the rights and remedies that inure to its benefit (solely in its capacity as L/C Issuer or Swing Line Lender, as the case may be) hereunder and under the other Loan Documents, (c) any Lender from exercising setoff rights in accordance with Section 10.08 (subject to the terms of Section 2.14), or (d) any Lender from filing proofs of claim or appearing and filing pleadings on its own behalf during the pendency of a proceeding relative to any Loan Party under any Debtor Relief Law; and provided, further, that if at any time there is no Person acting as Administrative Agent hereunder and under the other Loan Documents, then (i) the Required Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 (or, in the case of any Event of Default arising from a breach of Section 7.11, the Required Pro Rata Facilities Lenders shall have the rights otherwise ascribed to the Administrative Agent pursuant to Section 8.02 with respect to the Aggregate Revolving Commitments, the Incremental Tranche A Term Loans and the Obligations in respect thereof) and (ii) in addition to the matters set forth in clauses (b), (c) and (d) of the preceding proviso and subject to Section 2.14, any Lender may, with the consent of the Required Lenders, enforce any rights and remedies available to it and as authorized by the Required Lenders (or, in the case of any Event of Default arising from a breach of Section 7.11, any Lender with a Revolving Commitment, Revolving Credit Exposure or Incremental Tranche A Term Loan may, with the consent of the Required Pro Rata Facilities Lenders, enforce any rights and remedies available to it with respect to the Aggregate Revolving Commitments, the Incremental Tranche A Term Loans and the Obligations in respect thereof and as authorized by the Required Pro Rata Facilities Lenders).

#### **10.04 Expenses; Indemnity; Damage Waiver.**

(a) Costs and Expenses. The Company shall pay (i) all reasonable and documented out-of-pocket fees and expenses incurred by the Administrative Agent, each Arranger, each L/C Issuer and their respective Affiliates (but limited, in the case of legal fees and expenses, to the reasonable and documented and invoiced fees and expenses of one firm of Canadian counsel and one firm of U.S. counsel to the Administrative Agent, the Arrangers, the L/C Issuers and their respective Affiliates, taken as a whole, and, if necessary, one firm of regulatory counsel and one firm of local counsel in each applicable jurisdiction (which may be a single firm for multiple jurisdictions) to all such Persons, taken as a whole (and except allocated costs of in-house counsel) (and, in the case of an actual or perceived conflict of interest between or among such Persons, of another firm of Canadian counsel, another firm of U.S. counsel, another firm of regulatory counsel and another firm of local counsel in each applicable jurisdiction for all such affected Indemnitees taken as a whole, repeated until no such actual or perceived conflict exists among such Persons taken as a whole)), in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by each L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender or any L/C Issuer (but limited, in the case of legal fees and expenses, to the reasonable and documented and invoiced fees and expenses of one firm of Canadian counsel and one firm of U.S. counsel to the Administrative Agent, the Arrangers, the Lenders, the L/C Issuers and their respective Affiliates, taken as a whole, and, if necessary, one firm of regulatory counsel and one firm of local counsel in each applicable jurisdiction (which may be a single firm for multiple jurisdictions) to all such Persons, taken as a whole (and except allocated costs of in-house counsel) (and, in the case of an actual or perceived conflict of interest between or among such Persons, of another firm of Canadian counsel, another firm of U.S. counsel, another firm of regulatory counsel and another firm of local counsel in each applicable jurisdiction for all such affected Indemnitees taken as a whole, repeated until no such actual or perceived conflict exists among such Persons taken as a whole)) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.



(b) Indemnification by the Company. The Company shall indemnify the Administrative Agent (and any sub-agent thereof or delegate, administrator or receiver appointed by the Administrative Agent pursuant to the terms of the Loan Documents), each Arranger, each Lender and each L/C Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related reasonable, documented and invoiced out-of-pocket expenses (limited, in the case of legal fees and expenses, to one firm of Canadian counsel and one firm of U.S. counsel for all Indemnitees taken as a whole and, if necessary, one firm of regulatory counsel and one firm of local counsel in each applicable jurisdiction (which may be a single firm for multiple jurisdictions) for all Indemnitees taken as a whole (and, in the case of an actual or perceived conflict of interest, of another firm of Canadian counsel, another firm of U.S. counsel, another firm of regulatory counsel and another firm of local counsel in each applicable jurisdiction for all such affected Indemnitees taken as a whole) (in each case, excluding allocated costs of in-house counsel)), incurred by any Indemnitee or asserted or awarded against any Indemnitee by any Person (including the Company or any other Loan Party) other than such Indemnitee and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby (including, without limitation, the Indemnitee's reliance on any Communication executed using an Electronic Signature, or in the form of an Electronic Record), the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents (including in respect of any matters addressed in Section 3.01), (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by an L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by a Loan Party or any of its Subsidiaries, or any Environmental Liability related in any way to a Loan Party or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Company or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related reasonable, documented and invoiced out-of-pocket expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (a) the gross negligence, bad faith or willful misconduct of such Indemnitee or any of its Related Specified Parties or (b) a material breach of such Indemnitee's obligations (or any of its Related Specified Parties' obligations) hereunder or under any other Loan Document, (y) arise solely out of, or result from, a claim, litigation, investigation or proceeding brought by one Indemnitee against another Indemnitee except to the extent such claim (1) involves any action or inaction by the Company or any Subsidiary or (2) relates to any action or inaction of such Indemnitee in its capacity as Administrative Agent (or any sub-agent thereof), Arranger or similar title (including, without limitation, arranger, bookrunner, syndication agent, documentation) or (z) relates to any settlement entered into by such Indemnitee without the Company's written consent (such consent not to be unreasonably withheld or delayed); provided that if such settlement is reached with the Company's written consent, or if there is a final and non-appealable judgment by a court of competent jurisdiction in any related proceeding, the Company agrees to indemnify and hold harmless each Indemnified Party in the manner and to the extent set forth above; provided, further that the Company shall be deemed to have consented to any such settlement unless the Company shall object thereto by written notice to the applicable Indemnified Party within ten (10) Business Days after having received notice thereof. Without limiting the provisions of Section 3.01(c), this Section 10.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that the Company for any reason fails to indefeasibly pay any amount required under clauses (a) or (b) of this Section 10.04 to be paid by it to the Administrative Agent (or any sub-agent thereof), any L/C Issuer, the Swing Line

Lender or any Related Party of any of the foregoing, each Lender severally agrees to pay to the Administrative Agent (or any such sub-agent), such L/C Issuer, the Swing Line Lender or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought based on each Lender's share of the Total Credit Exposure at such time) of such unpaid amount (including any such unpaid amount in respect of a claim asserted by such Lender), such payment to be made severally among them based on such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought), provided further that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent (or any such sub-agent), or such L/C Issuer or the Swing Line Lender in its capacity as such, or against any Related Party of any of the foregoing acting for the Administrative Agent (or any such sub-agent), such L/C Issuer or the Swing Line Lender in connection with such capacity. The obligations of the Lenders under this clause (c) are subject to the provisions of Section 2.13(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, no party hereto shall assert, and each party hereto hereby waives, and acknowledges that no other Person shall have, any claim against any party hereto, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof; provided that nothing contained in this clause (d) shall limit the Company's indemnification obligations set forth above to the extent such special, indirect, consequential or punitive damages are included in any third party claim in connection with which such Indemnitee is entitled to indemnification hereunder. No Indemnitee shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence, bad faith or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable not later than ten (10) Business Days after demand therefor.

(f) Survival. The agreements in this Section and the indemnity provisions of Section 10.02(e) shall survive the resignation of the Administrative Agent, an L/C Issuer and the Swing Line Lender, the replacement of any Lender, the termination of the Aggregate Commitments, the repayment, satisfaction or discharge of all the other Obligations and the Facility Termination Date.

**10.05 Payments Set Aside.** To the extent that any payment by or on behalf of any Loan Party is made to the Administrative Agent, any L/C Issuer or any Lender, or the Administrative Agent, any L/C Issuer or any Lender exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent, such L/C Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender and each L/C Issuer severally agrees to pay to the Administrative Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the applicable Overnight Rate from time to time in effect, in the applicable currency of such recovery or payment. The obligations of the Lenders and the L/C Issuers under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

#### 10.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither the Company nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder (other than to the extent expressly permitted under Section 2.15(c)) or, in the case of the Company or any other Loan Party, Section 7.04) except (i) to an assignee in accordance with the provisions of clause (b) of this Section 10.06, (ii) by way of participation in accordance with the provisions of clause (d) of this Section 10.06, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of clause (f) of this Section 10.06, (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in clause (d) of this Section 10.06 and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the L/C Issuers and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans (including for purposes of this clause (b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that (in each case with respect to any credit facility hereunder) any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it (in each case with respect to any credit facility provided hereunder) or contemporaneous assignments to related Approved Funds (determined after giving effect to such Assignments) that equal at least the amount specified in clause (b)(i)(B) of this Section 10.06 in the aggregate or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in clause (b)(i)(A) of this Section 10.06, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than \$5,000,000 in the case of any assignment in respect of the Revolving Facility, or \$1,000,000, in the case of any assignment in respect of the Term Facility unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Company otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned, except that this clause (ii) shall not (A) apply to the Swing Line Lender's rights and obligations in respect of Swing Line Loans or (B) prohibit any Lender from assigning all or a portion of its rights and obligations among the revolving credit facility or term loan facility provided hereunder on a non-*pro rata* basis;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by clause (b)(i)(B) of this Section 10.06 and, in addition:

(A) the consent of the Company (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within seven (7) Business Days after having received written notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of (1) any unfunded commitment to a term loan facility provided hereunder or any Revolving Commitment if such assignment is to a Person that is not a Lender with a Commitment in respect of the applicable credit facility subject to such assignment, an Affiliate of such Lender or an Approved Fund with respect to such Lender or (2) any Term Facility to a Person that is not a Lender, an Affiliate of a Lender or an Approved Fund;

(C) the consent of each L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding); and

(D) the consent of the Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of Revolving Loans and Revolving Commitments.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of \$3,500; provided, however, that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it is not a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Certain Persons. No such assignment shall be made (A) to the Company or any of the Company's Affiliates or Subsidiaries, (B) to any Defaulting Lender or any of its Subsidiaries or to any Disqualified Institution, or to any Person who, upon becoming a Lender hereunder, would constitute any of the foregoing Persons described in this clause (B), or (C) to a natural Person (or to a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural Person).

(vi) No Assignment Resulting in Additional Indemnified Taxes, etc. Without the written consent of the Company, no such assignment shall be made to any Person that, on the effective date of such assignment, through its Lending Offices, (A) is not capable of lending to the Borrowers without the imposition of any additional Taxes or Mandatory Costs that would require indemnification payments by any of the Borrowers under this Agreement or (B) is not capable of lending in the Alternative Currencies or at the applicable interest rates.

(vii) Certain Additional Payments. In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which

may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Company and the Administrative Agent, the applicable *pro rata* share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, any L/C Issuer or any Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full *pro rata* share of all Loans and participations in Letters of Credit and Swing Line Loans in accordance with its Applicable Percentage. Notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable Law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to clause (c) of this Section 10.06, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender. Upon request, each Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (d) of this Section 10.06.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of the Borrowers (and such agency being solely for tax purposes), shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it (or the equivalent thereof in electronic form) and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts (and stated interest) of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, any Borrower or the Administrative Agent, sell participations to any Person (other than a natural Person, or a holding company, investment vehicle or trust for, or owned and operated for the primary benefit of a natural Person, a Defaulting Lender or the Company or any of the Company's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent, the Lenders and the L/C Issuers shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. For the avoidance of doubt, each Lender shall be responsible for the indemnity under Section 10.04(c) without regard to the existence of any participation.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in Sections 10.01(a)(i) through Section 10.01(a)(x) that directly affects such Participant. Subject to clause (e) of this Section 10.06, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section 10.06 (it being understood that the documentation required under Section 3.01(e) shall be delivered to the Lender who sells the participation); provided that such Participant (A) agrees to be subject to the provisions of Sections 3.06 and 10.13 as if it were an assignee under clause (b) of this Section 10.06 and (B) shall not be entitled to receive any greater payment under Sections 3.01 or 3.04, with respect to any participation, than the Lender from whom it acquired the applicable participation would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Company's request and expense, to use reasonable efforts to cooperate with the Company to effectuate the provisions of Section 3.06 with respect to any Participant. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender; provided that such Participant agrees to be subject to Section 2.14 as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Company, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans, letters of credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan, letter of credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(e) Limitation on Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. Each Lender that sells a participation agrees, at the Company's request and expense, to use reasonable efforts to cooperate with the Company to effectuate the provisions of Section 3.06(b) with respect to any Participant. A Participant that would be a Non-U.S. Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Company is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 3.01(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Resignation as L/C Issuer or Swing Line Lender after Assignment. Notwithstanding anything to the contrary contained herein, if at any time any Lender acting as an L/C Issuer or Swing Line Lender assigns all of its Revolving Commitment and Revolving Loans

pursuant to clause (b), above, such L/C Issuer or Swing Line Lender may, (i) upon thirty (30) days' prior written notice to the Company and the Lenders, resign as an L/C Issuer and/or (ii) upon thirty (30) days' prior written notice to the Company, resign as Swing Line Lender. In the event of any such resignation as L/C Issuer or Swing Line Lender, the Company shall be entitled to appoint from among the Lenders a successor L/C Issuer or Swing Line Lender hereunder; provided, however, that no failure by the Company to appoint any such successor shall affect the resignation of such lender as L/C Issuer or Swing Line Lender, as the case may be. If any Lender resigns as L/C Issuer, it shall retain all the rights, powers, privileges and duties of an L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). If any Lender resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.05(c). Upon the appointment of a successor L/C Issuer and/or Swing Line Lender and the consent thereto by such successor, (1) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer or Swing Line Lender, as the case may be, and (2) the successor L/C Issuer shall issue letters of credit in substitution for the applicable Letters of Credit, if any, outstanding at the time of such succession or make other arrangements satisfactory to such resigning L/C Issuer to effectively assume the obligations of such resigning L/C Issuer with respect to such Letters of Credit.

(h) Disqualified Institutions.

(i) Notwithstanding anything to the contrary set forth in this Section 10.06, no assignment or, to the extent the DQ List has been posted on the Platform for all Lenders, participation shall be made to any Person that was a Disqualified Institution as of the date (the "Trade Date") on which the applicable Lender entered into a binding agreement to sell and assign or participate all or a portion of its rights and obligations under this Agreement to such Person (unless the Company has consented to such assignment as otherwise contemplated by this Section 10.06, in which case such Person will not be considered a Disqualified Institution for the purpose of such assignment or participation). For the avoidance of doubt, with respect to any assignee or participant that becomes a Disqualified Institution after the applicable Trade Date (including as a result of the delivery of a notice pursuant to, and/or the expiration of the notice period referred to in, the definition of "Disqualified Institution"), such assignee shall not retroactively be considered a Disqualified Institution. Any assignment in violation of this clause (b)(i), shall not be void, but the other provisions of this clause (g) shall apply.

(ii) If any assignment or participation is made to any Disqualified Institution without the Company's prior consent in violation of clause (i) above, the Company may, at its sole expense and effort, upon notice to the applicable Disqualified Institution and the Administrative Agent, (A) terminate any Revolving Commitment of such Disqualified Institution and repay (or cause the other Borrowers to repay) all obligations of the Borrowers owing to such Disqualified Institution in connection with such Revolving Commitment, (B) in the case of outstanding Term Loans held by Disqualified Institutions, prepay such Term Loan by paying the lesser of (x) the principal amount thereof and (y) the amount that such Disqualified Institution paid to acquire such Term Loans, in each case plus accrued interest, accrued fees and all other amounts (other than principal amounts) payable to it hereunder and under the other Loan Documents and/or (C) require such Disqualified Institution to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in this Section 10.06), all of its interest, rights and obligations under this Agreement and related Loan Documents to an Eligible Assignee that shall assume such obligations at the lesser of (x) the principal amount thereof and (y) the amount that such Disqualified Institution paid to acquire such interests, rights and obligations, in each case plus accrued interest, accrued fees and all other amounts (other than principal amounts) payable to it hereunder and other the other

Loan Documents; provided that (i) the Company or the assigning Disqualified Institution shall have paid to the Administrative Agent the assignment fee (if any) specified in Section 10.06(b), (ii) such assignment does not conflict with applicable Laws and (iii) in the case of clause (B), the Borrowers shall not use the proceeds from any Loans to prepay Term Loans held by Disqualified Institutions.

(iii) Notwithstanding anything to the contrary contained in this Agreement, Disqualified Institutions (A) will not (x) have the right to receive information, reports or other materials provided to Lenders by the Company, the Administrative Agent or any other Lender, (y) attend or participate in meetings attended by the Lenders and the Administrative Agent, or (z) access any electronic site established for the Lenders or confidential communications from counsel to or financial advisors of the Administrative Agent or the Lenders and (B) (x) for purposes of any consent to any amendment, waiver or modification of, or any action under, and for the purpose of any direction to the Administrative Agent or any Lender to undertake any action (or refrain from taking any action) under this Agreement or any other Loan Document, each Disqualified Institution will be deemed to have consented in the same proportion as the Lenders that are not Disqualified Institutions consented to such matter, and (y) for purposes of voting on any plan of reorganization or plan of liquidation pursuant to any Debtor Relief Laws ("Plan of Reorganization"), each Disqualified Institution party hereto hereby agrees (1) not to vote on such Plan of Reorganization, (2) if such Disqualified Institution does vote on such Plan of Reorganization notwithstanding the restriction in the foregoing clause (1), such vote will be deemed not to be in good faith and shall be "designated" pursuant to Section 1126(e) of the Bankruptcy Code (or any similar provision in any other Debtor Relief Laws), and such vote shall not be counted in determining whether the applicable class has accepted or rejected such Plan of Reorganization in accordance with Section 1126(c) of the Bankruptcy Code (or any similar provision in any other Debtor Relief Laws) and (3) not to contest any request by any party for a determination by any applicable court of competent jurisdiction effectuating the foregoing clause (2).

(iv) The Administrative Agent shall have the right, and the Company hereby expressly authorizes the Administrative Agent, to (A) post the list of Disqualified Institutions provided by the Company and any updates thereto from time to time (collectively, the "DQ List") on the Platform, including that portion of the Platform that is designated for "public side" Lenders or (B) provide the DQ List to each Lender requesting the same.

**10.07 Treatment of Certain Information; Confidentiality.** Each of the Administrative Agent, the Lenders and the L/C Issuers agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates, its auditors and its and its Affiliates' respective Related Parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent required or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), in which case the Administrative Agent, such Lender or such L/C Issuer shall (i) except with respect to any audit or examination conducted by accountants or any governmental, regulatory, or self-regulatory authority exercising examination or regulatory authority, to the extent practicable and permitted by Law, notify the Company promptly in advance thereof and (ii) use commercially reasonable efforts to ensure that any such Information disclosed is accorded confidential treatment, (c) to the extent required by applicable laws or regulations, by any compulsory legal process or pursuant to the order of any court or administrative agency in any pending legal, judicial or administrative proceeding, in which case the Administrative Agent, such Lender or such L/C Issuer shall (i) notify the Company of the proposed disclosure in advance to the extent not prohibited by Law, compulsory legal process or the applicable administrative agency, provided if the Administrative Agent, such Lender or such L/C Issuer is unable to notify the Company in advance of such disclosure, such notice shall be delivered promptly thereafter to the extent practicable and permitted by Law and (ii) use commercially reasonable efforts to ensure that any such Information disclosed is accorded confidential treatment, (d) to any other party hereto, provided that no material non-public



information with respect to the Company or its Affiliates, or the respective securities of any of the foregoing, may be disclosed to any Public Lender, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section (it being understood and agreed that any "click through" confidentiality agreement used on SyndTrak is acceptable to the parties hereto for purposes of satisfying the requirements of the exception contemplated in this clause (f)), to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights and obligations under this Agreement or any Eligible Assignee invited to be a Lender pursuant to Section 2.16 or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to any of the Borrowers and their obligations, this Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating the Company or its Subsidiaries or the credit facilities provided hereunder, (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder or (iii) any insurance broker or provider of credit insurance to such Person, (h) with the prior written consent of the Company, or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Administrative Agent, any Lender, any L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than the Company; provided that in no event shall any disclosure of Information be made to any Disqualified Institution. In addition, the Administrative Agent and the Lenders may disclose the existence of this Agreement and information about this Agreement to market data collectors, similar service providers to the lending industry and service providers to the Administrative Agent and the Lenders in connection with the administration of this Agreement, the other Loan Documents, and the Commitments.

For purposes of this Section, "Information" means all information received from the Company or any Subsidiary relating to the Company or any Subsidiary or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Lender or any L/C Issuer on a nonconfidential basis prior to disclosure by the Company or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent, the Lenders and the L/C Issuers acknowledges that (a) the Information may include material non-public information concerning the Company or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including Canadian federal and provincial securities laws and United States federal and state securities Laws.

**10.08 Right of Setoff.** If an Event of Default shall have occurred and be continuing, each Lender, each L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender, such L/C Issuer or any such Affiliate to or for the credit or the account of the Company or any other Loan Party against any and all of the obligations of the Company or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or such L/C Issuer or their respective Affiliates, irrespective of whether or not such Lender, L/C Issuer or Affiliate shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Company or such Loan Party may be contingent or unmatured or are owed to a branch, office or Affiliate of such Lender or such L/C Issuer different from the branch, office or Affiliate holding such deposit or obligated on such indebtedness; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.18 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent, the L/C Issuers and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such

Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender, each L/C Issuer and their respective Affiliates under this [Section 10.08](#) are in addition to other rights and remedies (including other rights of setoff) that such Lender, such L/C Issuer or their respective Affiliates may have. Each Lender and each L/C Issuer agrees to notify the Company and the Administrative Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

**10.09 Interest Rate Limitation.** Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (including, without limitation, the Criminal Code (Canada)) (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Company. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

**10.10 Integration; Effectiveness.** This Agreement, the other Loan Documents, and any separate letter agreements with respect to fees payable to the Administrative Agent or any L/C Issuer, constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in [Section 4.01](#), this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**10.11 Survival of Representations and Warranties.** All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder (other than contingent indemnification obligations for which no claim or demand has been made) shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

**10.12 Severability.** If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. Without limiting the foregoing provisions of this [Section 10.12](#), if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders shall be limited by Debtor Relief Laws, as determined in good faith by the Administrative Agent, the applicable L/C Issuer or the Swing Line Lender, as applicable, then such provisions shall be deemed to be in effect only to the extent not so limited.

**10.13 Replacement of Lenders.** If the Company is entitled to replace a Lender pursuant to the provisions of [Section 3.06](#), or if any Lender is a Defaulting Lender or a Non-Consenting Lender, then the Company may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, [Section 10.06](#)), all of its interests, rights (other than its existing rights to payments pursuant to [Sections 3.01](#) and [3.04](#)) and obligations under this Agreement and

the related Loan Documents to an Eligible Assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

- (a) the Company shall have paid (or caused a Designated Borrower to pay) to the Administrative Agent the assignment fee (if any) specified in Section 10.06(b);
- (b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05 and, if applicable, under Section 2.05(d)) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Company or applicable Designated Borrower (in the case of all other amounts, including any amounts payable under Section 2.05(d));
- (c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter;
- (d) such assignment does not conflict with applicable Laws; and
- (e) in the case of an assignment resulting from a Lender becoming a Non-Consenting Lender, the applicable assignee shall have consented to the applicable amendment, waiver or consent; provided that the failure by such Non-Consenting Lender to execute and deliver an Assignment and Assumption shall not impair the validity of the removal of such Non-Consenting Lender and the mandatory assignment of such Non-Consenting Lender's Commitments and outstanding Loans and participations in L/C Obligations and Swing Line Loans pursuant to this Section 10.13 shall nevertheless be effective without the execution by such Non-Consenting Lender of an Assignment and Assumption.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Company to require such assignment and delegation cease to apply.

**10.14 Governing Law; Jurisdiction; Etc.**

(a) GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT (EXCEPT, AS TO ANY OTHER LOAN DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) SUBMISSION TO JURISDICTION. THE COMPANY AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT IT WILL NOT COMMENCE ANY ACTION, LITIGATION OR PROCEEDING OF ANY KIND OR DESCRIPTION, WHETHER IN LAW OR EQUITY, WHETHER IN CONTRACT OR IN TORT OR OTHERWISE, AGAINST THE ADMINISTRATIVE AGENT, ANY LENDER, ANY L/C ISSUER, OR ANY RELATED PARTY OF THE FOREGOING IN ANY WAY RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS RELATING HERETO OR THERETO, IN ANY FORUM OTHER THAN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE JURISDICTION OF SUCH COURTS AND AGREES THAT ALL CLAIMS IN RESPECT OF

ANY SUCH ACTION, LITIGATION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION, LITIGATION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY L/C ISSUER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST THE COMPANY OR ANY OTHER LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. THE COMPANY AND EACH OTHER LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (b) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

**10.15 Service of Process on the Designated Borrowers.** Each Designated Borrower hereby irrevocably designates, appoints and empowers the Company, and successors as the designee, appointee and agent of such Designated Borrower to receive, accept and acknowledge, for and on behalf of such Designated Borrower and its properties, service of any and all legal process, summons, notices and documents which may be served in such action, suit or proceeding relating to this Agreement or the Loan Documents in the case of the courts of the Southern District of New York or of the courts of the State of New York sitting in the city of New York, which service may be made on any such designee, appointee and agent in accordance with legal procedures prescribed for such courts. Each Designated Borrower agrees to take any and all action necessary to continue such designation in full force and effect and should such designee, appointee and agent become unavailable for this purpose for any reason, such Designated Borrower will forthwith irrevocably designate a new designee, appointee and agent, which shall irrevocably agree to act as such, with the powers and for purposes specified in this Section 10.15. Each Designated Borrower further irrevocably consents and agrees to service of any and all legal process, summons, notices and documents out of any of the aforesaid courts in any such action, suit or proceeding relating to this Agreement or the other Loan Documents delivered to such Designated Borrower in accordance with this Section 10.15 or to its then designee, appointee or agent for service. If service is made upon such designee, appointee and agent, a copy of such process, summons, notice or document shall also be provided to the applicable Designated Borrower at the address specified in Section 10.02 by registered or certified mail, or overnight express air courier; provided that failure of such holder to provide such copy to such Designated Borrower shall not impair or affect in any way the validity of such service or any judgment rendered in such action or proceedings. Each Designated Borrower agrees that service upon such Designated Borrower or any such designee, appointee and agent as provided for herein shall constitute valid and effective personal service upon such Designated Borrower with respect to matters contemplated in this Section 10.15 and that the failure of any such designee, appointee and agent to give any notice of such service to such Designated Borrower shall not impair or affect in any way the validity of such service or any judgment rendered in any action or proceeding based thereon. Nothing herein shall, or shall be construed so as to, limit the right of the Administrative Agent or the Lenders to bring actions, suits or proceedings with respect to the obligations and liabilities of each Designated

Borrower under, or any other matter arising out of or in connection with, this Agreement, or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, in the courts of whatever jurisdiction in which the respective offices of the Administrative Agent or the Lenders may be located or assets of such Designated Borrower may be found or as otherwise shall to the Administrative Agent or the Lenders seem appropriate, or to affect the right to service of process in any jurisdiction in any other manner permitted by law.

**10.16 Waiver of Jury Trial.** EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

**10.17 No Advisory or Fiduciary Responsibility.** In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), the Company and each other Loan Party acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Arrangers and the Lenders are arm's-length commercial transactions between the Company, each other Loan Party and their respective Affiliates, on the one hand, and the Administrative Agent, the Arrangers and the Lenders, on the other hand, (B) each of the Company and the other Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) the Company and each other Loan Party is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent, the Arrangers and the Lenders each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Company, any other Loan Party or any of their respective Affiliates, or any other Person and (B) neither the Administrative Agent, any of the Arrangers nor any Lender has any obligation to the Company, any other Loan Party or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, the Arrangers, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, the other Loan Parties and their respective Affiliates, and neither the Administrative Agent, any of the Arrangers nor any Lender has any obligation to disclose any of such interests to the Company, any other Loan Party or any of their respective Affiliates. To the fullest extent permitted by law, each of the Company and each other Loan Party hereby waives and releases any claims that it may have against the Administrative Agent, the Arrangers or any Lender with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

**10.18 Electronic Execution; Electronic Records; Counterparts.**

(a) This Agreement, any Loan Document and any other Communication, including Communications required to be in writing, may be in the form of an Electronic Record and may be executed using Electronic Signatures. Each Loan Party, the Administrative Agent and each Credit Party agrees that any Electronic Signature on or associated with any Communication shall be valid and binding on such Person to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of such Person enforceable against such Person in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered. Any Communication may be executed in as many counterparts as necessary or convenient, including

both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Administrative Agent and each Credit Party may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record ("Electronic Copy"), which shall be deemed created in the ordinary course of such Person's business, and destroy the original paper document. All Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, neither the Administrative Agent, nor any L/C Issuer, nor the Swing Line Lender is under any obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by such Person pursuant to procedures approved by it; provided that, without limiting the foregoing, (i) to the extent the Administrative Agent, any L/C Issuer and/or the Swing Line Lender has agreed to accept such Electronic Signature, the Administrative Agent and each of the Credit Parties shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of any Loan Party and/or any Credit Party without further verification and regardless of the appearance or form of such Electronic Signature, and (ii) upon the request of the Administrative Agent or any Credit Party, any Communication executed using an Electronic Signature shall be promptly followed by a manually executed counterpart.

(b) Neither the Administrative Agent, nor any L/C Issuer, nor the Swing Line Lender shall be responsible for or have any duty to ascertain or inquire into the sufficiency, validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document (including, for the avoidance of doubt, in connection with the Administrative Agent's, such L/C Issuer's or the Swing Line Lender's reliance on any Electronic Signature transmitted by telecopy, emailed, pdf or any other electronic means). The Administrative Agent, each L/C Issuer and the Swing Line Lender shall be entitled to rely on, and shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon, any Communication or any statement made to it orally or by telephone and believed by it to be genuine and signed or sent or otherwise authenticated (whether or not such Person in fact meets the requirements set forth in the Loan Documents for being the maker thereof), except to the extent that such liabilities are determined by a court of competent jurisdiction in a final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of the Administrative Agent, such L/C Issuer or the Swing Line Lender, or, in each case, any of its Related Specified Parties, or, such Related Specified Party, as applicable.

(c) Each Loan Party, the Administrative Agent and each Credit Party hereby waives (i) any argument, defense or right to contest the legal effect, validity or enforceability of this Agreement or any other Loan Document based solely on the lack of paper original copies of this Agreement and/or such other Loan Document, and (ii) any claim against the Administrative Agent, each Credit Party and each Related Party thereof for any liabilities arising solely from the Administrative Agent's and/or any Credit Party's reliance on or use of Electronic Signatures, including any liabilities arising as a result of the failure of the Loan Parties to use any available security measures in connection with the execution, delivery or transmission of any Electronic Signature, except to the extent that such liabilities are determined by a court of competent jurisdiction in a final and non-appealable judgment to have resulted from the gross negligence or willful misconduct of the Administrative Agent, such Credit Party, or, in each case, any of its Related Specified Parties, or, such Specified Related Party, as applicable.

(d) Each of the parties hereto represents and warrants to the other parties that it has the corporate or other applicable capacity and authority to execute this Agreement and any other Communication through electronic means and there are no restrictions on doing so in that party's constitutive documents.

**10.19 USA PATRIOT Act and Canadian AML Acts.** Each Lender that is subject to the PATRIOT Act (as hereinafter defined) or any Canadian AML Act and the Administrative Agent (for

itself and not on behalf of any Lender) hereby notifies the other Loan Parties that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "PATRIOT Act") and the Canadian AML Acts, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party, information concerning its direct and indirect holders of Equity Interests and other Persons exercising Control over it, and other information that will allow such Lender or the Administrative Agent, as applicable, to identify such Loan Party in accordance with the PATRIOT Act and the Canadian AML Acts. Each Loan Party shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act and the Canadian AML Acts.

**10.20 Judgment Currency.** If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of each Loan Party in respect of any such sum due from it to the Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or any Lender from any Loan Party in the Agreement Currency, such Loan Party agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or any Lender in such currency, the Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to such Loan Party (or to any other Person who may be entitled thereto under applicable law).

**10.21 Acknowledgement and Consent to Bail-In of Affected Financial Institutions.** Solely to the extent any Lender or any L/C Issuer that is an Affected Financial Institution is a party to this Agreement and notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Lender or any L/C Issuer that is an Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any Lender or L/C Issuer that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

**10.22 Appointment of Company as Agent.** Each Loan Party hereby appoints the Company to act as its agent for all purposes of this Agreement, the other Loan Documents and all other documents and electronic platforms entered into in connection herewith and agrees that (a) the Company may execute such documents and provide such authorizations on behalf of such Loan Party as the Company deems appropriate in its sole discretion and each Loan Party shall be obligated by all of the terms of any such document and/or authorization executed on its behalf, (b) any notice or communication delivered by the Administrative Agent, an L/C Issuer or a Lender to the Company shall be deemed delivered to each Loan Party and (c) the Administrative Agent, the L/C Issuers or the Lenders may accept, and be permitted to rely on, any document, authorization, instrument or agreement executed by the Company on behalf of each of the Loan Party.

**10.23 Acknowledgement Regarding Any Supported QFCs.** To the extent that the Loan Documents provide support, through a guarantee or otherwise, for any Swap Contract or any other agreement or instrument that is a QFC (such support, “QFC Credit Support”, and each such QFC, a “Supported QFC”), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “U.S. Special Resolution Regime”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “Covered Party”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Section 10.23, the following terms have the following meanings:

“BHC Act Affiliate” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“Covered Entity” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“Default Right” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“QFC” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).



**10.24 Parallel Debt (Covenant to Pay the Administrative Agent).**

(a) Each Loan Party, by way of an independent payment obligation (such payment obligation of such Loan Party to the Administrative Agent, its “Parallel Debt”), hereby irrevocably and unconditionally undertakes to pay to the Administrative Agent, as creditor in its own right and not as agent or representative of any other Secured Party or any other Person, an amount equal to and in the currency of each amount payable by such Loan Party to the Secured Parties under this Agreement and each of the other Loan Documents (such Loan Party’s “Corresponding Debt”) as and when each such amount becomes due and payable under such Loan Document (or would have fallen due but for any discharge resulting from the failure of any Secured Party to take appropriate steps in any proceeding under any Debtor Relief Law affecting such Loan Party to preserve its right or entitlement to be paid such amount).

(b) Each of the Administrative Agent and each Loan Party acknowledges that (i) the obligations of each Loan Party under the foregoing clause (a) are several and are separate and independent from, and shall not in any way limit or affect, the Corresponding Debt of such Loan Party and (ii) the amounts for which each Loan Party is liable to the Administrative Agent under its Parallel Debt shall not be limited or affected in any way by its Corresponding Debt (except as provided in clause (e) of this Section); provided that (x) the Administrative Agent shall not demand payment with regard to the Parallel Debt of any Loan Party to the extent that such Loan Party’s Corresponding Debt has been irrevocably paid or discharged and (y) neither the Administrative Agent nor any Secured Party shall demand payment with regard to the Corresponding Debt of any Loan Party to the extent that such Loan Party’s Parallel Debt has been irrevocably paid or discharged.

(c) Any Lien granted by any Loan Party to the Administrative Agent under any Collateral Document or any other Loan Document to secure its Parallel Debt is granted to the Administrative Agent in its capacity as creditor of the Parallel Debt of such Loan Party and shall not be held in trust for any other Secured Party or any other Person.

(d) The Administrative Agent acts in its own name and on its own behalf and not as agent, representative or trustee of any of the other Secured Parties with respect to the amounts payable by each Loan Party under this Section. Accordingly, the Administrative Agent shall have its own independent right to demand payment of all amounts payable by each Loan Party under this Section and to seek enforcement of any Collateral securing such amounts, irrespective of any discharge of such Loan Party’s obligation to pay the Corresponding Debt to the other Secured Parties resulting from any failure of such Secured Parties to take appropriate steps in any proceeding under any Debtor Relief Law affecting such Loan Party to preserve their right or entitlement to be paid such amounts.

(e) Notwithstanding anything to the contrary in this Agreement, (i) the amount of Parallel Debt of each Loan Party shall be decreased to the extent that the Corresponding Debt of such Loan Party has been irrevocably paid or discharged and (ii) the amount of Corresponding Debt of each Loan Party shall be decreased to the extent that the Parallel Debt of such Loan Party has been irrevocably paid or discharged.

(f) The rights of the Secured Parties (other than the Administrative Agent) to receive payment of amounts payable by each Loan Party under the Corresponding Debt are several and are separate and independent from, and without prejudice to, the rights of the Administrative Agent to receive payment under the Parallel Debt.

(g) All amounts received or recovered by the Administrative Agent pursuant to this Section, and all amounts received or recovered by the Administrative Agent from or by the enforcement of any security granted to secure the Parallel Debt, shall be applied in accordance with Section 8.03.

(h) Without limiting or affecting the Administrative Agent’s rights or obligations with respect to the Loan Parties (whether under this Section or under any other provision of this

Agreement or any other Loan Document), each Loan Party acknowledges that (i) nothing in this Section shall impose any obligation on the Administrative Agent to advance any sum to any Loan Party or otherwise under this Agreement or any other Loan Document, except in its capacity as a Lender, an L/C Issuer and/or the Swing Line Lender, as applicable and (ii) for the purpose of any vote taken under this Agreement or any other Loan Document, the Administrative Agent shall not be regarded as having any participation or commitment other than those which it has in its capacity as a Lender, an L/C Issuer and/or the Swing Line Lender, as applicable.

(i) For the avoidance of doubt, this Section shall not operate and may not be construed as operating to disapply, suspend or circumvent any guarantee and/or indemnity limitations in relation to any claim of a Secured Party set out in this Agreement or any other Loan Document.

## ARTICLE XI.

### GUARANTY

#### 11.01 Guaranty.

(a) Each U.S. Guarantor that is not a Specified U.S. Obligor and each Non-U.S. Guarantor that is not a Specified Non-U.S. Obligor hereby jointly and severally guarantees to each Secured Party and each other holder of Obligations as hereinafter provided, as primary obligor and not as surety, the prompt payment of the Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) strictly in accordance with the terms thereof. Each U.S. Guarantor that is not a Specified U.S. Obligor and each Non-U.S. Guarantor that is not a Specified Non-U.S. Obligor hereby further agrees that if any of the Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise), such Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) in accordance with the terms of such extension or renewal.

(b) Each Non-U.S. Guarantor hereby jointly and severally guarantees to each Secured Party and each other holder of Non-U.S. Obligations as hereinafter provided, as primary obligor and not as surety, the prompt payment of the Non-U.S. Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) strictly in accordance with the terms thereof. Each Non-U.S. Guarantor hereby further agrees that if any of the Non-U.S. Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise), such Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Non-U.S. Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) in accordance with the terms of such extension or renewal. For the avoidance of doubt, the liabilities established pursuant to this clause (b) are without duplication of the liabilities established pursuant to the foregoing clause (a).

(c) Notwithstanding any provision to the contrary contained herein or in any other of the Loan Documents or the other documents relating to the Obligations, the obligations of each Guarantor (in its capacity as such) under this Agreement and the other Loan Documents shall not exceed an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under applicable Debtor Relief Laws.

## 11.02 Obligations Unconditional.

(a) The obligations of the U.S. Guarantors that are not Specified U.S. Obligors and the Non-U.S. Guarantors that are not Specified Non-U.S. Obligors under Section 11.01(a) are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Loan Documents or other documents relating to the Obligations, or any substitution, release, impairment or exchange of any other guarantee of or security for any of the Obligations, and, to the fullest extent permitted by applicable Law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor (other than payment in full of the Obligations (other than contingent indemnification obligations for which no claim or demand has been made)), it being the intent of this Section 11.02 that the obligations of the U.S. Guarantors that are not Specified U.S. Obligors and the Non-U.S. Guarantors that are not Specified Non-U.S. Obligors hereunder shall be absolute and unconditional under any and all circumstances. Each U.S. Guarantor that is not a Specified U.S. Obligor and each Non-U.S. Guarantor that is not a Specified Non-U.S. Obligor agrees that such Guarantor's right of subrogation, indemnity, reimbursement or contribution against any Borrower or any other Loan Party for amounts paid under this Article XI shall be unconditionally postponed until such time as the Obligations have been paid in full (other than contingent indemnification obligations for which no claim or demand has been made) and the Commitments have expired or terminated.

(b) The obligations of the Non-U.S. Guarantors under Section 11.01(b) are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Loan Documents or other documents relating to the Non-U.S. Obligations, or any substitution, release, impairment or exchange of any other guarantee of or security for any of the Non-U.S. Obligations, and, to the fullest extent permitted by applicable Law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor (other than payment in full of the Obligations (other than contingent indemnification obligations for which no claim or demand has been made)), it being the intent of this Section 11.02 that the obligations of the Non-U.S. Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Each Non-U.S. Guarantor agrees that such Guarantor's right of subrogation, indemnity, reimbursement or contribution against any Borrower or any other Loan Party for amounts paid under this Article XI shall be unconditionally postponed until such time as the Non-U.S. Obligations have been paid in full (other than contingent indemnification obligations for which no claim or demand has been made) and the Commitments have expired or terminated.

(c) Without limiting the generality of the foregoing subsections (a) and (b), it is agreed that, to the fullest extent permitted by Law, the occurrence of any one or more of the following shall not alter or impair the liability of any Guarantor hereunder, which shall remain absolute and unconditional as described above:

(i) at any time or from time to time, without notice to any Guarantor, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(ii) any of the acts mentioned in any of the provisions of any of the Loan Documents or other documents relating to the Obligations or any other agreement or instrument referred to therein shall be done or omitted;

(iii) the maturity of any of the Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Loan Documents or other documents relating to the Obligations or any other agreement or instrument referred to therein shall be waived or any other guarantee of any of the Obligations or any security therefor shall be released, impaired or exchanged in whole or in part or otherwise dealt with;

- (iv) any Lien granted to, or in favor of, the Administrative Agent or any other holder of the Obligations as security for any of the Obligations shall fail to attach or be perfected; or
- (v) any of the Obligations shall be determined to be void or voidable (including for the benefit of any creditor of any Guarantor) or shall be subordinated to the claims of any Person (including any creditor of any Guarantor).

(d) With respect to its obligations hereunder, each Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent or any other holder of the Obligations exhaust any right, power or remedy or proceed against any Person under any of the Loan Documents or any other document relating to the Obligations or any other agreement or instrument referred to therein, or against any other Person under any other guarantee of, or security for, any of the Obligations.

**11.03 Reinstatement.** Neither the Guarantors' obligations hereunder nor any remedy for the enforcement thereof shall be impaired, modified or released in any manner whatsoever by an impairment, modification, change, release or limitation of the liability of the Borrowers, by reason of any Borrower's bankruptcy or insolvency or by reason of the invalidity or unenforceability of all or any portion of the Obligations. In addition:

(a) The obligations of each U.S. Guarantor that is not a Specified U.S. Obligor and each Non-U.S. Guarantor that is not a Specified Non-U.S. Obligor under this Article XI shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any Debtor Relief Law or otherwise, and each such Guarantor agrees that it will indemnify the Administrative Agent and each other holder of the Obligations on demand for all reasonable costs and expenses (including the fees, charges and disbursements of counsel) incurred by the Administrative Agent or such holder of the Obligations in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any Debtor Relief Law.

(b) The obligations of each Non-U.S. Guarantor under this Article XI shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Non-U.S. Obligations is rescinded or must be otherwise restored by any holder of any of the Non-U.S. Obligations, whether as a result of any Debtor Relief Law or otherwise, and each such Guarantor agrees that it will indemnify the Administrative Agent and each other holder of the Non-U.S. Obligations on demand for all reasonable costs and expenses (including the fees, charges and disbursements of counsel) incurred by the Administrative Agent or such holder of the Non-U.S. Obligations in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any Debtor Relief Law.

**11.04 Certain Additional Waivers.** Each Guarantor acknowledges and agrees that (a) the guaranty given hereby may be enforced without the necessity of resorting to or otherwise exhausting remedies in respect of any other security or collateral interests, and without the necessity at any time of having to take recourse against the Borrowers hereunder or against any collateral securing the Obligations or otherwise, and (b) it will not assert any right to require the action first be taken against the Borrowers or any other Person (including any co-guarantor) or pursuit of any other remedy or enforcement any other right, and (c) nothing contained herein shall prevent or limit action being taken against the Borrowers hereunder, under the other Loan Documents or the other documents and agreements relating to the Obligations or from foreclosing on any security or collateral interests relating hereto or thereto, or from exercising any other rights or remedies available in respect thereof, if neither the Borrowers nor the Guarantors shall timely perform their obligations, and the exercise of any such rights and completion of any such foreclosure proceedings shall not constitute a discharge of the Guarantors' obligations hereunder

unless as a result thereof, the Obligations shall have been paid in full (other than contingent indemnification obligations for which no claim or demand has been made) and the commitments relating thereto shall have expired or terminated, it being the purpose and intent that the Guarantors' obligations hereunder be absolute, irrevocable, independent and unconditional under all circumstances. Each Guarantor further agrees that such Guarantor shall have no right of recourse to security for the Obligations, except through the exercise of rights of subrogation pursuant to [Section 11.02](#) and through the exercise of rights of contribution pursuant to [Section 11.06](#).

#### **11.05 Remedies.**

(a) The U.S. Guarantors that are not Specified U.S. Obligors and the Non-U.S. Guarantors that are not Specified Non-U.S. Obligors agree that, to the fullest extent permitted by Law, as between such Guarantors, on the one hand, and the Administrative Agent and the other holders of the Obligations, on the other hand, the Obligations may be declared to be forthwith due and payable as specified in [Section 8.02](#) (and shall be deemed to have become automatically due and payable in the circumstances specified in [Section 8.02](#)) for purposes of [Section 11.01\(a\)](#) notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing the Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or the Obligations being deemed to have become automatically due and payable), the Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the U.S. Guarantors that are not Specified U.S. Obligors and the Non-U.S. Guarantors that are not Specified Non-U.S. Obligors for purposes of [Section 11.01\(a\)](#). The U.S. Guarantors that are not Specified U.S. Obligors and the Non-U.S. Guarantors that are not Specified Non-U.S. Obligors acknowledge and agree that their obligations hereunder are secured in accordance with the terms of the Collateral Documents to which they are parties and that the holders of the Obligations may exercise their remedies thereunder in accordance with the terms thereof.

(b) The Non-U.S. Guarantors agree that, to the fullest extent permitted by Law, as between such Guarantors, on the one hand, and the Administrative Agent and the other holders of the Non-U.S. Obligations, on the other hand, the Non-U.S. Obligations may be declared to be forthwith due and payable as specified in [Section 8.02](#) (and shall be deemed to have become automatically due and payable in the circumstances specified in [Section 8.02](#)) for purposes of [Section 11.01\(b\)](#) notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing the Non-U.S. Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or the Non-U.S. Obligations being deemed to have become automatically due and payable), the Non-U.S. Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Non-U.S. Guarantors for purposes of [Section 11.01\(b\)](#). The Non-U.S. Guarantors acknowledge and agree that their obligations hereunder are secured in accordance with the terms of the Collateral Documents to which they are parties and that the holders of the Non-U.S. Obligations may exercise their remedies thereunder in accordance with the terms thereof.

#### **11.06 Rights of Contribution.**

(a) The U.S. Guarantors that are not Specified U.S. Obligors and the Non-U.S. Guarantors that are not Specified Non-U.S. Obligors hereby agree as among themselves that, in connection with payments made hereunder, each U.S. Guarantor that is not a Specified U.S. Obligor and each Non-U.S. Guarantor that is not a Specified Non-U.S. Obligor shall have a right of contribution from each other U.S. Guarantor that is not a Specified U.S. Obligor and each other Non-U.S. Guarantor that is not a Specified Non-U.S. Obligor in accordance with applicable Law. Such contribution rights shall be subordinate and subject in right of payment to the Obligations until such time as the Obligations have been irrevocably paid in full (other than contingent indemnification obligations for which no claim or demand has been made) and the commitments relating thereto shall have expired or been terminated, and none of the U.S. Guarantors that are not Specified U.S. Obligors and none of the Non-U.S. Guarantors that are not Specified Non-U.S. Obligors shall exercise any such contribution rights until the Obligations have been irrevocably

paid in full (other than contingent indemnification obligations for which no claim or demand has been made) and the commitments relating thereto shall have expired or been terminated.

(b) The Non-U.S. Guarantors hereby agree as among themselves that, in connection with payments made hereunder, each Non-U.S. Guarantor shall have a right of contribution from each other Non-U.S. Guarantor in accordance with applicable Law. Such contribution rights shall be subordinate and subject in right of payment to the Non-U.S. Obligations until such time as the Non-U.S. Obligations have been irrevocably paid in full (other than contingent indemnification obligations for which no claim or demand has been made) and the commitments relating thereto shall have expired or been terminated, and none of the Non-U.S. Guarantors shall exercise any such contribution rights until the Non-U.S. Obligations have been irrevocably paid in full (other than contingent indemnification obligations for which no claim or demand has been made) and the commitments relating thereto shall have expired or been terminated.

#### **11.07 Guarantee of Payment; Continuing Guarantee.**

(a) The guarantee given by the U.S. Guarantors that are not Specified U.S. Obligors and the Non-U.S. Guarantors that are not Specified Non-U.S. Obligors in this Article XI is a guaranty of payment and not of collection, is a continuing guarantee, and shall apply to all Obligations whenever arising.

(b) The guarantee given by the Non-U.S. Guarantors in this Article XI is a guaranty of payment and not of collection, is a continuing guarantee, and shall apply to all Non-U.S. Obligations whenever arising.

#### **11.08 Keepwell.**

(a) Each U.S. Obligor that is not a Specified Non-U.S. Obligor and each Non-U.S. Obligor that is not a Specified Non-U.S. Obligor, in each case, that is a Qualified ECP Guarantor at the time the Guaranty in this Article XI by any Loan Party that is not then an "eligible contract participant" under the Commodity Exchange Act (a "Specified Loan Party") or the grant of a security interest under the Loan Documents by any such Specified Loan Party, in either case, becomes effective with respect to any Swap Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Loan Party with respect to such Swap Obligation as may be needed by such Specified Loan Party from time to time to honor all of its obligations under the Loan Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP Guarantor's obligations and undertakings under this Article XI voidable under applicable Debtor Relief Laws, and not for any greater amount).

(b) Each Non-U.S. Obligor that is a Qualified ECP Guarantor at the time the Guaranty in this Article XI by any Non-U.S. Obligor that is not then an "eligible contract participant" under the Commodity Exchange Act (a "Specified Non-U.S. Loan Party") or the grant of a security interest under the Loan Documents by any such Specified Non-U.S. Loan Party, in either case, becomes effective with respect to any Swap Obligation, hereby jointly and severally, absolutely, unconditionally and irrevocably undertakes to provide such funds or other support to each Specified Non-U.S. Loan Party with respect to such Swap Obligation as may be needed by such Specified Non-U.S. Loan Party from time to time to honor all of its obligations under the Loan Documents in respect of such Swap Obligation (but, in each case, only up to the maximum amount of such liability that can be hereby incurred without rendering such Qualified ECP Guarantor's obligations and undertakings under this Article XI voidable under applicable Debtor Relief Laws, and not for any greater amount).

(c) The obligations and undertakings of each Qualified ECP Guarantor under this Section shall remain in full force and effect until the Obligations have been indefeasibly paid and performed in full. Each Loan Party intends this Section to constitute, and this Section shall be

deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each Specified Loan Party for all purposes of the Commodity Exchange Act.

[SIGNATURE PAGES REMOVED]

**FIRST AMENDMENT TO THE  
REVOLVING TRADE  
RECEIVABLES PURCHASE AGREEMENT**

MEMORANDUM OF AGREEMENT made as of the 4th day of February, 2022.

BETWEEN:

**CELESTICA INC.,**

(hereinafter referred to as the "**Servicer**"),

- and -

**CELESTICA LLC,  
CELESTICA HOLDINGS PTE LTD,  
CELESTICA HONG KONG LTD.,  
CELESTICA (ROMANIA) S.R.L.,  
CELESTICA JAPAN KK,  
CELESTICA OREGON LLC,  
CELESTICA ELECTRONICS (M.) SDN. BHD.,  
CELESTICA PRECISION MACHINING LTD.,**

- and -

**CELESTICA INTERNATIONAL LP, by its general partner, Celestica International GP Inc.,**  
(hereinafter referred to collectively as the "**Sellers**"),

-

- and -

**CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, NEW YORK BRANCH**

- and -

**CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK (CANADA BRANCH),**

(hereinafter each referred to as "**Purchaser**", and together as the "**Purchasers**")

WHEREAS the Sellers, the Servicer and the Purchasers are parties to a Revolving Trade Receivables Purchase Agreement, dated as of March 6, 2020 (the "**Receivables Purchase Agreement**");

WHEREAS the Sellers, the Servicer and the Purchasers now wish to amend the Receivables Purchase Agreement by this First Amendment to the Revolving Trade Receivables Purchase Agreement and Accession Agreement (this "**Amending Agreement**");

AND WHEREAS Section 8.1 of the Receivables Purchase Agreement permits written amendments thereto with the written consent of each of the Sellers, the Servicer and, the Purchasers;



NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the premises, covenants and agreements of the parties herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties hereby covenant and agree as follows:

1. **Defined Terms:** All capitalized terms and expressions used and not otherwise defined in this Amending Agreement including in the recitals hereto shall have the meanings specified in the Receivables Purchase Agreement.

2. **Amendments of Definitions in Section 1.1:**

(a) The following definitions are amended and restated in their entirety as follows:

**"Applicable LIBOR"** means, (i) in respect of any Purchase Date occurring before January 1, 2022 or any interest period under Section 2.5 up to and excluding January 1, 2022 in respect of Receivables denominated in Dollars, the LIBOR Rate, (ii) in respect of Receivables denominated in Japanese Yen, BBA JPY LIBOR, and (iii) in respect of Receivables denominated in Euros, Euribor.

**"Collection Accounts"**: each of account Nos. xxxxx-xxxxx, xxxxx-xxxxx and xxxxx-xxxxx (maintained by Celestica LLC), xxxxx-xxx xx (maintained by Celestica Hong Kong), xxxxx-xxxxx (maintained by Celestica Holdings), xxxxxxx-xxxxx (maintained by Celestica Japan), xxxxxxxxxxx (maintained by Celestica Malaysia), xxxxxxxxxxx (maintained by Celestica Oregon), xxxxxxxxxxx and xxxxxxxxxxx (maintained by Celestica Romania), xxxxxxxxxxx (maintained by Celestica International LP) and xxxxxxxxxxx (maintained by Celestica California), in each case with Bank of America and each other account from time to time opened by a Seller and subject to the Lien of the Collection Account Pledge Agreement or, in the case of the Japanese Yen Collection Account subject to the Lien of the Japanese Yen Collection Account Pledge Agreement, or in the case of the Malaysian Collection Account subject to the Lien of the Malaysian Collection Account Pledge Agreement, provided that, except with respect to the Japanese Yen Collection Account and the Malaysian Collection Account, the relevant account bank shall have executed and delivered a Deposit Account Control Agreement or Security Deed, and in the case of the Japanese Yen Collection Account and the Malaysian Collection Account, the relevant account bank shall have acknowledged the notification comprising Annex 2 to the Japanese Yen Collection Account Pledge Agreement and to the Malaysian Collection Account Pledge Agreement, as the case may be, in form and substance satisfactory to the Purchasers and shall have taken such other measures as the Purchasers shall require to assure its security interest in such account.

**"Discount Rate"**: means, with respect to any Receivable, a rate *per annum* equal to the sum of (i) Applicable LIBOR as determined by the applicable Purchaser for a period equal to the Discount Period applicable to such Receivable determined as of two (2) Business Days prior to the applicable Purchase Date for such Receivable, plus (ii) the Applicable Margin for the Obligor of such Receivable, provided that, commencing with any Purchase Date on or after January 1, 2022 in respect of Receivables denominated in Dollars, a rate *per annum* equal to the sum of (i) Term SOFR plus (ii) the Applicable Margin for the Obligor of such Receivable, and further provided that in no event shall the Discount Rate exceed 5% *per annum*.

**"Eligible Receivables"**: on an applicable Purchase Date, any Receivable (i) which has a Scheduled Due Date and which Scheduled Due Date is not later than the maximum number of days (if any) specified in Schedule 1.2 for the related Obligor after the invoice date thereof, (ii) which is an "account" as defined in the UCC, (iii) which is denominated

and payable in Dollars or, in the case of Celestica Japan, Japanese Yen or, in the case of Celestica Romania, Euros (iv) which, together with the related Contract and the guarantee of any related guaranteeing person, is in full force and effect and constitutes the legal, valid and binding obligation of the applicable Obligor enforceable against each such Obligor in accordance with its terms and subject to no asserted right of offset, counterclaim or other defense, (v) which satisfied on the relevant invoice date all requirements of the applicable Seller's standard customer credit policies, including that the Receivable is not delinquent or defaulted, (vi) which satisfies all applicable Obligor Limits, (vii) which was generated in the ordinary course of the respective Seller's business (viii) in respect of which the related Eligible Buyer has been provided with Irrevocable Payment Instructions and (ix) if it is an Insured Receivable, the Insured Receivable Conditions have been satisfied, and such Insured Receivable satisfies all requirements set out in the Insurance Policy and the Tri-Party Insurance Agreement, and the Insurance Policy and Tri-Party Insurance Agreement remain in full force and effect insuring such Insured Receivable.

(b) The following new definitions are hereby included in the correct alphabetical order:

**"Conforming Changes"**: means, with respect to either the use or administration of the Term SOFR or the use, administration, adoption or implementation of any replacement index in accordance with the terms of Section 1(i), any technical, administrative or operational changes (including, without limitation, changes to the definition of "Business Day", or any similar or analogous definition (or the addition of a concept of "interest period"), timing and frequency of determining rates, the applicability and length of lookback periods and other technical, administrative or operational matters) that the Purchasers reasonably determine in good faith may be appropriate to reflect the adoption and implementation of a replacement index or to permit the use and administration of a replacement index by the Purchasers in a manner substantially consistent with market practice and the economic terms of this Agreement (or, if the Purchasers decide that adoption of any portion of such market practice is not administratively feasible or if the Purchasers determine that no market practice for the administration of any such rate exists, in such other manner of administration as the Purchasers reasonably determine in good faith is reasonably necessary in connection with the administration of this Agreement consistent with market practice and the economic terms of this Agreement).

**"Cost of Funds Rate"**: means the rate per annum quoted from time to time as such by the Purchasers, which rate shall be determined and calculated by the Purchasers in their sole discretion, taking into account factors including, but not limited to, the Purchasers' external and internal funding costs and prevailing interbank market rates and conditions. Notwithstanding the foregoing, if the Cost of Funds Rate shall be less than 0%, such rate shall be deemed 0% for purposes of this Agreement.

**"Credit Spread Adjustment"**: means the percentage applicable to the applicable Discount Period or other period identified by the Purchasers to serve as the basis upon which the Purchasers adjust Term SOFR from time to time, which such percentage shall be set forth on Exhibit K hereto (as such may be amended by the Purchasers from time to time upon notice to the Sellers), subject in each case to applicable Conforming Changes. Amendments to Exhibit K will be made by the Purchasers acting reasonably and on the basis of changes in market spreads.

“**First Amendment**”: the First Amendment dated as of February 4, 2022 to the Revolving Trade Receivables Purchase Agreement by and among the Servicer, the Sellers and the Purchasers dated as of March 6, 2020.

“**SOFR**”: means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

“**SOFR Administrator**”: means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

“**Term SOFR**”: means the sum of (i) Term SOFR Reference Rate for a tenor comparable to the applicable Discount Period or other period, as applicable, as such rate is published by the Term SOFR Administrator on the day (such day, the “Term SOFR Determination Day”) two (2) U.S. Government Securities Business Days prior to the Purchase Date for the applicable Purchased Asset or two (2) U.S. Government Securities Business Days immediately preceding the first day for which such rate is accruing, as applicable, plus (ii) the Credit Spread Adjustment for a tenor comparable to such Discount Period or other period, as applicable; provided, that (i) if the Term SOFR Administrator does not publish the Term SOFR Reference for a tenor comparable to such Discount Period or other period, the Term SOFR Reference Rate shall be determined by the Purchasers by linear interpolation of (A) the sum of (x) the Term SOFR Reference Rate for the longest published tenor which is shorter than such Discount Period or other period, as such rate is otherwise determined pursuant to the terms of this definition, plus (y) the Credit Spread Adjustment for such tenor and (B) the sum of (x) the Term SOFR Reference Rate for the shortest published tenor which is longer than such Discount Period or other period, as such rate is otherwise determined pursuant to the terms of this definition, plus (y) the Credit Spread Adjustment for such tenor, and (ii) if on any Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor is not published by the Term SOFR Administrator, then Term SOFR shall be the Term SOFR Reference Rate for the applicable tenor as most recently published by the Term SOFR Administrator. Notwithstanding the foregoing, if Term SOFR as determined above would be less than 0%, then Term SOFR shall be deemed to be 0.001% for purposes of the Agreement.

“**Term SOFR Administrator**”: means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Purchaser in its discretion).

“**Term SOFR Reference Rate**”: means the forward-looking term rate based on SOFR.

“**U.S. Government Securities Business Day**”: means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

3. **Amendments to Schedules**: A new Schedule K is hereby added to the Receivables Purchase Agreement and made a part thereof, as follows:

“Schedule K

<u>Tenor</u>	<u>Percentage</u>
Overnight	0.07%
One month	0.07%
Three months	0.15%
Six months	0.18%
One year	0.25%

4. **Amendment of Section 2.5.** Section 2.5 is hereby amended and restated in its entirety as follows:

All payments (including deposits) to be made by the Servicer and the Sellers that comprise Collections hereunder shall be made without setoff or counterclaim except as otherwise contemplated by this Agreement and shall be made prior to 1:00 P.M., New York City time, on each Settlement Date to the Payment Account, in Dollars, or to the Japanese Yen Payment Account in Japanese Yen, or to the Euro Payment Account in Euros, and in immediately available funds. All other payments shall be payable directly to the Purchasers, at the account of, in the case of the U.S. Purchaser: account no. xxx-xxxxxx-xxxx-xx of Credit Agricole CIB, ABA no. xxx xxx xxx, Ref: Celestica or in the case of the Canadian Purchaser: account no. xxx-xxxxxx-xxxx-xx of Credit Agricole CIB, ABA no. xxx xxx xxx, Ref: Celestica (each, a "Payment Account"). If any payment or deposit hereunder becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day. The Servicer and the Sellers shall pay to the applicable Purchaser, upon demand, interest on all amounts not paid or deposited by the Servicer or Sellers when due (excluding for greater certainty amounts not paid or deposited by Obligors when due) at a rate per annum equal to the Applicable LIBOR, as applicable, or Term SOFR, in each case determined by the Purchaser plus 1% per annum, for each such day such payment is overdue. Any such interest shall be paid directly to the Payment Account of the Purchaser.

5. **Amendment of Section 2.8.** Clause (v) of Section 2.8 is hereby amended to read in its entirety as follows:

(v) any dispute, claim, counterclaim, offset or defense of an Eligible Buyer or any related guaranteeing person to the payment of any Scheduled Receivable (including a defense based on such Scheduled Receivable, the related Contract or the related guarantee not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms, or any failure or inability of a Seller to assign the related guarantee of such Obligor to the applicable Purchaser or the cancellation or modification of such related guarantee, but excluding any dispute, claim, counterclaim, offset or defense arising out of any act or omission of any Indemnified Party), any Dilution with respect to a Scheduled Receivable or any claim resulting from the sale of the goods or services related to such Scheduled Receivable or any other transaction with such Obligor or the furnishing or failure to furnish such goods or services or relating to collection activities with respect to such Scheduled Receivables or any tax deducted from the payment of a Scheduled Receivable by the Obligor thereon, in each case, without duplication, and to the extent not remedied in accordance with Section 2.11(b) or any deductible applicable to any Insured Receivable

6. **Amendment of Section 2.10.** Section 2.10 is hereby amended and restated in its entirety as follows:

In the event a Scheduled Receivable has not been paid in full by the date that is ten (10) days after the Expected Remittance Date therefor (a “Defaulted Receivable”), the applicable Seller shall determine the cause of such payment delay or non-payment, including whether it is due to a Dispute, and it shall deliver to the Purchasers by no later than ten (10) days after such Expected Remittance Date, a certification and report (a “Non-Payment Report”) identifying the Defaulted Receivable and the Eligible Buyer thereof and describing in reasonable detail the cause of such non-payment, including whether a Dispute exists with respect to such Defaulted Receivable, or certifying that such cause is unknown. In the event a Scheduled Receivable has not been paid in full by the date that is fifteen (15) days after the Expected Remittance Date therefor and the Non-Payment Report with respect thereto does not report a Dispute or states that the cause of such payment delay or non-payment is unknown (a “Non-Payment Event”), the Purchasers may in their sole discretion (a) contact such Eligible Buyer by phone or in person to discuss the status of such Defaulted Receivable and to inquire whether such payment delay or non-payment is due to a Dispute and when payment can be expected, provided it has given the Servicer at least five Business Days’ prior notice that it intends to take such action and the Servicer on behalf of the relevant Seller has not elected to repurchase the related Scheduled Receivable, (b) take any other lawful action to collect such Scheduled Receivable directly from such Eligible Buyer and the related guaranteeing person and to collect any amounts payable under the Insurance Policy in respect of any Insured Receivables and/or (c) terminate the appointment of the Servicer for the servicing of such Scheduled Receivable. If the Eligible Buyer advises the Purchasers of the existence of a Dispute, the Purchasers shall advise the applicable Seller of such Defaulted Receivable that the Eligible Buyer has asserted a Dispute.

7. **Addition of new Section 2.14.** A new Section 2.14 is hereby added to the Receivables Purchase Agreement, as follows:

2.14 Successor Term SOFR.

(i) If the Purchasers determine (which determination shall be final and conclusive, absent manifest error) that either (A) the applicable supervisor or administrator (if any) of Term SOFR or a Governmental Authority having jurisdiction over a Purchaser has published or made a public statement identifying the specific date after which Term SOFR shall no longer be used for determining interest rates for loans (such date, an “Index Rate Termination Date”), (B) a rate other than Term SOFR has become a widely recognized benchmark rate for newly originated loans in Dollars in the U.S. market and Term SOFR is no longer widely so recognized or (C) a public statement or publication of information was made by the regulatory supervisor for the administrator (if any) of Term SOFR or a Governmental Authority having jurisdiction over a Purchaser has made a public statement that Term SOFR is no longer representative, then the Purchasers may (in consultation with the Sellers) propose a replacement index for Term SOFR and to make adjustments to applicable margins and related amendments to this Agreement as referred to below such that, to the extent practicable, the all-in discount rate based on the replacement index will be substantially equivalent to the all-in Term SOFR-based discount rate in effect prior to its replacement.

(ii) The Purchasers and the Sellers shall enter into an amendment to this Agreement to reflect the replacement index, the adjusted margins and such other related amendments as may be appropriate, in the reasonable discretion of the Purchasers, for the implementation and administration of the replacement index-based rate.

(iii) Selection of the replacement index, adjustments to the applicable margins, and amendments to this Agreement (A) will be determined with due consideration to the

then-current market practices for determining and implementing a discount rate for non-recourse and limited recourse accounts receivable purchase facilities in the U.S., and (B) may also reflect adjustments to account for (x) the effects of the transition from Term SOFR to the replacement index and (y) yield- or risk-based differences between Term SOFR and the replacement index.

(iv) Until an amendment reflecting a new replacement index in accordance with this Section 2.14 is effective, each Purchase Price shall continue to be determined using Term SOFR as a component of the Discount; provided, however, that if the Purchasers determine (which determination shall be final and conclusive, absent manifest error) that an event described in Section 2.14(i) has occurred and so notify the Sellers, then upon such notice, (A) no Purchase Price shall be calculated using Term SOFR as a component of the Discount and (B) all outstanding and future Purchase Prices shall be calculated using a Discount that is calculated based on the Cost of Funds Rate plus a margin, which margin shall have the effect of approximating the return to the Purchasers that was expected prior to the existence of such condition until such time as an amendment reflecting a replacement index and related matters as described above is implemented. The Sellers shall have the option not to proceed with any Purchase following any notice from the Purchasers under this Section 2.14(iv).

(v) Notwithstanding anything to the contrary contained herein, if at any time the replacement index is less than zero, at such times, such index shall be deemed to be zero for purposes of this Agreement.

8. **Representations and Warranties** To induce the Purchasers to enter into this Amending Agreement, the Guarantor and each of the Sellers hereby jointly and severally make the following representations and warranties (provided that Celestica Romania shall only be responsible hereunder for its own representations and warranties):
- (a) The Guarantor and each of the Sellers hereby represent and warrant as of the date of this Amending Agreement that no Termination Event or Incipient Termination Event has occurred and is continuing.
  - (b) The Servicer and each Seller, as of the date hereof, hereby represents and warrants that the execution, delivery and performance of this Amending Agreement and any and all other agreements, documents and instruments executed and/or delivered in connection herewith have been duly authorized by all requisite action on the part of the Servicer and the Sellers, constitute its legal, valid and binding obligation, enforceable against it in accordance with their terms. This Amending Agreement has been duly executed and delivered on behalf of the Servicer and each Seller.
  - (c) The Guarantor and each of the Sellers hereby represent and warrant as of the date of this Amending Agreement and as of the Effective Date (as defined below) that since the date of the most recent financial statements made available to the Purchasers there has been no change, development or event that has had or could reasonably be expected to have a Material Adverse Effect.
9. **Ratification** Except for the specific changes and amendments to the Receivables Purchase Agreement contained herein, the Receivables Purchase Agreement and all related documents are in all other respects ratified and confirmed and the Receivables Purchase Agreement as amended hereby shall be read, taken and construed as one and the same instrument.

10. **Counterparts** This Amending Agreement may be executed by one or more of the parties to this Amending Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of this Amending Agreement signed by all the parties shall be lodged with the Servicer and the Purchasers.
11. **Confirmation of Guarantee** Guarantor hereby confirms and agrees that (i) the Guarantee is and shall continue to be in full force and effect and is otherwise hereby ratified and confirmed in all respects; and (ii) the Guarantee is and shall continue to be an unconditional and irrevocable guarantee of all of the Obligations (as defined in the Guarantee).
12. **Further Assurances** Each party shall, and hereby agrees to, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such further acts, deeds, mortgages, transfers and assurances as are reasonably required for the purpose of accomplishing and effecting the intention of this Amending Agreement.
13. **Conditions to Effectiveness** This Amending Agreement shall become effective (such date being the "**Effective Date**") upon receipt by the Purchasers of counterparts hereof, duly executed and delivered by each of the parties hereto. The Purchasers shall inform the Guarantor and the Sellers of the occurrence of the Effective Date.
14. **Successors and Assigns** This Amending Agreement shall be binding upon and inure to the benefit of the Sellers, the Servicer, the Purchasers, and their respective successors and permitted assigns.
15. **Governing Law** This Amending Agreement shall be governed and construed in accordance with the laws of the Province of Ontario.

**[remainder of this page intentionally left blank]**

IN WITNESS WHEREOF, the parties hereto have caused this Amending Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

**CELESTICA INC., as Servicer and as Guarantor**

By: /s/ Enzo Vigna \_\_\_\_\_  
Name: Enzo Vigna  
Title: Authorized Signatory

**CELESTICA LLC**

By: /s/ Enzo Vigna \_\_\_\_\_  
Name: Enzo Vigna  
Title: Authorized Signatory

**CELESTICA HOLDINGS PTE LTD**

By: /s/ Enzo Vigna \_\_\_\_\_  
Name: Enzo Vigna  
Title: Authorized Signatory

**CELESTICA HONG KONG LTD.**

By: /s/ Enzo Vigna \_\_\_\_\_  
Name: Enzo Vigna  
Title: Authorized Signatory



**CELESTICA (ROMANIA) S.R.L.**

By: /s/ Enzo Vigna

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Name: Enzo Vigna  
Title: Authorized Signatory

**CELESTICA JAPAN KK**

By: /s/ Enzo Vigna

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Name: Enzo Vigna  
Title: Authorized Signatory

**CELESTICA ELECTRONICS (M)  
SDN. BHD.**

By: /s/ Enzo Vigna

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Name: Enzo Vigna  
Title: Authorized Signatory

**CELESTICA OREGON LLC**

By: /s/ Enzo Vigna

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Name: Enzo Vigna  
Title: Authorized Signatory

**CELESTICA PRECISION MACHINING LTD.**

By: /s/ Enzo Vigna

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Name: Enzo Vigna  
Title: Authorized Signatory

**CELESTICA INTERNATIONAL LP, by its general partner, Celestica International GP Inc.**

By: /s/ Enzo Vigna

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Name: Enzo Vigna  
Title: Authorized Signatory

**CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, NEW YORK BRANCH, as Purchaser**

By: /s/ Thibault Berger

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Name: Thibault Berger  
Title: Managing Director

By: /s/ Gustavo Rizzo

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Name: Gustavo Rizzo  
Title: Director

**CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK (CANADA BRANCH), as Purchaser**

By: /s/ Jean-Pierre Beaupre (CA-CIB)

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Name: Jean-Pierre Beaupre (CA-CIB)  
Title:

By: /s/ Matthieu Honore

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Name: Matthieu Honore  
Title: Director - ITB

**CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THIS EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. SUCH EXCLUDED INFORMATION IS DENOTED BY ASTERISKS IN BRACKETS [\*\*]**

Note: the representations and warranties contained in the following agreement have been made solely for the benefit of the parties thereto and should not be relied on by any other person. In addition, such representation and warranties: (i) have been qualified by disclosure schedules, (ii) are subject to the material standards set forth herein, which may differ from what may be considered to be material by investors, and (iii) were made only as of the date of the agreement or such other date as specified therein. Accordingly, investors and security holders should not rely on the representations and warranties as characterizations of the actual state of facts. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the agreement, which subsequent information may or may not be fully reflected in the Company's disclosures.

PAGANI HOLDING III LIMITED

(AS THE SELLER)

AND

2863862 ONTARIO INC.  
(AS THE BUYER)

AND

CELESTICA INC.

(AS THE BUYER'S GUARANTOR)

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AGREEMENT FOR THE SALE AND PURCHASE OF THE ENTIRE ISSUED SHARE CAPITAL OF PCI PRIVATE  
LIMITED

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## CONTENTS

Clause	Page
1. INTERPRETATION	<u>1</u>
2. SALE AND PURCHASE	<u>17</u>
3. CONSIDERATION	<u>17</u>
4. POST-COMPLETION ADJUSTMENT	<u>17</u>
5. CONDITION	<u>19</u>
6. COMPLETION	<u>21</u>
7. SELLER'S WARRANTIES AND UNDERTAKINGS	<u>23</u>
8. PRE-COMPLETION CONDUCT	<u>25</u>
9. W&I INSURANCE POLICY	<u>26</u>
10. BUYER'S REMEDIES	<u>28</u>
11. BUYER'S AND BUYER'S GUARANTOR'S WARRANTIES AND UNDERTAKINGS	<u>28</u>
12. NON-SOLICITATION OF MANAGERS AND OTHER MEMBERS OF WORKFORCE	<u>30</u>
13. BUYER'S GUARANTOR	<u>31</u>
14. CONFIDENTIAL INFORMATION	<u>32</u>
15. ANNOUNCEMENTS	<u>33</u>
16. TAXES, COSTS AND EXPENSE	<u>34</u>
17. SELLER'S REPRESENTATIVE	<u>37</u>
18. GENERAL	<u>37</u>
19. ENTIRE AGREEMENT	<u>38</u>
20. ASSIGNMENT	<u>39</u>
21. NOTICES	<u>39</u>
22. GOVERNING LAW AND ARBITRATION	<u>40</u>
23. GOVERNING LANGUAGE	<u>41</u>

24. COUNTERPARTS	<u>41</u>
Schedule 1 INFORMATION ABOUT THE GROUP*	42
Part A THE COMPANY	42
Part B THE SUBSIDIARIES	43
Schedule 2 PREPARATION OF COMPLETION ACCOUNTS AND STATEMENT*	50
Schedule 3 COMPLETION ACCOUNTS*	54
Part A DRAFT COMPLETION ACCOUNTS	54
Part B DRAFT STATEMENT	56
Schedule 4 ACCOUNTING POLICIES*	57
Schedule 5 COMPLETION REQUIREMENTS	<u>59</u>
Schedule 6 WARRANTIES	<u>63</u>
Schedule 7 ACTION PENDING COMPLETION	<u>92</u>
Schedule 8 EXCEPTIONS TO ACTIONS PENDING COMPLETION	<u>95</u>
Schedule 9 LIMITATIONS	<u>96</u>
Schedule 10 TREATMENT OF INTRA-GROUP RECEIVABLES AND INTRA-GROUP PAYABLES	<u>105</u>
Schedule 11 INTELLECTUAL PROPERTY RIGHTS*	107
Schedule 12 PROPERTIES*	111
Part A OWNED PROPERTY	111
Part B LEASED PROPERTY	112

\* Omitted as an immaterial schedule pursuant to Instructions to Exhibits under Item 19 of Form 20-F.

**Agreed Form Documents**

1. Announcement
2. Letter of resignation of directors and secretaries
3. Irrevocable power of attorney

**THIS AGREEMENT** is entered into as a deed and is executed on 22 September 2021

**BETWEEN:**

- (1) **PAGANI HOLDING III LIMITED**, a company incorporated in the Cayman Islands with Company Registration Number 345076 (the "**Seller**");
  - (2) **2863862 ONTARIO INC.**, a company incorporated and registered in Ontario, Canada with corporate number 2863862 (the "**Buyer**"); and
  - (3) **CELESTICA INC.**, a company incorporated and registered in Ontario, Canada with corporate number 1201522 (the "**Buyer's Guarantor**"),
- (each a "**party**" and together, the "**parties**").

**INTRODUCTION**

The Seller has agreed to sell to the Buyer, and the Buyer has agreed to buy from the Seller, the entire issued share capital in the Company (as defined below) on the terms and subject to the conditions contained in this Agreement.

**THE PARTIES AGREE** as follows:

**1. INTERPRETATION**

1.1 In this Agreement and in the Schedules unless the context requires otherwise:

"**Accounting Policies**" means the accounting policies and procedures as set out in Schedule 4;

"**ACRA**" means the Accounting and Corporate Regulatory Authority of Singapore;

"**Act**" means the Companies Act (Chapter 50 of Singapore);

"**Action**" means any civil charge, dispute, criminal or administrative action, claim, lawsuit, counter-suit, investigation, injunction, hearing, order, audit, settlement, arbitration, mediation, civil or criminal legal proceeding, or administrative enforcement proceeding, by or before any Governmental Authority, authorised arbitrator or mediation tribunal;

"**Actual Cash**" means the actual Cash as at the Effective Time, as set out in the Statement;

"**Actual Indebtedness**" means the actual Indebtedness as at the Effective Time, as set out in the Statement;

"**Actual Intra-Group Payables**" means the aggregate amount of all Intra-Group Payables as at the Effective Time, as set out in the Statement;

"**Actual Intra-Group Receivables**" means the aggregate amount of all Intra-Group Receivables as at the Effective Time, as set out in the Statement;

"**Actual Net Third Party Debt**" means an amount (which may be a positive or a negative number and, if negative, denotes a net cash position for the Group) equal to the aggregate amount of the Actual Indebtedness less the aggregate amount of the Actual Cash, as set out in the Statement;

"**Actual Working Capital Adjustment**" means an amount (which may be a positive or a negative number) equal to the Actual Working Capital Amount less the Target Working Capital Amount;

"**Actual Working Capital Amount**" means the actual Working Capital as at the Effective Time, as set out in the Statement;

"**Affiliate**" means, in relation to a person, a person which directly or indirectly Controls, is Controlled by or is under direct or indirect common Control with such person, and includes any holding company, subsidiary or related corporation of such person;

"**Agreed Rate**" means five per cent. (5%) per annum;

"**Antitrust Authority**" means any governmental authority, agency or department having authority under, or jurisdiction in respect of, any Antitrust Laws;

"**Antitrust Laws**" means all Applicable Law of any jurisdiction that are designed or intended to prohibit, prevent, restrict or regulate actions having the purpose or effect of monopolisation or restraint of trade, in each case that is applicable to and legally binding on the Group;

"**Applicable Law**" means all civil and common laws, statutes, subordinate legislation, treaties, regulations, directives, decisions, by-laws, ordinances, circulars, codes, orders, notices, demands, decrees, injunctions, resolutions or judgments of any Governmental Authority, court, agency or association applicable to and legally binding on any person, its business, employees or assets in any jurisdiction (where applicable);

"**Appointment Notice**" has the meaning given to it in paragraph 4 of Schedule 2;

"**Audited Accounts**" means the consolidated audited accounts of the Group for the financial year ended on the Last Accounting Date;

"**Bank Facilities**" means the facilities agreement dated 24 April 2019 in relation to the provision by DBS Bank Ltd of a term loan facility and revolving credit facility in the aggregate amount of US\$[\*\*] to the Seller (as amended and restated from time to time);

"**Bonus Tax Benefit**" means an amount equal to [\*\*]% of the Bonuses;

"**Bonuses**" means such amount equal to: (a) one hundred per cent. (100%) of the Performance Bonuses; and (b) one hundred per cent. (100%) of the Special Bonuses, which for the avoidance of doubt, shall include all social security/pension contributions which the Company is required to bear under Applicable Law in connection with the payment thereof;

"**Box Data Room**" has the meaning given to it in the definition of "Data Room" below;

"**Budgets and Business Plans**" has the meaning given to it in paragraph 4 of Schedule 7;

"**Business**" means the business carried on by the Group as at the date of this Agreement;

"**Business Day**" means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are open for business in New York, Singapore and Toronto;



"**Business Warranties**" mean all of the Warranties other than the Fundamental Warranties and Tax Warranties;

"**Business Warranty Claim**" means a Warranty Claim pursuant to a Business Warranty;

"**Buyer's Bank Account**" means the bank account as shall have been notified to the Seller by the Buyer no later than five (5) Business Days following the Determination Date;

"**Buyer's Group Undertaking**" means the Buyer or any Affiliate of the Buyer and includes, for the avoidance of doubt, each Group Company after Completion, and "**Buyer's Group**" shall be construed accordingly;

"**Cash**" means, in respect of each Group Company, the aggregate of (i) all cash held by such Group Company, (ii) refundable deposits, (iii) an amount equivalent to the Bonuses, (iv) income arising from accrued interest and (v) any cash balances credited to the account of such Group Company with banks or other financial institutions as set out in that Group Company's nominal ledger (including any cash in transit from the Group Company to its banks), in each case to which such Group Company is legally and beneficially entitled at the relevant time, but excluding: (a) any amount taken into consideration in calculating the Intra-Group Receivables in respect of the Group Companies; (b) the aggregate value of any declared but unpaid dividends and other distributions attributable to the Shares that a member of the Seller's Group is entitled to receive; and (c) the aggregate of all cash received between the date of this Agreement and the Completion Date by any Group Company which comprises the proceeds of any insurance claims;

"**Claim**" means any claim by the Buyer under or in connection with the terms of this Agreement or any of the other Transaction Documents;

"**Clearance Decision**" means a decision of the applicable Antitrust Authority, or deemed decision of the relevant Antitrust Authority, confirming the Transaction is compatible with the relevant Antitrust Laws;

"**Code**" means the United States Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and the rulings issued thereunder from time to time;

"**Company**" means PCI Private Limited, details of which are set out in Part A of Schedule 1;

"**Completion**" means completion of the sale and purchase of the Shares in accordance with this Agreement;

"**Completion Accounts**" means the summary consolidated balance sheet for the Group as at the Effective Time, agreed or determined in accordance with Schedule 2, as referred to in paragraph 14.1 of Schedule 2;

"**Completion Bank Debt**" means all monies due in respect of the Bank Facilities to be repaid by the Seller at Completion in order to discharge in full all of its liabilities in respect of the Bank Facilities, including all amounts of principal debt, accrued interest, accrued fees (including but not limited to agency fees), costs and charges and early repayment or redemption penalties due as a result of the repayment of such amount at Completion;

"**Completion Date**" means:

- (a) in the case that the Condition shall have been satisfied or waived on or prior to 20 October 2021, 1 November 2021;
- (b) in the case that the Condition shall have been satisfied or waived between 21 October 2021 and 20 November 2021 (inclusive), 1 December 2021;
- (c) in the case that the Condition shall have been satisfied or waived between 21 November 2021 and 11:59 p.m. on the Long-stop Date (inclusive), the Completion Date shall be 15 December 2021; or
- (d) any such other date as the parties may agree in writing;

"**Completion Documents**" has the meaning given to it in Clause 11.1.3;

"**Condition**" means the condition set out in Clause 5.1;

"**Confidential Information**" means all information:

- (a) which is used in or otherwise relates to any Group Company's business, customers or financial or other affairs including information relating to:
  - (i) the marketing of goods or services including customer names and lists and other details of customers, sales targets, sales statistics, market share statistics, prices, market research reports and surveys, and advertising or other promotional materials; or
  - (ii) future projects, business development or planning, commercial relationships and negotiations; and
- (b) received or obtained by the relevant party as a result of it negotiating, entering into or performing its obligations under the Transaction Documents including, the provisions of or subject matter of the Transaction Documents;

"**Confidentiality Agreements**" means the agreements between the Buyer and:

- (a) Platinum Equity Advisors International Pte. Ltd. dated 4 March 2021; and
- (b) Pagani Holding II Limited dated 14 June 2021,

each relating to the provision of the "Confidential Information" (as defined in each such agreement);

"**Contract**" means any agreement, arrangement or commitment made in writing whether conditional or unconditional;

"**Control**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through:

- (a) ownership or control (whether direct or indirect) of fifty per cent. (50%) or more of the total share capital or voting rights attributable to the shares or other equity interests of that person (including in the case of a partnership, capital of the partnership) whether by shareholding, contract or otherwise; or
- (b) the possession, direct or indirect, of control over the composition of the board of directors or management or other governing body of that person whether through ownership of voting securities, by contract, or otherwise, and, without prejudice to the generality of the foregoing, the composition of such board or other governing body shall be deemed to be so controlled or jointly controlled

if the person holding the right may by the exercise of such power, directly or indirectly, appoint or remove more than half of the directors or other members of such board or management of the partnership or other governing body and the terms "**Controlled by**" and "**under common Control with**" shall be construed accordingly;

"**Costs**" means all reasonable and documented third party costs (including reasonable legal costs) and expenses (including Tax), in each case, of any nature whatsoever, together with GST (or equivalent sales Tax, if any) charged thereon;

"**Data Rooms**" means:

- (a) the virtual data room hosted by Intralinks from 3 May 2021 to 16 September 2021 in relation to the transactions contemplated under this Agreement (the "**Intralinks Data Room**") (the documents in which are also contained in the USB flash drives (the "**Intralinks Data Room USB Stick**") to be despatched to the Buyer within five (5) Business Days after the date of this Agreement together with a letter from Intralinks confirming that the contents and information on the Intralinks Data Room USB Stick is the same as was contained in the Intralinks Data Room as at 16 September 2021); and
- (b) the folder hosted by Box Virtual Data Rooms from 23 July 2021 to 15 September 2021 in relation to certain information of employees of the Group, including but not limited to the Performance Bonuses and Special Bonuses (the "**Box Data Room**") (the documents in which as of 15 September 2021 are also contained in the USB flash drive to be despatched to the Buyer within two (2) Business Days before the date of this Agreement);

"**Data Room Documents**" means the materials and information made available by the Seller and its representatives for inspection by the Buyer and its representatives in the Data Rooms;

"**Deed of Undertaking**" means the irrevocable deed of undertaking to be entered into, on or around the date of this Agreement, among Pagani Holding II Limited, Pagani Holding Limited, PE Pagani Holding II Limited, PE Pagani Holding Limited and the Buyer;

"**Deferred Completion Date**" has the meaning given to it in Clause 6.5;

"**Determination Date**" means the date on which the Completion Accounts and the Statement are agreed or determined in accordance with the provisions of Schedule 2;

"**Disclosed**" means, for all purposes under this Agreement, the Disclosure Letter and the Updated Disclosure Letter (if any), disclosed in writing with sufficient details to identify the nature and scope of the matter disclosed to enable a reasonable and sophisticated buyer to make an informed assessment of such matter;

"**Disclosed Information**" means: (a) the Data Room Documents; (b) the Disclosure Letter; and (c) (for the purposes of the Warranties being given immediately prior to Completion pursuant to Clause 7.2.2 only) the Updated Disclosure Letter (if any);

"**Disclosure Letter**" means the letter from the Seller to the Buyer in relation to the Warranties having the same date as this Agreement, the receipt of which has been acknowledged by the Buyer;

"**Draft Completion Accounts**" means a summary consolidated balance sheet for the Group as at the Effective Time in the format set out in Part A of Schedule 3, to be

prepared in accordance with Schedule 2 and on the basis of, and in accordance with, the Accounting Policies;

**"Draft Completion Accounts Statement"** has the meaning given to it in paragraph 1 of Schedule 2;

**"Draft Statement"** means a statement for the Group as at the Effective Time in the format set out in Part B of Schedule 3, to be prepared in accordance with Schedule 2 and on the basis of, and in accordance with, the Accounting Policies;

**"Effective Time"** means 5.00 p.m. Singapore time on the Completion Date;

**"Encumbrance"** means a lien, charge (whether fixed or floating), mortgage, debenture, hypothecation, pre-emption right, power of sale, retention of title, right of first refusal, third party right, option, pledge, assignment, trust arrangement or other encumbrance, security interest or right of any kind, having similar effect and any agreement, arrangement or commitment, whether conditional or otherwise, to create any of the foregoing;

**"Estimated Intra-Group Payables"** means the Seller's good faith estimate of the Actual Intra-Group Payables as at the Effective Time, as notified by the Seller's Representative to the Buyer at least seven (7) Business Days prior to Completion;

**"Estimated Intra-Group Receivables"** means the Seller's good faith estimate of the Actual Intra-Group Receivables as at the Effective Time, as notified by the Seller's Representative to the Buyer at least seven (7) Business Days prior to Completion;

**"Estimated Net Third Party Debt"** means the Seller's good faith estimate of the Net Third Party Debt as at the Effective Time, as notified by the Seller's Representative to the Buyer at least seven (7) Business Days prior to Completion;

**"Estimated Working Capital Adjustment"** means an amount (which may be a positive or a negative number) equal to the Estimated Working Capital Amount less the Target Working Capital Amount as at the Effective Time, as notified by the Seller's Representative to the Buyer at least seven (7) Business Days prior to Completion;

**"Estimated Working Capital Amount"** means the Seller's good faith estimate of the Working Capital, as notified by the Seller's Representative to the Buyer at least seven (7) Business Days prior to Completion;

**"Event"** means an event, act, transaction or omission including a receipt or accrual of income or gains, distribution, failure to distribute, acquisition, disposal, transfer, payment, loan or advance;

**"Existing Fixed Charge"** means the existing fixed charge (by way of first equitable mortgage) over the Shares granted by the Seller to DBS Bank Ltd in connection with the Bank Facilities which shall be released at Completion pursuant to the terms of the Security Release Agreements;

**"Expert"** has the meaning given to it in paragraph 14.5 of Schedule 9;

**"Final Report"** has the meaning given to it in Clause 16.8.3;

**"Fundamental Warranties"** means the Warranties set out in Clause 7.1;

**"Fundamental Warranty Claim"** means a Claim pursuant to the Fundamental Warranties;

"**Governmental Authority**" means any government or any department, bureau, commission, court, official, political subdivision, tribunal or other authority or instrumentality of any government, whether supra-national, provincial, municipal or local, domestic or foreign, including, for the avoidance of doubt, any Antitrust Authority;

"**Group**" means the Company and the Subsidiaries;

"**Group Company**" means the Company or a Subsidiary (as the context requires);

"**GST**" means goods and services tax (or overseas equivalents including value added taxes);

"**Guaranteed Obligations**" has the meaning given to it in Clause 13.1;

"**Headline Price**" means US\$306,000,000;

"**Indebtedness**" means, in respect of each Group Company, the aggregate amount (expressed as a positive number) of:

- (a) all borrowings, and indebtedness in the nature of or having the commercial effect of borrowings (including by way of loans, notes, bonds, debentures, loan stocks, net debit balances, commercial paper, finance leases or similar instruments and bank overdrafts) borrowed from or owing to third parties, excluding any creditor taking into consideration in calculating the Working Capital;
- (b) any accrued and outstanding interest and agency fees thereon;
- (c) any accrual for corporate income taxes payable (excluding the Bonus Tax Benefit), net of related tax prepayments;
- (d) the following other net debt and net debt-like line items identified on page 65 of the PWC Report:
  - (i) non recurring accrued legal and professional fees;
  - (ii) capitalised up-front fees for bank loan;
  - (iii) government grant receivables in future (JSS);
  - (iv) under-accrued agency fee for term loan;
  - (v) early termination charges for bank loans;
  - (vi) additional rebate receivable from a supplier;
  - (vii) derivative asset; and
- (e) any unclaimed long-outstanding rebate balances settled with Customers D and B in an amount not exceeding US\$[\*\*] as identified on page 71 of the PWC Report (item 11) and which have not been paid before Completion,

in each case at the relevant time;

"**Information Pack**" means the confidential information memorandum prepared by Linco International LLC and BDA Partners Ltd. and provided to the Buyer on April 2021;

"**Initial Consideration**" means an aggregate cash amount equal to the:

(a) Headline Price

*minus*

(b) the Estimated Net Third Party Debt

*minus*

(c) Estimated Intra-Group Payables

*minus*

(d) the Bonuses net of the Bonus Tax Benefit

*plus*

(e) the Estimated Working Capital Adjustment

*plus*

(f) Estimated Intra-Group Receivables;

"**Insured Claim**" means a Claim for breach of Warranty that is insured under the W&I Insurance Policy;

"**Intra-Group Payables**" means, in respect of a Group Company, the aggregate of the amounts owing from such Group Company to Seller's Group Undertakings at the relevant time;

"**Intra-Group Receivables**" means, in respect of a Group Company, the aggregate of the amounts owing from Seller's Group Undertakings to such Group Company at the relevant time;

"**Intralinks Data Room**" has the meaning given to it in the definition of "Data Room" above;

"**Intralinks Data Room USB Stick**" has the meaning given to it in the definition of "Data Room" above;

"**Inventories**" means in respect of a Group Company, all inventory comprising the aggregate of the raw materials, work in progress and finished goods;

"**Last Accounting Date**" means 31 December 2020;

"**Long-stop Date**" means 9 December 2021, or such other date as the Buyer and the Seller may agree in writing;

"**Loss**" means all Costs, claims, damages, liabilities, losses and expenses, including, in each case, all related Taxes and "**Losses**" shall be construed accordingly;

"**Managers**" means the management team of the Group comprising Teo Eng Lin (Chief Executive Officer), Chai Kim Chin (Chief Financial Officer), Thomas Muljadi Handojo (Chief Commercial Officer) and David Chan Kok Wah (Senior Vice President, Supply Chain Operation), and "**Manager**" means any one of them;

"**Monitoring Fees**" means amounts paid by the Company in accordance with invoices from Platinum Equity Advisors, LLC, in consideration of the provision of corporate advisory services by Platinum Equity Advisors, LLC to the Company in the years 2019 and 2020;

"**Net Third Party Debt**" means an amount (which may be a positive or a negative number) equal to the aggregate amount of the Indebtedness less the aggregate amount of the Cash at the relevant time;

"**Non-Notifying Party**" has the meaning given to it in Clause 5.10;

"**Notice**" has the meaning given to it in Clause 21.1;

"**Notifying Party**" has the meaning given to it in Clause 5.10;

"**Overprovision**" has the meaning given to it in paragraph 14.1.1 of Schedule 9;

"**Pay-Off Letter**" means a pay-off letter from the Company as company and Pagani Holding II Limited as parent to DBS Bank Ltd. in its capacities as facility agent, security agent and hedge counterparty under the Bank Facilities;

"**Performance Bonuses**" means all amounts to be paid by the Company and/or any of its subsidiaries to the management and employees of the Company and/or its subsidiaries as set out in the Box Data Room for the purposes of recognising their successful execution of the Group's various initiatives and key medium-term objectives for the years 2019, 2020 and 2021;

"**Postponing Party**" has the meaning given to it in Clause 6.5;

"**PRC**" means the People's Republic of China;

"**PWC Report**" means the financial and tax vendor due diligence report dated on or around the date of this Agreement in respect of the Group and issued by PricewaterhouseCoopers Advisory Services Pte. Ltd.;

"**Records**" means all books, records and documents (including financial, business or trading information, books, data, information or documents (including in electronic format)) used by or otherwise relating to the Taxation of any Group Company;

"**Released Parties**" means the Seller, any member of the Seller's Group and any current or former investor, partner, shareholder, director, employee, officer, manager, adviser, agent or representative of any of the foregoing or of the Group Companies;

"**Relevant Amount**" has the meaning given to it in paragraph 14.2 of Schedule 9;

"**Relevant Chinese Taxation**" has the meaning given to it in Clause 16.8;

"**Relevant Person**" means any past or present employee, officer or director of any Group Company;

"**Relevant Relief**" has the meaning given to it in paragraph 12.1.1 of Schedule 9;

"**Repayment**" has the meaning given to it in paragraph 14.1.2 of Schedule 9;

"**Reporting Accountants**" means Alvarez & Marsal;

**"Reporting Requirements"** means the requirement to report the transactions contemplated by this Agreement to the Governmental Authorities of the People's Republic of China under PRC State Administration of Taxation Circular 7 (2015);

**"Restricted Employee"** has the meaning given in Clause 12.1;

**"Searches"** means:

- (a) company searches conducted with the following public registers:
  - (i) in respect of Singapore, the Accounting and Corporate Regulatory Authority, one (1) Business Day prior to the date of this Agreement;
  - (ii) in respect of the PRC, via searches at: (A) China Judgments Online and China Enforcement Information Disclosure Online, maintained by the Supreme People's Court, and (B) Credit China which is maintained by the National Development and Reform Commission and the People's Bank of China, one (1) Business Day prior to the date of this Agreement;
  - (iii) in respect of Indonesia, the Legal Entity Administration System at the Minister of Law and Human Rights, one (1) Business Day prior to the date of this Agreement; and
  - (iv) in respect of the U.S., the Secretary of State of the State of California to obtain the Certificate of Good Standing on 14 September 2021; and
- (b) litigation and insolvency searches conducted:
  - (i) in respect of Singapore, at the Supreme Court of the Republic of Singapore, one (1) Business Day prior to the date of this Agreement;
  - (ii) in respect of the PRC, via China Judgments Online maintained by the Supreme People's Court, one (1) Business Day prior to the date of this Agreement;
  - (iii) in respect of Indonesia, via online searches at: (A) the Medan Commercial Court; (B) the Tanjung Pinang Industrial Relation Court; (C) the Tanjung Pinang Administrative Court; (D) the Batam District Court, one (1) Business Day prior to the date of this Agreement; and
  - (iv) in respect of the U.S., the following searches, on 16 September 2021:
    - (A) Uniform Commercial Code Fixture, Federal Tax Lien, State Tax Lien & Judgment Lien Searches at the California Los Angeles County Recorder;
    - (B) Uniform Commercial Code, Federal Tax Lien, State Tax Lien, Judgment Lien Searches at the California Secretary of State;
    - (C) Pending Suits and Judgments Searches at the California Los Angeles County Superior Court;
    - (D) Pending Suit and Judgment (Federal) Searches at the U.S. District Court of the Central District of California; and
    - (E) Bankruptcy Searches at the U.S. Bankruptcy Court of the Central District of California;



- (c) searches in respect of intellectual property rights conducted via the US Copyright Office, ProQuest Dialog and SAEGIS CompuMark third party databases on a world-wide basis for all patents, trade marks, registered designs and registered copyright held in the name of any member of the Group on 14 September 2021; and
- (d) any other customary company, litigation, insolvency, land title or intellectual property related public searches that a reasonable and sophisticated buyer would be able to conduct in the relevant Group Company's jurisdiction of incorporation in the context of the Transaction;

"**Security Release Agreements**" has the meaning given to the term "Security Release Agreements" in the Pay-Off Letter;

"**Seller's Bank Accounts**" means the bank accounts as shall have been notified to the Buyer by the Seller at least seven (7) Business Days before the Completion Date;

"**Seller's Completion Documents**" has the meaning given to it in Clause 7.1.3;

"**Seller's Disagreement Notice**" has the meaning given to it in paragraph 3 of Schedule 2;

"**Seller's Group Undertaking**" means each of the Seller or any Affiliate of the Seller (but excluding any Group Company), and "**Seller's Group**" or "**Seller's Group Undertakings**" shall be construed accordingly;

"**Seller's Representative**" means the representative of the Seller appointed pursuant to Clause 17;

"**Seller's Solicitors**" means Duane Morris & Selvam LLP of 16 Collyer Quay, #17-00, Singapore 049318;

"**Senior Employee**" means any employee of a Group Company whose base salary exceeds US\$[\*\*] per annum;

"**SFRS(I)**" means Singapore Financial Reporting Standards (International);

"**SGD**" means the lawful currency of the Republic of Singapore;

"**Shares**" means the 199,099,000 ordinary shares issued in the capital of the Company, comprising the whole of the allotted and issued share capital of the Company;

"**SIAC**" has the meaning given to it in Clause 22.2;

"**Special Bonuses**" means all amounts as determined by the Seller to be paid as a special bonus by the Company and/or any of its subsidiaries to the management and employees of the Company and/or its subsidiaries, as set out in the Box Data Room for the purposes of recognising their successful execution of the Group's various initiatives and key medium-term objectives for the years 2019, 2020 and 2021;

"**Stamp Duty Documents**" means:

- (a) a working sheet computing the net asset value per Share in the form prescribed by the Stamp Duty Branch of the Inland Revenue Authority of Singapore and signed by a director or the secretary of the Company; and/or

(b) such other documents as may be prescribed from time to time by the Stamp Duty Branch of the Inland Revenue Authority of Singapore for the purpose of assessing the stamp duty payable on a transfer of shares;

"**Statement**" means the statement for the Group as at the Effective Time, agreed or determined in accordance with Schedule 2, as referred to in paragraph 14.1 of Schedule 2;

"**Subsidiaries**" means the entities listed in Part B of Schedule 1, and "**Subsidiary**" shall be construed accordingly;

"**Surviving Provisions**" has the meaning given to it in Clause 5.14;

"**Target Working Capital Amount**" means US\$[\*\*];

"**Tax**" means and includes all forms of taxation and statutory, governmental, supra-governmental, state, principal, local governmental or municipal impositions, duties (including, without limitation, customs duties and stamp duties), contributions, levies, and other taxes, fees, assessments or other governmental charges of any kind whatsoever, in each case, wherever and whenever imposed, whether or not disputed and all penalties, charges, Costs and interest relating thereto (in lieu thereof) and all employment taxes and any deductions or withholdings (including, without limitation, social security contributions and any other payroll taxes), and "**Taxes**" and "**Taxation**" shall be construed accordingly;

"**Tax Authority**" means any statutory, government, state, provincial, local governmental or municipality or any local, state, federal or other authority, body or official anywhere in the world (including any Governmental Authority) exercising a fiscal, revenue, customs or excise function;

"**Tax Authority Claim**" means the issue, post Completion, of any notice, demand, assessment or letter by a Tax Authority;

"**Tax Liability**" means, in relation to Tax:

(a) any claim, liability, debt, Cost, expense or obligation (including any late payment penalties or interest), imposed upon a Group Company by the relevant Tax Authority under any Applicable Law connected therewith; and

(b) the loss of a Tax Relief;

"**Tax Indemnities**" mean the indemnities provided for in Clause 16.10;

"**Tax Relief**" includes:

(a) any loss, relief, allowance, credit, exemption or set-off in respect of any Tax;

(b) any deduction in computing gross receipts, income, profits or gains for the purposes of Tax; and

(c) any right to a repayment of Tax or a payment in respect of Tax;

"**Tax Warranties**" means the Warranties as set out in paragraph 5 of Schedule 6;

"**Tax Warranty Claim**" means a Warranty Claim pursuant to a Tax Warranty;

"**Threshold**" has the meaning given to it in paragraph 1.1.2 of Schedule 9;

"**Total Consideration**" has the meaning given to it in Clause 3;

"**Transaction**" means the acquisition by the Buyer of the Shares pursuant to the terms of this Agreement;

"**Transaction Documents**" means this Agreement, the Confidentiality Agreements, the Disclosure Letter, the Updated Disclosure Letter (if provided), the Deed of Undertaking and any other document required to be entered into pursuant to this Agreement, and "**Transaction Document**" means any of them;

"**Transaction Expenses**" means, to the extent unpaid as of Completion, the out-of-pocket fees and expenses (if any) incurred and payable by the Group prior to or at Completion in connection with this Agreement and the Transaction Documents and the transactions contemplated hereby (including any such fees and expenses payable upon consummation of the Completion and, in each case, any GST not recoverable thereon within the same accounting period);

"**U.S.**" means the United States of America;

"**Updated Disclosure Letter**" has the meaning given to it in Clause 7.3.1;

"**US\$**" means the lawful currency of the U.S.;

"**W&I Insurance Policy**" means the warranty and indemnity insurance policy issued by the W&I Insurer to the Buyer providing insurance coverage to the Buyer in respect of the Insured Claims and naming the Buyer as the insured, subject to the limitations set out in such policy;

"**W&I Insurer**" means Liberty GTS;

"**Warranty**" means a statement contained in Schedule 6, and "**Warranties**" means all of those statements;

"**Warranty Claim**" means a Claim for breach of Warranty, whether or not it is an Insured Claim; and

"**Working Capital**" means the aggregate value, at the relevant time, of:

- (a) (i) trade receivables, net of provisions, (ii) Inventories, net of provisions, and (iii) other receivables, deposits and prepayments within current assets (which shall exclude deferred tax assets) (in each case in respect of the Group Companies), and excluding, for the avoidance of doubt, Intra-Group Receivables (if any) and Cash; minus
- (b) (i) trade payables, and (ii) other payables and accruals within current liabilities (which shall include the Transaction Expenses but shall exclude deferred tax liabilities) (in each case in respect of the Group Companies), and excluding, for the avoidance of doubt:
  - (A) Intra-Group Payables (if any);
  - (B) Indebtedness;
  - (C) the following debt-like items: (I) accrued interest expenses, (II) capital expenditure payables; (III) provisions for reinstatement costs; (IV) accrued severance expenses; and (V) non-recurring accrued legal and profession fees, as identified on page 70 of the PWC Report as items 2,

3, 4, 5, and 8 and as elaborated upon in the corresponding notes set out on page 71 of the PWC Report;

(D) the following working capital adjustments: (I) aged unclaimed customer credit notes; (II) unclaimed long-outstanding rebates; and (III) accrued audit and tax fees incurred for holding companies, as identified on page 70 of the PWC Report as items 10, 11 and 20 and as elaborated upon in the corresponding notes set out on pages 71 – 72 of the PWC Report; and

(E) provision for excess open supplier purchase orders.

1.2 In this Agreement, a reference to:

1.2.1 "**holding company**", "**subsidiary**" and "**related corporation**" is to be construed in accordance with their respective definitions in the Act;

1.2.2 a party being liable to another party, or to liability, includes, but is not limited to, any liability in equity, contract or tort (including negligence);

1.2.3 a document in the "**agreed form**" is a reference to a document in a form approved and for the purposes of identification initialled (or identified as such by email or using e-verification means such as DocuSign) by or on behalf of the Buyer and the Seller's Representative;

1.2.4 a statutory provision includes a reference to the statutory provision as modified or re-enacted or both from time to time before the date of this Agreement and any subordinate legislation made under the statutory provision (as so modified or re-enacted) before the date of this Agreement;

1.2.5 a "**person**" includes a reference to any individual, firm, company, corporation or other body corporate, government, state or agency of a state or any joint venture, association or partnership, works council or employee representative body (whether or not having separate legal personality);

1.2.6 a person includes a reference to that person's legal personal representatives, successors and permitted assigns;

1.2.7 a "**party**" includes a reference to that party's successors and permitted assigns;

1.2.8 a Clause, paragraph or Schedule, unless the context otherwise requires, is a reference to a clause or paragraph of, or schedule to, this Agreement;

1.2.9 one gender shall include each gender;

1.2.10 any Singapore legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than Singapore be deemed to include what most nearly approximates in that jurisdiction to the Singapore legal term and any Singapore statute shall be construed so as to include equivalent or analogous laws of any other jurisdiction;

1.2.11 times of the day is to Singapore time;

1.2.12 "**so far as the Seller is aware**" means the actual knowledge of the Seller having made reasonable enquiries of each of the Managers (having each given reasonable consideration to the matters set out in the relevant

Warranty) as at the date on which such Warranties are being given, and the Seller shall not be required to make any enquiry of any other person; and

1.2.13 other than the Warranties specified in paragraph 1.2, 2.1 and 6.1(a) of Schedule 6 to which, for the avoidance of doubt, no materiality qualification shall apply, where any Warranty is qualified by reference to materiality (including the phrase "**in all material respects**"), such reference shall be construed: (a) where applicable, as a reference to the materiality qualification contained or incorporated directly in such Warranty and in such cases, as a reference to the ordinary meaning of "materiality" as is reasonable in the context of the relevant Warranty; (b) as a reference to "materiality" thresholds specified in (i) the PWC Report and (ii) the legal vendor due diligence report dated 11 May 2021 in respect of the Group and issued by the Seller's Solicitors, King and Wood Mallesons (北京市金杜律师事务所上海分所) and Adnan Kelana Haryanto & Hermanto; and (c) where applicable, as a reference to the financial thresholds contained directly in such Warranty.

- 1.3 The ejusdem generis principle of construction shall not apply to this Agreement. Accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words. Any phrase introduced by the terms "**other**", "**including**", "**include**" and "**in particular**" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.
- 1.4 The headings in this Agreement do not affect its interpretation.
- 1.5 Any thing or obligation to be done under this Agreement or any other Transaction Document that requires or falls to be done on a stipulated day, shall be done on the next succeeding Business Day if the day upon which that thing or obligation is required or falls to be done falls on a day which is not a Business Day.
- 1.6 Save as otherwise provided under this Agreement, all payments required in accordance with this Agreement shall be made in US\$. For the purposes of applying a reference to a monetary sum expressed in US\$, an amount in a different currency shall be converted into US\$ on a particular date at the mid-point spot rate of exchange applicable to such other currency as published by Bloomberg on the Business Day immediately preceding that date.

## 2. SALE AND PURCHASE

- 2.1 The Seller agrees to sell, as legal and beneficial owner of the Shares and the Buyer agrees to buy, all of the Shares and each right attaching to the Shares as at Completion, free from any Encumbrance.
- 2.2 With effect from Completion, the Seller waives (or agrees to procure the waiver of) any rights (including rights of pre-emption) or restrictions conferred on it or on any other person which may exist in relation to the Shares under the constitution of the Company or otherwise.
- 2.3 The Buyer and the Seller shall not be obliged to complete the purchase or sale of any of the Shares unless the sale of all the Shares is completed simultaneously.

## 3. CONSIDERATION

The purchase price for the Shares (the "**Total Consideration**") shall be an amount equal to the Initial Consideration as increased by the amount to be paid by the Buyer or, as the case may be, decreased by the amount to be paid by the Seller, pursuant to Clauses 4.1, 4.2, 4.3 and 4.4 and for the avoidance of doubt, the Bonus Tax Benefit shall not be double counted for the purposes of this Clause 3 (*Consideration*).

#### 4. POST-COMPLETION ADJUSTMENT

##### 4.1 If the Actual Working Capital Adjustment:

4.1.1 exceeds the Estimated Working Capital Adjustment, the Buyer shall pay to the Seller an amount equal to such excess; or

4.1.2 is less than the Estimated Working Capital Adjustment, the Seller shall pay the Buyer an amount equal to such shortfall,

in either case, in accordance with the provisions of Clauses 4.5 and 4.6.

##### 4.2 If the Actual Net Third Party Debt:

4.2.1 exceeds the Estimated Net Third Party Debt, the Seller shall pay the Buyer an amount equal to such excess; or

4.2.2 is less than the Estimated Net Third Party Debt, the Buyer (for itself and on behalf of the relevant Group Companies) shall pay to the Seller an amount equal to such shortfall,

in either case, in accordance with the provisions of Clauses 4.5 and 4.6.

##### 4.3 If the:

4.3.1 Actual Intra-Group Payables exceed the corresponding Estimated Intra-Group Payables; and/or

4.3.2 Actual Intra-Group Receivables are less than the corresponding Estimated Intra-Group Receivables,

the Seller (for itself and on behalf of the relevant Seller's Group Undertakings) shall pay the Buyer (for itself and on behalf of the relevant Group Companies) the amount of the difference in each case in accordance with the provisions of Clauses 4.5 and 4.6.

##### 4.4 If the:

4.4.1 Actual Intra-Group Receivables exceed the corresponding Estimated Intra-Group Receivables; and/or

4.4.2 Actual Intra-Group Payables are less than the corresponding Estimated Intra-Group Payables,

the Buyer (for itself and on behalf of the relevant Group Companies) shall pay the Seller (for itself and on behalf of the relevant Seller's Group Undertakings) the amount of the difference in each case in accordance with the provisions of Clauses 4.5 and 4.6.

##### 4.5 Payments made by the Seller or the Buyer pursuant to Clause 4.1, 4.2, 4.3 or 4.4 shall be made by electronic transfer in immediately available funds for same day value (in the case of payments to the Seller, to the Seller's Bank Account, and in the case of

payments to the Buyer, to the Buyer's Bank Account), within ten (10) Business Days of the Determination Date without set-off, deduction or withholding (except as required by Applicable Law or by this Agreement).

- 4.6 The amounts (if any) payable by the Seller to the Buyer or by the Buyer to the Seller pursuant to Clauses 4.1, 4.2, 4.3 or 4.4 shall, unless otherwise agreed by between the Buyer and the Seller's Representative, be set off against each other so that only any balance payable shall be paid on any date on which a payment is to be made pursuant to Clause 4.5.
- 4.7 Any monetary sum payable by the Seller to the Buyer or by the Buyer to the Seller pursuant to Clauses 4.1, 4.2, 4.3 or 4.4 where that sum is expressed in a currency other than US\$ shall be translated into US\$ at the mid-point spot rate of exchange applicable to such other currency as published by Bloomberg as at the Effective Time.

#### 5. **CONDITION**

- 5.1 Completion is conditional on the following condition being satisfied (or waived in accordance with Clause 5.3 in writing) by 11.59 p.m. on the Long-stop Date:

issuance of a Clearance Decision by the Competition and Consumer Protection Commission in Ireland with respect to the Transaction, or any appropriate waiting periods (including any extensions) having expired, lapsed or been terminated (as appropriate) and all regulatory clearances in any relevant jurisdiction under the Antitrust Laws having been obtained with respect to the Transaction.

- 5.2 The Buyer and the Seller shall make all reasonable efforts to achieve satisfaction of the Condition as soon as possible after the date of this Agreement and in any event before the Long-stop Date.
- 5.3 The Condition may be waived in whole or in part (to the extent waivable under Applicable Law) by mutual agreement between the Buyer and the Seller's Representative on such terms as they may agree in writing.
- 5.4 In connection with the satisfaction of the Condition, the Buyer and the Seller shall (and, to the extent required, shall cause their respective Affiliates to) as soon as practicable (and in any event within the required time periods for filing under the applicable Antitrust Laws), make such other filings or start pre-notification proceedings with the applicable Antitrust Authority as may be required under the applicable Antitrust Laws. Without prejudice to the foregoing or to the provisions of Clause 5.2 above, as regards the satisfaction of the Condition:
  - 5.4.1 each of the parties shall make all reasonable efforts to comply promptly with any information or document requests issued under authority of the applicable Antitrust Laws and made of the Buyer, the Seller, or any of their Affiliates;
  - 5.4.2 none of the parties shall enter into any other agreement or arrangement the entry into which such party reasonably expects is likely to materially delay or prevent satisfaction of the Condition; and
  - 5.4.3 the Buyer shall only be required to offer any commitment or undertaking to an applicable Antitrust Authority which is commercially reasonable to secure the satisfaction of the Condition, provided that the Buyer shall not be required to (and the Company and its Subsidiaries shall not, without the prior written consent of the Buyer) offer, negotiate, commit to or effect, by consent decree, hold separate order or otherwise, the sale, divestiture, license, hold

separate or other disposition of any and all of the shares or other equity or voting interest, assets (whether tangible or intangible) or business of any person and any condition requiring any of the foregoing shall not be considered commercially reasonable. Notwithstanding the above, as at the date of this Agreement, the Buyer (having made reasonable enquiries and having obtained legal advice), is not aware that any Antitrust Authority has any grounds to require it to take any action to offer, negotiate, commit to or effect, by consent decree, hold separate order or otherwise, the sale, divestiture, license, hold separate or other disposition of any and all of the shares or other equity or voting interest, assets (whether tangible or intangible) or business of any person and any condition requiring any of the foregoing that is considered not commercially reasonable.

- 5.5 No party shall (and shall procure that the Buyer's Group and the Seller's Group, respectively, shall not), without the prior written consent of the other party, enter into any agreement with any Governmental Authority agreeing not to consummate the Transaction. The parties hereto agree not to extend any waiting period or enter into any agreement with any Governmental Authority to delay the Transaction, except with the prior written consent of the other party.
- 5.6 The Seller undertakes, to the extent permitted by Applicable Law, to co-operate with the Buyer and to use reasonable endeavours to procure: (a) co-operation by the Group with a view to satisfying the Condition including, to the extent necessary and subject always to Clause 5.13, providing all information reasonably required by the Buyer in relation to the business of the Group; and (b) to the extent the Condition requires the taking of any action by a Group Company, that such Group Company takes such action.
- 5.7 The Buyer shall be solely responsible for and pay all fees payable to any Governmental Authority for any filings or pre-notification proceedings as may be required under any applicable Antitrust Laws in connection with the Transaction.
- 5.8 The Buyer shall, to the extent permitted by Applicable Law, keep the Seller informed as to the progress towards satisfaction of the Condition and shall:
  - 5.8.1 promptly and in any event, within two (2) Business Days of receipt, notify the Seller's Representative and provide to the Seller's Representative copies of any material communications received from any Governmental Authority or other person in relation to obtaining any consent, approval or action where such communications have not been independently or simultaneously supplied to the Seller's Representative;
  - 5.8.2 provide the Seller's Representative with draft copies of all material submissions and material communications to any Governmental Authority or other person in relation to obtaining any consent, approval or action at such time as will allow the Seller a reasonable opportunity to provide comments on such submissions or communications before they are submitted or sent (which such comments shall be taken into account by the Buyer), and promptly and in any event within two (2) Business Days of submission, provide the Seller's Representative with copies of all such submissions and communications in the form submitted or sent, subject in each case, to exclusion by the Buyer of information that it reasonably considers to be confidential or commercially sensitive to it (provided that such confidential information is provided to the Seller's Solicitors by the Buyer's solicitors on a counsel-to-counsel basis); and
  - 5.8.3 where requested by the Seller's Representative (and except: (a) in relation to telephone calls conducted solely by the Buyer's solicitors; or (b) where such



Governmental Authority expressly requests that the Seller should not be present at the meeting or telephone call or part or parts of the meeting or telephone call), allow persons nominated by the Seller's Representative to attend any material meeting or material telephone call with any Governmental Authority or other person in relation to (and only to the extent such meeting or call relates to) obtaining any consent, approval or action.

- 5.9 If, at any time, the Buyer or the Seller become aware of a fact or circumstance that might prevent the Condition from being satisfied, such party shall inform the Seller or the Buyer (as the case may be) of the matter immediately.
- 5.10 If, prior to the Long-stop Date, the Buyer or the Seller becomes aware that the Condition will not be satisfied (or waived in accordance with Clause 5.3) on or before the Long-stop Date, the Buyer or the Seller (as the case may be) (the "**Notifying Party**") shall give notice in writing of such fact to the other (the "**Non-Notifying Party**") as soon as reasonably practicable after becoming aware of the same.
- 5.11 If on or before the Long-stop Date, the Notifying Party gives a bona-fide notice in accordance with Clause 5.10, the Non-Notifying Party or the Notifying Party may give notice in writing to the other to terminate this Agreement.
- 5.12 If the Condition has not been satisfied (or waived in accordance with Clause 5.3) by 11.59 p.m. on the Long-stop Date, this Agreement shall automatically terminate with immediate effect.
- 5.13 Nothing in this Clause 5 above shall entitle the Buyer (on the one hand) or the Seller and the Group Companies (on the other hand) to receive or obtain access to any information: (a) the provision of which by the other party would constitute a breach of Applicable Law; or (b) which the other party reasonably considers to be competitively sensitive, provided always that the external legal and economic advisers for the party from which competitively sensitive information is to be withheld are furnished with such information on an "external counsel only" basis.
- 5.14 If this Agreement terminates in accordance with Clauses 5.11 or 5.12, each party's further rights and obligations shall cease immediately on termination and have no further force or effect (excluding those under Clauses 11, 14, 15, 16, 17, 18, 19, 20, 21, 22 and 23 (the "**Surviving Provisions**")) and no party shall have any claim under the Transaction Documents of any nature whatsoever against the other party (except in respect of a party's accrued rights and obligations at the date of termination or under any of the Surviving Provisions).

## 6. COMPLETION

- 6.1 At least two (2) Business Days prior to Completion, the Buyer shall ensure that the Company's company secretarial services provider has received an amount equal to the Singapore stamp duty payable on the transfer of the Shares.
- 6.2 Completion shall take place at the offices of the Seller's Solicitors, or such other location as may be agreed by the Buyer and the Seller's Representative, on the Completion Date.
- 6.3 At Completion, the Seller and the Buyer shall do all those things respectively required of them in Schedule 5 and:
  - 6.3.1 the Buyer shall pay an amount equal to the Initial Consideration less the Completion Bank Debt (owing by the Seller at Completion) to the Seller by electronic transfer in immediately available funds for same day value to the Seller's Bank Account; 18

- 6.3.2 the Seller shall transfer the Shares to the Buyer free from any Encumbrance;
- 6.3.3 the Buyer shall pay to DBS Bank Ltd, on behalf of the Seller, an amount equal to the Completion Bank Debt (owing by the Seller at Completion) to the bank account(s) as shall have been notified in writing by the relevant creditors to the Buyer and the Seller not less than seven (7) Business Days prior to Completion and deliver to the relevant creditors as instructed by the Seller a copy of each MT103 in respect of such payments; and
- 6.3.4 the Seller shall procure that the Company (and/or any of the Company's subsidiaries) make payment of the Bonuses to the relevant individuals on Completion either by electronic transfer in immediately available funds for same day value to the bank account(s) of the relevant individuals or by any other method as may be customarily utilised for payments by the Company and/or its subsidiaries to the relevant individuals.
- 6.4 Without prejudice to any other remedies or accrued rights that a party may have for failure to comply with Clause 6.3, if there is a breach of this Clause 6 and/or Schedule 5 on the Completion Date because:
- 6.4.1 the Buyer fails to comply with any of its obligations under this Clause 6 and/or Schedule 5; or
- 6.4.2 the Seller fails to comply with any of its obligations under this Clause 6 and/or Schedule 5,
- the Seller's Representative may by notice to the Buyer, in the case of Clause 6.4.1, or the Buyer may by notice to the Seller, in the case of Clause 6.4.2, elect to:
- 6.4.3 proceed to Completion to the extent legally possible and reasonably practicable (without limiting the Seller's or Buyer's (as appropriate) rights under this Agreement);
- 6.4.4 postpone Completion to a date not less than six (6) Business Days and not more than ten (10) Business Days after the Completion Date; or
- 6.4.5 in the event of a material breach of such obligation that cannot be remedied, terminate this Agreement with immediate effect.
- 6.5 If the Seller's Representative or the Buyer postpones Completion (the "**Postponing Party**") to another date (the "**Deferred Completion Date**") in accordance with Clause 6.4.4, the provisions of this Agreement apply as if that other date is the Completion Date, and if Completion has not occurred on or by the Deferred Completion Date as a result of a default by the non-Postponing Party, then the Postponing Party may serve notice on the non-Postponing Party terminating this Agreement, regardless of the materiality of the breach and whether or not it may be remedied.
- 6.6 If the Seller's Representative or the Buyer terminates this Agreement pursuant to Clauses 6.4.5 or 6.5, each party's further rights and obligations shall cease immediately on termination and have no further force or effect (excluding the Surviving Provisions) and no party shall have any claim under the Transaction Documents of any nature whatsoever against the other party (except in respect of a party's accrued rights and obligations at the date of termination or under any of the Surviving Provisions).

7. **SELLER'S WARRANTIES AND UNDERTAKINGS**

### **Seller's Fundamental Warranties**

7.1 The Seller warrants to the Buyer at the date of this Agreement that:

- 7.1.1 it is a duly incorporated corporation validly existing under the law of its jurisdiction of incorporation;
- 7.1.2 it is not insolvent or otherwise unable to pay its debts within the meaning of any Applicable Law relating to insolvency applicable to it;
- 7.1.3 it has the right, power and authority, and has taken all action necessary, to execute, deliver and exercise its respective rights and perform its respective obligations under this Agreement and each document to be executed at or before Completion to which it is expressed to be a party (the "**Seller's Completion Documents**");
- 7.1.4 its obligations under this Agreement and the Seller's Completion Documents are, or when the relevant Seller's Completion Documents are executed will be, enforceable and legally binding on the Seller in accordance with their respective terms;
- 7.1.5 the execution and delivery of, and the performance by the Seller of its obligations under, this Agreement and the Seller's Completion Documents will not:
  - (a) result in a breach of any provision of the memorandum or articles of association or by-laws or equivalent constitutional documents of the Seller;
  - (b) result in a breach of, or constitute a default under, any instrument to which the Seller is a party or by which the Seller is bound and which is material in the context of the transactions contemplated by the Transaction Documents; or
  - (c) result in a breach of any order, judgment or decree of any court or Governmental Authority to which the Seller is a party or by which the Seller is bound or submits;
- 7.1.6 save as referred to in Clause 5.1, it is not required to obtain any consent or approval of, or give any notice to or make any registration with, any Governmental Authority which has not been obtained or made at the date hereof, both on an unconditional basis and on a basis which cannot be revoked (save pursuant to any legal or regulatory entitlement to revoke the same other than by reason of any misrepresentation or misstatement);
- 7.1.7 it is the sole legal and beneficial owner of the Shares, free from any Encumbrance (save for the Existing Fixed Charge) and that the Shares are fully paid; and
- 7.1.8 the Shares constitute the entire issued share capital of the Company,

and each such warranty shall be deemed repeated by the Seller immediately prior to Completion with reference to "date of this Agreement" (or similar, as appropriate) being replaced with reference to "Completion Date".

### **Seller's Business Warranties**

- 7.2 The Seller warrants to the Buyer that the Warranties are true and accurate in all material respects as:
- 7.2.1 at the date of this Agreement; and
  - 7.2.2 immediately before Completion by reference to the facts and circumstances as at that point in time. For this purpose only, where there is an express or implied reference in a Warranty to the "date of this Agreement", that reference is to be construed as a reference to the Completion Date.
- 7.3 The Seller has the right, in its sole discretion, not less than seven (7) Business Days prior to the Completion Date, to deliver to the Buyer one (1) updated version of the Disclosure Letter (the "**Updated Disclosure Letter**") (including all documents and information attached or referred to therein which shall be replicated in a USB flash drive to be provided by the Seller's Representative to the Buyer simultaneous with delivery of the Updated Disclosure Letter) which (for the purposes of the Warranties being given immediately prior to Completion pursuant to Clause 7.2.2 only) shall update the Disclosure Letter by reference solely to facts, matters, events or circumstances which occur or arise in the period after the date of this Agreement and shall not contain any facts, matters, events or circumstances arising prior to the date of this Agreement of which the Seller was aware prior to the date of this Agreement.
- 7.4 The Updated Disclosure Letter shall be in all material respects in the same format and standard as the Disclosure Letter.
- 7.5 The Seller irrevocably and unconditionally undertakes to the Buyer that, with effect from Completion (save as a result of fraud or wilful misconduct), it:
- 7.5.1 has no rights against (and waives any rights it may have against); and
  - 7.5.2 shall not make any claim against (and shall waive any rights it may have against),
- the Group Companies or any current or former investor, partner, shareholder, director, employee, officer, manager, adviser, agent or representative of the Group Companies and the Seller shall procure that no member of the Seller's Group shall bring any such claim against such persons, provided always that any release set out in this Clause 7.4 shall only be limited to matters relating to the Seller's shareholding in the Group Companies the sale of which is the subject of this Agreement.

## 8. PRE-COMPLETION CONDUCT

- 8.1 Between the execution of this Agreement and Completion, the Seller shall procure that:
- 8.1.1 each Group Company operates its business in the ordinary course and the usual way, using reasonable endeavours to procure that the business continues as a going concern in a manner consistent with past practices and in compliance with all Applicable Law;
  - 8.1.2 each Group Company complies, subject to Schedule 8, with Schedule 7;
  - 8.1.3 each Group Company provides within a reasonable time frame, such assistance as may be reasonably requested by the Buyer in relation to any debt financing of the Buyer in relation to the Transaction; and

8.1.4 the Buyer and its advisers are provided within a reasonable time frame with such information as they may reasonably request for the purpose of monitoring:

- (a) compliance by the Seller with the provisions of this Clause 8; and
- (b) the material business and affairs of the Group (as determined by the Seller acting reasonably and in good faith) so as to assist the Buyer with the smooth integration of the Group into the Buyer's Group at Completion,

in each case provided that all such information is kept confidential by its recipient and provided that the request or provision (as applicable) of such information will not affect the day-to-day operations of the Group.

8.2 Between the execution of this Agreement and Completion, the Seller shall procure that:

8.2.1 the Intra-Group Receivables are repaid by the relevant Seller's Group Undertakings to the relevant Group Company; and

8.2.2 the Intra-Group Payables are repaid by the relevant Group Companies to the relevant Seller's Group Undertakings,

such that there are no Intra-Group Receivables and no Intra-Group Payables as at Completion, provided that, to the extent that the Seller does not procure that there are no Intra-Group Receivables and no Intra-Group Payables as at Completion, the provisions of Schedule 10 shall apply as regards to the settlement and discharge of the same.

8.3 Between the execution of this Agreement and Completion ("**Relevant Period**"), the Seller shall procure that any employment agreements that are entered into between: (i) PT PCI Elektronik; and (ii) factory workers whose current employment agreements expire during the Relevant Period, are entered into substantially in the form set out in section 1.12.18.35.4 of the Intralinks Data Room on a project basis.

## 9. W&I INSURANCE POLICY

9.1 All Costs in relation to obtaining and maintaining in full force and effect the W&I Insurance Policy (including any premium, the W&I Insurer's legal fees, broker's fees and any Tax) shall be borne by the Buyer.

9.2 Notwithstanding any other provision in this Agreement, the Buyer:

9.2.1 hereby warrants and undertakes to and with the Seller that:

- (a) it has insured or shall insure itself in respect of any and all Losses it and each member of the Buyer's Group may suffer or incur in connection with all relevant Warranty Claims upon the terms and subject to the limitations set out in the W&I Insurance Policy; and
- (b) the executed copy of the W&I Insurance Policy disclosed by the Buyer to the Seller's Representative on or around the date of this Agreement is true, complete and contains the terms set out in Clause 9.2.3(e) and no variation to its terms has been made;

9.2.2 acknowledges and agrees that:

22

- (a) save in relation to fraud or wilful misconduct by the Seller (which, for this purpose, in relation to the Seller, includes its officers), the sole and exclusive remedy of the Buyer in respect of any Warranty Claims will be under the W&I Insurance Policy, and it will not be entitled to and will not make, and it waives and releases any right it may have to make, any Warranty Claims against the Seller. For the avoidance of doubt, any waiver of rights under this Clause 9.2.2 will not prevent, restrict or limit in any way the right of the Buyer to make a Warranty Claim under the W&I Insurance Policy;
- (b) the provisions of this Clause 9.2.2 will apply notwithstanding that the Buyer is or may be unable to pursue or obtain any remedy under the W&I Insurance Policy, whether due to policy exceptions or exclusions, validity (including if the W&I Insurance Policy is invalid due to the insolvency, breach or default of any person), creditworthiness or otherwise; and
- (c) the Seller has entered into this Agreement in reliance upon the Buyer having obtained the W&I Insurance Policy and the provisions of this Clause 9.2; and

9.2.3 covenants with the Seller that it shall:

- (a) not (without the prior written consent of the Seller's Representative, such consent not to be unreasonably withheld, conditioned or delayed) agree to any amendment, variation or waiver of the waiver referred to in this Clause 9.2.3(e) (or do anything which has a similar effect);
- (b) not (without the prior written consent of the Seller's Representative, such consent not to be unreasonably withheld, conditioned or delayed) novate, or otherwise assign its rights with respect to the waiver referred to in this Clause 9.2.3(e) (or do anything that has a similar effect) or do anything which causes the waiver in Clause 9.2.3(e) not to have full force and effect in accordance with its terms, provided that the Buyer shall be permitted to assign its rights with respect to the waiver referred to in this Clause 9.2.3(e) (without the prior written consent of the Seller's Representative) in the same manner, to the same persons and on the same terms (which shall apply *mutatis mutandis* to this Clause 9.2.3(b)) as the Buyer may assign its rights under the Agreement pursuant to Clause 20.2;
- (c) not (without the prior written consent of the Seller's Representative, such consent not to be unreasonably withheld, conditioned or delayed) vitiate, terminate, cancel or rescind the W&I Insurance Policy or take any steps to bring about or result in the W&I Insurance Policy being vitiated, terminated, cancelled or rescinded or do anything which causes any right under the W&I Insurance Policy not to have full force and effect, in each case to the extent the same would or may remove or diminish the rights of the Seller as set out in this Agreement;
- (d) comply with the terms of any deliverables set out in the W&I Insurance Policy to the extent that non-compliance would or may remove or diminish the rights of the Seller as set out in Clause 9.2.2 or this Clause 9.2.3;
- (e) include in the terms of the W&I Insurance Policy an express waiver and release of all of the W&I Insurer's rights of subrogation, contribution and rights acquired by assignment (or any similar or

equivalent rights) against the Released Parties (save as a result of fraud or wilful misconduct by the Seller (which, for this purpose, in relation to the Seller, includes their officers), in which case the W&I Insurer shall be entitled to exercise its rights of subrogation, contribution and rights acquired by assignment (or any similar or equivalent rights) against the Seller), and an acknowledgment by the W&I Insurer that each of the Released Parties is entitled to directly enforce such waiver and release;

- (f) where reasonably requested to do so by the Seller's Representative and without limitation to any right of the Seller to enforce separately such terms, enforce any term of the W&I Insurance Policy under which the W&I Insurer waives its right to take subrogated action or to claim in contribution or to exercise rights assigned to it against a Released Party (and without limitation of any right of a Released Party to separately enforce such terms); and
- (g) indemnify the Seller against any and all Losses (save for any punitive, indirect or consequential Loss) the Seller and each of the other Released Parties may suffer or incur in connection with the Buyer's failure to comply with this Clause 9.2.3.

#### 10. BUYER'S REMEDIES

- 10.1 The Buyer acknowledges and agrees that, save for the warranties set out in Clause 7 and Schedule 6 of this Agreement, no warranty, representation or undertaking as to the accuracy or completeness of any information (including any of the forecasts, estimates, projections, statements of interest or statements of opinion) is provided to the Buyer or any of its advisers or agents (howsoever provided), including in the Information Pack, any presentation or presentation material provided by or on behalf of the Seller's Group Undertakings or of the Group Companies and all the replies to the questions raised by the Buyer and its advisers regarding the Data Rooms and any Data Room Documents.
- 10.2 The Buyer acknowledges and agrees that, notwithstanding anything to the contrary in Clause 7 and this Clause 10, none of the Seller's Group Undertakings give any warranty, representation or undertaking to the Buyer as to the future performance, probable success or future profitability of the Group.
- 10.3 Save as provided in Clauses 5.11, 5.12 and 6.3.5, if, at any time before or following Completion, the Buyer becomes aware of a fact or circumstance which gives rise to or which would or might give rise to a Claim, the Buyer shall not be entitled to terminate or rescind this Agreement or treat this Agreement as terminated but shall only be entitled to claim damages in respect of such matter in accordance with the terms of this Agreement and, accordingly, the Buyer waives all and any rights of termination or rescission it may have in respect of any such matter (howsoever arising or deemed to arise), other than any such rights in respect of fraud or wilful misconduct of the Seller.
- 10.4 The Seller's liability for Claims shall be further limited or excluded, as the case may be, as set out in Clause 7 and Schedule 9 and otherwise stated in this Agreement.

#### 11. BUYER'S AND BUYER'S GUARANTOR'S WARRANTIES AND UNDERTAKINGS

- 11.1 Each of the Buyer and the Buyer's Guarantor jointly and severally warrant to the Seller that

- 11.1.1 it is a duly incorporated corporation validly existing under the law of its jurisdiction of incorporation;
- 11.1.2 it is not insolvent or otherwise unable to pay its debts within the meaning of any Applicable Law relating to insolvency applicable to it;
- 11.1.3 it has the right, power and authority, and has taken all action necessary, to execute, deliver and exercise their respective rights and perform their respective obligations under this Agreement and each document to be executed at or before Completion to which it is expressed to be a party (its "**Completion Documents**");
- 11.1.4 its obligations under this Agreement and the Completion Documents are, or when the relevant Completion Documents are executed will be, enforceable and legally binding on it in accordance with their respective terms;
- 11.1.5 in respect of the Buyer only, it has (and at Completion will have) readily available the necessary cash resources to meet its obligations under this Agreement and the Completion Documents;
- 11.1.6 the execution and delivery of, and its performance of its obligations under, this Agreement and the Completion Documents will not:
  - (a) result in a breach of any provision its memorandum or articles of association or by-laws or equivalent constitutional documents;
  - (b) result in a breach of, or constitute a default under, any instrument to which it is a party or by which it is bound and which is material in the context of the transactions contemplated by the Transaction Documents;
  - (c) result in a breach of any order, judgment or decree of any court or Governmental Authority to which it is a party or by which it is bound or submits; or
  - (d) require it to obtain any consent or approval of, or give any notice to or make any registration with, any Governmental Authority (save for as referenced in Clause 5.1) which has not been obtained or made at the date hereof both on an unconditional basis and on a basis which cannot be revoked (save pursuant to any legal or regulatory entitlement to revoke the same other than by reason of any misrepresentation or misstatement);
- 11.1.7 it is not aware of: (a) any fact, matter or circumstance; and (b) that such fact, matter or circumstance could reasonably be considered to entitle the Buyer at the date of this Agreement, at Completion or with the passing of time, to make a Claim.

11.2 The Buyer undertakes to the Seller (the Seller acting for itself and as agent and trustee for each other Seller's Group Undertaking), that other than with respect to the terms of this Agreement and any other direct contractual obligation existing between the Buyer and such person and in the absence of fraud or wilful misconduct, the Buyer has no rights against and may not make any claim against any employee, director, agent, officer or adviser of a Seller's Group Undertaking or of a Group Company, provided that nothing in this Clause 11.2 shall limit the ability of the Buyer to bring any claim against any adviser to the Group and/or the Seller, to the extent it has prepared a report or other documentation for the specific benefit of the Buyer or a member of the Group in connection with the Transaction (subject always to the terms of ~~any~~ reliance



letter entered into between the Buyer and the relevant adviser and/or the terms of engagement of such adviser).

11.3 The Buyer agrees that, with respect to all Records existing as at the Completion Date, it will (and will procure that each Group Company will):

11.3.1 comply in all material respects with all Applicable Law relating to the preservation and retention of records; and

11.3.2 apply preservation and retention policies that are no less stringent than those generally applied by the Buyer.

11.4 Subject to Clause 14, the Buyer shall, and shall procure that each Group Company shall, for the period of seven (7) years from Completion, it will make available to the Seller any Records which are reasonably requested in writing by any of the Seller's Group Undertakings for a proper purpose. For the purposes of this Clause 11.4, "**proper purpose**" shall mean the use by a Seller's Group Undertaking: (a) to investigate matters relating to a Group Company or its business in response to requests or inquiries made by any Governmental Authority (including but not limited to any state, provincial, local governmental or municipal authority) or stock exchange; (b) to prepare any filing or responses pursuant to the Reporting Requirements or any Tax return which any Seller's Group Undertaking is required to file; (c) to prepare any announcement, circular and other documents which a Seller's Group Undertaking is required to make; (d) in relation to the liquidation of any Seller's Group Undertaking; or (e) in relation to the agreement of the Completion Accounts.

## 12. NON-SOLICITATION OF MANAGERS AND OTHER MEMBERS OF WORKFORCE

12.1 The Seller undertakes (on its own behalf and on behalf of each Seller's Group Undertaking) to the Buyer (and each Group Company) that it shall not (and shall procure that each Seller's Group Undertaking shall not) directly or indirectly (i.e. acting either alone or jointly, with or on behalf of any other person, whether as principal, partner, manager, employee, contractor, director, consultant, investor, shareholder or otherwise) on behalf of itself or jointly with any other person (or as an agent for), at any time during the [\*\*] month period from the Completion Date solicit, entice away or knowingly encourage, or endeavour to solicit, entice away or knowingly encourage:

12.1.1 any Manager;

12.1.2 [\*\*] (Vice President, Manufacturing);

12.1.3 [\*\*] (Director, Advanced Engineering); or

12.1.4 [\*\*] (Director, Engineering),

(each a "**Restricted Employee**") to leave the employment of the Company or any other Group Company.

12.2 Nothing contained in Clause 12.1 shall prevent the Seller from placing or procuring the placing of any general recruitment advertisement for employees and communicating with or recruiting and employing or otherwise contracting with any person who responds unprompted to such an advertisement provided that such advertisement is not specifically targeted at the Group or any member of the Group or any Restricted Employee.

12.3 The undertakings contained in Clause 12.1 shall be enforceable by the Buyer on its own behalf and on behalf of each Buyer's Group Undertaking. The Seller agrees that the undertakings contained in Clause 12.1 are reasonable and necessary for the protection of the legitimate interests of the Buyer and the Company and any other Group Company and that these restrictions do not work harshly on it. It is nevertheless agreed that, if any such undertaking shall be found to be void but would be valid if some part were deleted, then such undertaking shall apply with such deletions as may be necessary to make it valid and enforceable. Without prejudice to any other remedy which may be available to the Buyer, the Buyer may be entitled to seek injunctive or other equitable relief in relation to any breach or prospective breach of the undertakings in Clause 12.1, it being acknowledged that an award of damages may not be an adequate remedy for such a breach.

### 13. BUYER'S GUARANTOR

13.1 The Buyer's Guarantor irrevocably and unconditionally guarantees to the Seller the due and punctual payment and performance by the Buyer of its payment obligations, undertakings and/or liabilities under or in connection with this Agreement in accordance with the terms thereof (collectively, the "**Guaranteed Obligations**"). The Buyer's Guarantor shall pay to the Seller from time to time on demand in writing any sum of money which is at that time due and payable by the Buyer to the Seller pursuant to the Guaranteed Obligations and which has not been paid at the time the demand is made.

13.2 The Buyer's Guarantor's obligations under this Clause 13 are primary obligations and not those of a mere surety.

13.3 The Buyer's Guarantor irrevocably and unconditionally agrees to indemnify (and keep indemnified) the Seller on demand against any Loss (save for any punitive, indirect or consequential Loss) incurred by the Seller as a result of any obligation of the Buyer referred to in Clause 13.1 above being or becoming illegal, invalid or unenforceable as against the Buyer for any reason whatsoever. The amount of the Loss shall be equal to the amount which the Seller would otherwise have been entitled to recover from the Buyer.

13.4 The Buyer's Guarantor's liability under Clause 13.1 is a continuing obligation and shall not be satisfied, discharged or impaired by:

13.4.1 any amendment, variation or assignment of this Agreement or any waiver of its respective terms;

13.4.2 time or other indulgence being granted to the Buyer;

13.4.3 an arrangement which the Seller may make with the Buyer or with another person which, but for this Clause 13.4.3, might operate to diminish or discharge the liability of or otherwise provide a defence to a surety;

13.4.4 any winding up, dissolution, reconstruction, legal limitation, incapacity or lack of corporate power or authority or other circumstances affecting the Buyer (or any act taken by the Seller in relation to any such event); or

13.4.5 any other act, omission, event or circumstance (whether or not known to the Buyer, the Seller or the Buyer's Guarantor) which but for this Clause might prejudice or otherwise affect the liability of the Buyer's Guarantor under this Clause 13 or any of the rights, powers or remedies conferred upon the Buyer or the Seller or by Applicable Law.

- 13.5 So long as the Buyer is under an actual or contingent obligation under this Agreement or the other Transaction Documents, the Buyer's Guarantor shall not exercise a right which it may at any time have by reason of the performance of its obligations under Clauses 13.1, 13.2 and 13.3:
- 13.5.1 to be indemnified by the Buyer;
  - 13.5.2 to claim a contribution from another surety of the Buyer's obligations; or
  - 13.5.3 to take the benefit (wholly or partly and by way of subrogation or otherwise) of any of the Buyer's rights under this Agreement or the other Transaction Documents or of any other security taken by the Buyer,
- in connection with this Agreement or the other Transaction Documents.
- 13.6 The Buyer's Guarantor's liabilities under Clauses 13.1 and 13.2 are not affected by:
- 13.6.1 the avoidance of an assurance, security or payment by the Buyer; or
  - 13.6.2 a release, settlement or discharge which is given or made by the Seller on the faith of such aforementioned assurance, security or payment,
- in either case, under an enactment relating to bankruptcy or insolvency.
- 13.7 The Buyer's Guarantor waives any right it may have of first requiring the Seller (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Buyer's Guarantor under this Clause 13. This waiver applies irrespective of any law or any provision of this Agreement (or the other Transaction Documents) or any other agreement entered into pursuant to this Agreement to the contrary.
- 14. CONFIDENTIAL INFORMATION**
- 14.1 Subject to Clauses 14.2 and 15, the Seller undertakes to the Buyer (for itself and as agent and trustee for each Group Company) and the Buyer's Guarantor, and each of the Buyer and the Buyer's Guarantor undertakes to the Seller (for itself and as agent and trustee for each Seller's Group Undertaking), that they shall treat as confidential all Confidential Information received or obtained as a result of entering into or performing this Agreement which relates to:
- 14.1.1 any other party including, where such other party is the Buyer, the Buyer and its Affiliates from time to time;
  - 14.1.2 the Transaction, the transactions contemplated under this Agreement, the provisions or the subject matter of this Agreement or the other Transaction Documents and any claim or potential claim hereunder or thereunder; or
  - 14.1.3 the negotiations relating to this Agreement or the other Transaction Documents.
- 14.2 Clause 14.1 does not apply to disclosure of any such Confidential Information as is referred to in Clause 14.1:
- 14.2.1 which is required to be disclosed by Applicable Law, by a rule of a listing authority or stock exchange to which any party is subject or submits or by a Governmental Authority with relevant powers to which any party is subject or submits, whether or not the requirement has the force of law, provided that the disclosure shall, so far as is practicable, be made after consultation with

the other party and after taking into account the other party's reasonable requirements as to its timing, content and manner of making or despatch;

- 14.2.2 to an adviser for the purposes of advising in connection with the transactions contemplated by this Agreement, provided that such disclosure is essential for these purposes and is on the basis that Clause 14.1 applies to any disclosure made by the adviser;
- 14.2.3 to a director, officer or employee of the Buyer (or any Buyer's Group Undertaking) or the Seller (or any Seller's Group Undertaking), in each case whose function requires him to have the relevant Confidential Information;
- 14.2.4 to the extent that the Confidential Information has been made public by, or with the consent of, the other party; or
- 14.2.5 in respect of the Seller, to: (a) its shareholders; and (b) its shareholders' ultimate investors, and each of their respective advisers and managers, in each case for purposes related solely to their direct or indirect investment in the Seller.

14.3 The restrictions contained in this Clause 14 shall continue to apply after the termination of this Agreement without limit in time.

#### 15. ANNOUNCEMENTS

15.1 Subject to Clause 15.2, no party may, before or after Completion, make or send a public announcement, communication or circular concerning the transactions referred to in this Agreement unless it has first obtained the other party's written consent, which may not be unreasonably withheld or delayed, unless it is in the agreed form or is a repetition in whole or in part of the contents of any such public document in the agreed form or issued with such approval.

15.2 Clause 15.1 does not apply to a public announcement, communication or circular:

- 15.2.1 made or sent by the Buyer after Completion to a customer, client or supplier of a Group Company informing it of the Buyer's purchase of the Shares;
- 15.2.2 made or issued by any Seller's Group Undertaking to its shareholders and their ultimate investors and their respective advisers and managers informing them of the Seller's sale of the Shares;
- 15.2.3 required by Applicable Law, by a listing authority or stock exchange to which either party is subject or submits (or a rule of the same) or by a Governmental Authority with relevant powers to which any party is subject or submits, whether or not the requirement has the force of law, provided that the public announcement, communication or circular shall, so far as is practicable and permitted by Applicable Law, be made after consultation with the other party and after taking into account the reasonable comments of the other party before making the announcement; or
- 15.2.4 to which the other party has given its prior written approval, such approval not to be unreasonably withheld or delayed.

15.3 The restrictions contained in this Clause 15 shall continue to apply after the termination of the sale and purchase of the Shares under this Agreement without limit in time.

15.4 The Confidentiality Agreements shall terminate with effect from the Completion Date, without prejudice to accrued rights or obligations. During the period commencing from the date of this Agreement and ending on the Completion Date, in the case of any inconsistency between the Confidentiality Agreements and this Agreement, this Agreement shall prevail.

**16. TAXES, COSTS AND EXPENSE**

16.1 Except where this Agreement provides otherwise, each party shall pay its own Costs relating to the negotiation, preparation, execution and performance by it of this Agreement and the other Transaction Documents.

16.2 Without prejudice to Clause 16.1, the Seller and Buyer agree that the Buyer shall pay any stamp duty, transfer tax or notarial fees in any jurisdiction payable in respect of the transfer of the Shares (including but not limited to any Singapore stamp duty in respect of the transfer of the Shares).

16.3 The Buyer shall provide all assistance and information reasonably required by the Seller in order for the Seller to be able to file or cause to be filed any Tax returns (including any Tax filings in the United States of America including pursuant to the Code) or other materials required to be filed with each Governmental Authority in connection with the Reporting Requirements (including any appeals, contests or disputes), provided that the reasonable costs and expenses of any third party advisors incurred in connection with providing such assistance shall be borne by the Seller.

16.4 Notwithstanding anything contained in this Agreement to the contrary, no member of the Buyer's Group shall:

16.4.1 make any election under U.S. Treasury Regulation 301.7701-3 with an effective date with respect to any Group Company on or prior to the last day of the fiscal year with respect to such Group Company that includes the Completion Date;

16.4.2 make any election under Section 338(g) of the Code (or any comparable laws in any jurisdiction with respect to the Transaction); or

16.4.3 make any other Tax election with respect to any Group Company that has retroactive effect to a taxable period (or portion thereof) on or prior to the Completion Date or take any other action outside the ordinary course of business with respect to a Group Company that would increase the liability of any Seller (or any of its Affiliates or equity holders) for Taxes (including pursuant to Section 951 or 951A of the Code).

16.5 The Buyer acknowledges and agrees that certain Seller's Group Undertakings need to ascertain the "Section 1248 amount" under the Code with respect to the non-U.S. Group Companies and, as such, agrees not to cause any of the non-U.S. Group Companies: (a) to liquidate, consolidate or merge, to distribute a dividend or transfer any asset, or to otherwise participate in any transaction, outside the ordinary course of business that would result in any income inclusion under Section 951 or Section 951A of the Code, in the U.S. taxable year of the non-U.S. Group Companies which includes the Completion Date; or (b) to sell or otherwise transfer any share or asset, or to otherwise participate in any transaction, outside the ordinary course of business that would result in any increase to the earnings and profits of the non-U.S. Group Companies in the U.S. taxable year of the non-U.S. Group Companies which includes the Completion Date, until after the end of the U.S. taxable year of the non-U.S. Group Companies which includes the Completion Date. Notwithstanding anything to the contrary in this Clause 16.5, if Completion occurs on or after 1 January 2022, the Buyer shall not be restricted from conducting any activities with respect to any of the

non-U.S. Group Companies provided that the Buyer shall use commercially reasonable efforts to minimise the U.S. tax results for the Seller.

- 16.6 Upon the Seller's request and at the expense of the Seller (being the reasonable costs and expenses of any third party advisors incurred in connection with providing such assistance), the Buyer shall procure that the Group Companies assist the Seller with effectuating any U.S. check the box election(s) relating to the Group Companies which have an effective date on or before the Completion Date. For the avoidance of doubt, assistance will include signing any relevant forms or elections in the name of the relevant Group Company.
- 16.7 Save as otherwise provided in this Agreement, any payment to be made by any party under this Agreement shall be made in full without any set-off, restriction, condition or deduction for or on account of any counterclaim or withholding of any kind other than any deduction or withholding required by Applicable Law. If a deduction or withholding is required by Applicable Law from a payment under this Agreement, the sum due shall be increased to the extent necessary to ensure that, after the making of any deduction or withholding, the recipient receives a sum equal to the sum it would have received had no deduction or withholding been made. If any payment made by the Seller under Clause 16.10 is subject to Tax on receipt by the payee then the sum due shall be increased to the extent necessary to ensure that the payee receives a sum equal to the sum it would have received and retained had no Tax arisen.
- 16.8 In relation to the potential requirement to pay or account for Tax in relation to any amount treated as consideration for the transfer pursuant to this Agreement of PCI Kunshan Electronics Co., Ltd (the "**Relevant Chinese Taxation**"), the Seller undertakes that:
- 16.8.1 it shall within twenty (20) days of the date hereof share with the Buyer a draft of the report (and any related materials and information after redacting any commercially sensitive information pertaining to the Seller and its affiliates) to be submitted by the Seller to the relevant Tax Authorities in order to satisfy the Reporting Requirements;
- 16.8.2 if received from the Buyer within five (5) days following receipt by the Buyer of the draft report referred to in Clause 16.8.1, it may (but shall not be obliged to) take into account in finalising the draft report any reasonable comments made by the Buyer;
- 16.8.3 within thirty (30) days of the date hereof, it shall complete and submit to the applicable Tax Authority the report required under the Reporting Requirements (the "**Final Report**");
- 16.8.4 following submission to the relevant Tax Authorities, it shall promptly provide a copy of the Final Report to the Buyer and shall keep the Buyer fully and promptly updated on any progress or developments related to or arising from the Final Report; and
- 16.8.5 should any Relevant Chinese Taxation be due, and
- (a) the Seller shall settle such liability in full and shall provide to the Buyer evidence (as may be reasonably required by the Buyer) that such liability has been fully and finally settled; and
- (b) notwithstanding Clause 16.8.5, if the Buyer is required by Applicable Law to pay or account for such Relevant Chinese Taxation the Buyer shall settle such liability in full and the Seller shall hold the Buyer and/or relevant Group Company harmless against any Loss or liability to or

in respect of Tax arising in connection with paying or accounting for such Tax and/or the Relevant Chinese Tax.

- 16.9 In relation to the Monitoring Fees, and only upon receipt by the Seller of written notice from the Buyer of the matters set out in this Clause 16.9, the Seller shall (at its own cost) promptly provide (and shall procure there is provided) to the Buyer and the Company such support and assistance (including, without limitation, access to relevant personnel, third party advisors, and access to and copies of any relevant information and records) as may reasonably be required by the Buyer in order to establish, support, substantiate and/or defend the position to any Tax Authority that the Monitoring Fees are fully deductible expenses for the purposes of calculating the Company's taxable net income. In connection with the foregoing obligation, the Seller undertakes that it shall, and shall take all reasonable steps to procure that any other party shall, keep and retain all information and records as may be relevant to providing the assistance referred to in the prior sentence.
- 16.10 Subject to Schedule 9, but notwithstanding any other provisions in this Agreement, the Seller covenants to pay (on demand) to the Buyer an amount equal to any Loss to or in respect of Tax suffered or incurred by the Buyer and/or any Group Company:
- 16.10.1 as a result of or in connection with a Tax Authority making an adjustment for Tax purposes to the pricing of transactions between PT PCI Elektronik Internasional and the Company that occurred in any accounting period commencing before the Completion Date, provided however that the Seller shall only be liable to pay under this Clause 16.10 to the extent that the aggregate Loss suffered by the Buyer and/or any Group Company exceeds US\$[\*\*]; and
- 16.10.2 as a result of or in connection with a Tax Authority making an adjustment for Tax purposes to the pricing of transactions between PCI Kunshan Electronics Co., Ltd and the Company that occurred in any accounting period commencing before the Completion Date.

**17. SELLER'S REPRESENTATIVE**

- 17.1 The Seller unconditionally and irrevocably (by way of security for the performance of its obligations under this Agreement) appoints Platinum Equity Advisors, LLC as the Seller's Representative as its agent and attorney-in-fact with full authority on its behalf, and in the name of the Seller or otherwise, to do all acts and to execute and deliver such agreements or any other documents as are required by Applicable Law or as may, in the reasonable opinion of the Seller's Representative, be required to give effect to this Agreement and the transactions contemplated herein, including for the purposes of the following:
- 17.1.1 accepting or giving notices or communications on behalf of the Seller;
- 17.1.2 taking any and all actions that may be necessary or desirable in connection with this Agreement;
- 17.1.3 granting any consent or approval on behalf of the Seller under this Agreement; and
- 17.1.4 generally taking any and all other actions and doing any and all other things provided in or contemplated by this Agreement to be performed by the Seller.
- 17.2 The Seller further acknowledges and agrees that any actions, decisions, consents or instructions taken by the Seller's Representative, whether before or after the Completion Date, shall be valid and binding on the Seller and the Buyer shall be

entitled to rely on the actions, decisions, consents or instructions taken by the Seller's Representative as being the actions, decisions, consents or instructions of the Seller. Notices or communications to, or from, the Seller's Representative in accordance with this Agreement shall constitute sufficient notice to, or from the Seller under this Agreement.

17.3 The Seller may at any time, by not less than five (5) Business Days' written notice to the Buyer, appoint an alternative Seller's Representative to serve as the replacement Seller's Representative and to assume all the powers, and perform all the duties and obligations of the previous Seller's Representative. The term "**Seller's Representative**" as used in this Agreement shall therefore include any such replacement Seller's Representative.

## 18. GENERAL

18.1 A variation of this Agreement is valid only if it is in writing and signed by or on behalf of each party.

18.2 The failure to exercise or delay in exercising a right or remedy provided by this Agreement or by Applicable Law does not impair or constitute a waiver of the right or remedy or an impairment of or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by Applicable Law prevents further exercise of the right or remedy or, except as expressly provided in this Agreement, the exercise of another right or remedy.

18.3 Except as expressly provided in this Agreement, the party's rights and remedies contained in this Agreement are cumulative and not exclusive of rights or remedies provided by Applicable Law.

18.4 Except to the extent that they have been performed and except where this Agreement provides otherwise, the obligations contained in this Agreement remain in full force and effect after Completion.

18.5 If a party fails to pay a sum due from it under this Agreement on the due date of payment in accordance with the provisions of this Agreement, that party shall pay interest on the overdue sum from the due date of payment until the date on which its obligation to pay the sum is discharged at the Agreed Rate (accrued daily and compounded monthly).

18.6 Any payment made by the Seller to the Buyer in respect of a Claim shall be treated by the Buyer and the Seller as a reduction in the purchase price of the Shares to the extent: (a) of the payment; and (b) permissible pursuant to Applicable Law.

18.7 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable under the laws of any jurisdiction, that shall not affect:

18.7.1 the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or

18.7.2 the legality, validity or enforceability under the laws of any other jurisdiction of that or another provision of this Agreement.

18.8 Except as provided in Clauses 7.4, 11.2 and 12, a person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act (Chapter 53B of Singapore) to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act. For the avoidance of doubt, the parties may amend or vary this Agreement in accordance with its terms without the consent of any other person.



18.9 Each party shall from time to time execute and deliver or procure to be done, executed and delivered all such further acts, documents and things reasonably required by, and in a form reasonably satisfactory to, the other party in order to give full effect to this Agreement and its rights, powers and remedies under this Agreement.

#### 19. ENTIRE AGREEMENT

This Agreement and the other Transaction Documents constitute the entire agreement and understanding between the parties relating to the subject matter of this Agreement and the other Transaction Documents and no party has entered into this Agreement or any of the other Transaction Documents in reliance upon any representation, warranty or undertaking of any other party which is not set out in this Agreement or any other Transaction Document. Nothing in this Clause 19 shall have the effect of limiting or restricting any liability arising as a result of fraud or wilful misconduct.

#### 20. ASSIGNMENT

20.1 Except as expressly set out in this Agreement, no party shall, without the prior consent of the other party in writing, assign, transfer, declare a trust of the benefit of or in any other way alienate any of its rights under this Agreement whether in whole or in part.

20.2 The Buyer may: (i) assign; and (ii) in the case of Clause 20.2.2 only, charge or otherwise grant security over, all or any of its rights under this Agreement to and/or in favour of:

20.2.1 any other member of the Buyer's Group; and/or

20.2.2 any lender, by way of security for any borrowings or other indebtedness of the Buyer's Group from time to time,

without the consent of the Seller, provided that: (a) if any assignee pursuant to Clause 20.2.1 at any time ceases to be a member of the Buyer's Group, any rights under this Agreement which have been assigned to it shall be assigned to, or made the subject of a trust in favour of, another member of the Buyer's Group; and (b) in the event that any assignment, charging and/or grant of security occurs, the liability of the Seller under this Agreement shall be no greater than it would have been had such assignment, charging and/or grant of security not occurred.

#### 21. NOTICES

21.1 A notice or other communication under or in connection with this Agreement (a "Notice") shall be:

21.1.1 in writing;

21.1.2 in the English language; and

21.1.3 delivered personally or by local or international courier or sent by email to the party due to receive the Notice to the address set out in Clause 21.3 or to another address specified by that party by not less than seven (7) days' written notice to the other party received before the Notice was despatched.

21.2 Unless there is evidence that it was received earlier, a Notice is deemed given if:

21.2.1 delivered personally or by local or international courier, when left at the address preferred in Clause 21.1.3; or

21.2.2 sent by email, when the email is sent, provided that a copy of the Notice is sent by another method referred to in this Clause 21.2 within one (1) Business Day of sending the email.

21.3 The address referred to in Clause 21.1.3 is:

Name of party	Address	Email Address	Marked for the attention of
Platinum Equity Advisors, LLC	360 North Crescent Drive, South Building, Beverly Hills, CA 30210	jholland@platinumequity.com / jmaroldi@platinumequity.com	John Holland, General Counsel / Justin Maroldi, Director, Legal
The Seller	Platinum Equity Advisors, LLC 360 North Crescent Drive, South Building, Beverly Hills, CA 30210	jholland@platinumequity.com / jmaroldi@platinumequity.com	John Holland, General Counsel / Justin Maroldi, Director, Legal

The Buyer	2863862 Ontario Inc. 1900-5140 Yonge Street, Toronto, Ontario M2N 6L7, Canada	rellis@celestica.com	Robert Ellis, General Counsel
The Buyer's Guarantor	Celestica Inc. 1900-5140 Yonge Street, Toronto, Ontario M2N 6L7, Canada	rellis@celestica.com	Robert Ellis, General Counsel

**22. GOVERNING LAW AND ARBITRATION**

22.1 This Agreement shall be governed by and construed in accordance with the laws of Singapore.

22.2 Any dispute, controversy or claim arising in any way out of or in connection with this Agreement (including: (a) any contractual, pre-contractual or non-contractual rights, obligations or liabilities; and (b) any issue as to the existence, validity or termination of this Agreement), shall be referred to and finally resolved by arbitration administered by the Singapore International Arbitration Centre ("SIAC") in Singapore in accordance with the Arbitration Rules of the SIAC for the time being in force, which rules are deemed to be incorporated by reference in this Clause 22.2.

22.3 The arbitral tribunal shall consist of three (3) arbitrators. The language of the arbitration shall be English. The venue and seat of arbitration shall be Singapore. This arbitration agreement shall be governed by Singapore law.

**23. GOVERNING LANGUAGE**

23.1 This Agreement is drawn up in the English language. If this Agreement is translated into another language, the English language text prevails.

23.2 Each notice, demand, request, statement, instrument, certificate or other communication given, delivered or made by a party to any other party under or in connection with this Agreement shall be:

23.2.1 in English; or

23.2.2 if not in English, accompanied by an English translation made by a translator, and certified by such translator to be accurate.

23.3 The receiving party shall be entitled to assume the accuracy of and rely upon any English translation of any document provided pursuant to Clause 23.2.2.

**24. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which when executed and delivered is an original and all of which together evidence the same agreement. Copies of executed counterparts of this Agreement transmitted by electronic transmission as well as digitally executed counterparts (such as DocuSign) shall have the same legal effect as original signatures and shall be considered original executed counterparts of such documents.

**SCHEDULE 5  
COMPLETION REQUIREMENTS**

**1. SELLER'S OBLIGATIONS**

1.1 At Completion (and against receipt in full by the Seller of the funds referred to in Clause 6.3.1):

- (a) the Seller's Representative shall deliver, or procure that there is delivered, to the Buyer (or its representatives) the following items:
- (i) the original share transfer form(s), duly executed by the Seller, in respect of the transfer of the Shares which are registered in the Seller's name to the Buyer;
  - (ii) the original share certificate(s) for the Shares registered in the Seller's name (or a duly executed indemnity in the agreed form in respect thereof);
  - (iii) the Stamp Duty Documents, duly executed or endorsed where so required;
  - (iv) executed copies of each Pay-Off Letter and each Security Release Agreement;
  - (v) an irrevocable power of attorney in the agreed form duly executed by the Seller in favour of the Buyer in respect of the Shares which enables the Buyer (pending registration of the relevant transfers) to attend and vote at general meetings of the Company and exercise all other rights attaching to the Shares and to appoint proxies for this purpose with immediate effect from the Completion Date;
  - (vi) resignation letters from:
    - (A) Mary Ann Sigler with respect to her positions as director of the Company, director of Printed Circuits International Incorporated, director of PCI Technology Enabler Pte. Ltd and commissioner of PT PCI Elektronik Internasional;
    - (B) Justin Maroldi with respect to his positions as director of the Company, secretary of Printed Circuits International Incorporated and director of PCI Technology Enabler Pte. Ltd; and
    - (C) Chooi Kok Yaw, with respect to his position as director of the Company,in each case in the agreed form, executed as a deed and relinquishing any right (past, present or future) against each relevant Group Company for loss of office (whether contractual, statutory or otherwise);
  - (vii) without prejudice to the provisions of paragraph 1.1(a)(vi) above, if requested by the Buyer, letters of resignation, in the agreed form, of each director, secretary, commissioner or legal representative (if applicable and to the extent so requested by the Buyer in writing five (5) Business Days before Completion) of the Company and/or any other Group Company (as applicable) expressed to take effect from 38

Completion, in each case executed as a deed and relinquishing any right (past, present or future) against the Company or, as appropriate, the relevant Group Company for loss of office (whether contractual, statutory or otherwise);

(viii) a copy of the written resolutions, or minutes of a duly held meeting, of the directors of the Seller authorising the execution by the Seller of this Agreement (and each other Transaction Document to be signed by the Seller) in connection with this Agreement or a copy of the power of attorney conferring the authority of each person executing this Agreement (and each other Transaction Document to be signed by the Seller) in connection with this Agreement on the Seller's behalf; and

(ix) a copy of the duly updated electronic register of members of the Company reflecting the Buyer as the shareholder of the Shares;

1.2 the Seller shall procure the passing of resolutions of (and procure the delivery to the Buyer of a copy of the written resolutions or minutes of a duly held meeting of):

(a) the Company:

(i) authorising the sale of the Shares to the Buyer be approved and resolving that the transfer of the Shares shall be approved for registration and that (subject only to the transfers being duly stamped) the directors of the Company be authorised to lodge with the ACRA the transfer of the Shares from the Seller to the Buyer and for the Buyer to be entered into the electronic register of members of the Company as the holder of the Shares;

(ii) authorising the cancellation of the share certificate(s) in respect of the Shares in the name of the Seller and authorising the issuance of a new share certificate in respect of the Shares to the Buyer; and

(iii) accepting the resignation of each of Mary Ann Sigler, Justin Maroldi and Chooi Kok Yaw as director of the Company and any other outgoing directors or secretary of the Company (as contemplated pursuant to paragraph 1.1(a)(vi) of this Schedule 5), authorising the appointment any incoming directors or secretary of the Company (as contemplated pursuant to paragraph 2.1(c) of this Schedule 5) and authorising the amendment of the authority to operate the Company's bank accounts (as contemplated pursuant to paragraph 2.1(e) of this Schedule 5), with effect from the Completion Date; and

(b) Printed Circuits International Incorporated, accepting the resignation of Mary Ann Sigler as director and the resignation of Justin Maroldi as secretary;

(c) PCI Technology Enabler Pte. Ltd, accepting the resignation of Mary Ann Sigler as director and the resignation of Justin Maroldi as director;

(d) PT PCI Elektronik Internasional, accepting the resignation of Mary Ann Sigler as commissioner; and

(e) any other Group Company:

(i) accepting the resignation of any outgoing director, secretary, commissioner or legal representative of such Group Company (as contemplated pursuant to paragraph 1.1(a)(vi) of this Schedule 5); and

- (ii) authorising the appointment any incoming director, secretary, commissioner or legal representative of such Group Company (as contemplated pursuant to paragraph 2.1(c) of this Schedule 5); and

1.3 the Seller shall:

- (a) file or procure the filing of all statutory forms, notices and filings required to be filed with any Singaporean regulatory authority (including the Stamp Duty Branch of the Inland Revenue Authority of Singapore for the purpose of payment of stamp duty as provided in sub-paragraph (b) below, and ACRA); and
- (b) ensure that, following receipt of the amount to be paid by the Buyer as contemplated in Clause 6.1, the Singapore stamp duty payable on the transfer of the Shares is paid to the Inland Revenue Authority of Singapore,

in each case in order to: (i) ensure that the transfer of the Shares to the Buyer is duly stamped as far as the Initial Consideration is concerned; and (ii) give effect to the transfer of the Shares from the Seller to the Buyer, on the Completion Date. For the avoidance of doubt, this provision shall not in any way affect the Buyer's obligation under Clause 16.2 and accordingly, the Buyer shall directly make payment (or procure the payment) to the Inland Revenue Authority of Singapore, of any additional stamp duty amount that may be payable under Applicable Law by the Buyer for the transfer of Shares from the Seller to the Buyer, pursuant to the adjustments to the Initial Consideration contemplated in this Agreement.

## 2. BUYER'S OBLIGATIONS

2.1 At Completion, the Buyer shall deliver, or procure that there is delivered, to the Seller's Representative:

- (a) a copy of the written resolutions, or minutes of a duly held meeting, of the directors of the Buyer authorising the execution by the Buyer of this Agreement (and each other Transaction Document to be signed by the Buyer) or a copy of the power of attorney conferring the authority of each person executing this Agreement (and each other Transaction Document to be signed by the Buyer) on the Buyer's behalf;
- (b) a copy of the written resolutions, or minutes of a duly held meeting, of the directors of the Buyer's Guarantor authorising the execution by the Buyer's Guarantor of this Agreement (and each other Transaction Document to be signed by the Buyer's Guarantor) or a copy of the power of attorney conferring the authority of each person executing this Agreement (and each other Transaction Document to be signed by the Buyer's Guarantor) on the Buyer's Guarantor's behalf;
- (c) details of the persons nominated by the Buyer as director, secretary, commissioner or legal representative of the Company and/or any other Group Company with effect from Completion, together with the relevant consents to act as director and secretary duly executed by each person nominated by the Buyer as director, secretary, commissioner or legal representative of the Company and/or any other Group Company, as applicable; and
- (d) details of those persons nominated by the Buyer with authority to operate the Company's bank account.

**SCHEDULE 6  
WARRANTIES**

**1. SHARES AND GROUP COMPANIES**

**1.1 Information in this Agreement**

The information contained in Schedule 1 is true and accurate in all material respects.

**1.2 Ownership of Shares and the Group**

- (a) No Group Company has:
  - (i) allotted or issued: (A) any share capital or equity interest other than the shares shown in Part A and Part B of Schedule 1 as being allotted or issued; or (B) any loan capital; or (C) any instrument convertible into share capital, an equity interest or loan capital in a Group Company; or
  - (ii) any: (A) interest in the share or loan capital of; or (B) other securities in, any other entity which is not a Group Company.
- (b) The Subsidiaries are the only subsidiary undertakings of the Company or any Group Company and the entire issued share capital of each Subsidiary is:
  - (i) legally and beneficially owned by a Group Company; and
  - (ii) free from all Encumbrances and no claim has been made by any person to be entitled to any such Encumbrance.
- (c) Other than this Agreement, no Contract has been entered into which requires or may require any Group Company to allot, issue, transfer, redeem or repay, or grant to a person the right (conditional or not) to require the allotment, issue, transfer, redemption or repayment of, any equity interest or share or loan capital (including an option or right of pre-emption or conversion).
- (d) No Group Company:
  - (i) has any interest in, and has not agreed to acquire an interest in or merge or consolidate with, any body corporate; or
  - (ii) is or has been a member of any corporate or unincorporated body, undertaking or association.
- (e) There is no Encumbrance and there is no agreement, arrangement or obligation to create or give an Encumbrance, in relation to any equity interests, shares capital or loan capital of any Group Company.
- (f) Each Group Company (i) is duly organised and validly existing under the laws of its jurisdiction of organisation identified in Schedule 1, and (ii) has full power and authority to carry on its business in all material respects as it is currently conducted and to own, operate and hold under lease its material assets and properties as, and in the places where, such assets and properties are currently owned, operated or held.

**2. CONSTITUTIONAL AND CORPORATE DOCUMENTS**

**2.1 Constitutional Documents**



The copies of the memorandum and articles of association or other constitutional documents of each of the Group Companies is disclosed in the Intralinks Data Room (including section 1.1.1, 1.12.18.17, 1.12.18.30), and each is true, accurate, in force and complete at the date of this Agreement.

## 2.2 Books and Records

- (a) All resolutions, annual returns and other documents required to be delivered to and/or lodged with the ACRA (or to any other similar governmental or regulatory body or any equivalent local authority in accordance with the laws of any applicable jurisdiction) in respect of each Group Company in the past two (2) years have been properly prepared and filed.
- (b) The register of members or electronic register of members (as applicable) of each Group Company contained in the Intralinks Data Room (including sections 1.12.18.18.1, 1.12.18.28.1, 1.12.18.43), contains an accurate and complete record of its members.
- (c) The statutory registers (excluding the minute books) of each Group Company (or equivalent constitutional document(s) in the relevant Group Company's jurisdiction of incorporation) are up to date, contain complete and accurate details of all matters required by Applicable Law to be entered in them and in its possession or control.
- (d) There is no outstanding, nor has there in the past [\*\*] years been any, written notice received by any Group Company alleging that its statutory records, registers and/or books are incorrect or incomplete or should be rectified.

## 2.3 Powers of Attorney

The Group Companies have not given a power of attorney (express, implied or ostensible) by which a person may enter into an agreement, arrangement or obligation on its behalf (other than an authority for a director, other officer or employee to enter into routine agreements in the usual course of that person's duties).

## 2.4 Intra Vires

No Group Company has entered into any transaction ultra vires or outside of the authority or powers of its directors and no Group Company is in breach of the provisions of its articles of association (or equivalent constitutional documents).

## 3. ACCOUNTS

### 3.1 Compliance with Accounting Standards and Law

The Audited Accounts have been prepared in accordance with the requirements of SFRS(I) in force for the accounting period ended on the Last Accounting Date and comply with the Act.

### 3.2 Fair View

- (a) The Audited Accounts present a true and fair view of the state of Group's and Company's affairs as at Last Accounting Date and of the Group's profit or loss and the Group's and the Company's cash flows and financial performance for the financial year ended on that date.
- (b) The following words and expressions have the meanings given to them below: 42

"**Management Accounts**" means the unaudited accounts of the Company and each Subsidiary in respect of the period starting on the day after the Last Accounting Date and ending on 31 March 2021.

- (c) Having regard to the purpose for which the Management Accounts are prepared and the fact that the Management Accounts are not audited and do not incorporate typical year-end adjustments, the Management Accounts show with reasonable accuracy the financial position of the Group as at the date to which they have been prepared and the trading results of the Group for the period ended on 31 March 2021 and do not materially misstate the assets and liabilities of the Group as at 31 March 2021 nor the profits or losses of the relevant Group Company for the period concerned.

### 3.3 Consistent Basis

- (a) The Audited Accounts have been prepared on a basis consistent with the audited accounts of the Group Companies for the [\*\*] previous financial years without any changes in accounting policies used save for the change in the Group's accounting financial year end from 30 June to 31 December and save as required to comply with Applicable Law.
  - (b) The Management Accounts have been prepared with all due care and attention in accordance with the normal practice of the Group on a basis consistent with the management accounts of the Group for the preceding two (2) financial accounting years and there has been no revaluation of any assets, fixed or otherwise, from the value of those assets stated in the Audited Accounts.
- 3.4 The results shown by the Audited Accounts have not been affected by any extraordinary or exceptional item or by any other circumstance making the profits or losses for all or any of the periods covered by those accounts unusually high or low in any material respect.
- 3.5 All debtors, accounts receivable and works in progress, in each case with a value of US\$[\*\*] or more, which the Seller: (i) is actually aware will not; and/or (ii) does not reasonably believe will, be collected in the ordinary course of business are provided for in the Management Accounts.
- 3.6 At the Last Accounting Date, under SFRS(I) in force for the accounting period ended on the Last Accounting Date (and, for the avoidance of doubt, not taking into account any events after the Last Accounting Date), the Group did not have any other material liability (whether actual, contingent, unquantified or disputed) or material outstanding capital commitment which is not fully disclosed or fully provided for in the Audited Accounts.
- 3.7 The accounting and other records of each Group Company required to be kept by law are up to date and have been properly maintained as required by Applicable Law and are in the possession of such Group Company.
- 3.8 As at the Completion Date, there will be a minimum of US\$[\*\*] of cash in the accounts of the Company.

### 4. CHANGES SINCE THE LAST ACCOUNTING DATE

4.1 Since the Last Accounting Date, as regards each Group Company:

- (a) its business has been carried on in the ordinary course, consistent with past practices, and so as to maintain the same as a going concern;

- (b) there has been no material deterioration in the financial position of the Group;
- (c) it has not acquired (nor agreed to acquire) any single asset, or entered into any contract or commitment, having a value in excess of US\$150,000 (or the equivalent in another currency) or assets or contracts or commitments having an aggregate value in excess of US\$300,000 (or the equivalent in another currency) otherwise than in the ordinary course of carrying on its business;
- (d) it has not disposed of (nor agreed to dispose of) any single asset having a value in excess of US\$150,000 (or the equivalent in another currency) or assets having an aggregate value in excess of US\$300,000 (or the equivalent in another currency) otherwise than in the ordinary course of carrying on its business;
- (e) it has not assumed or incurred any liability for any individual item of capital expenditure involving an amount in excess of US\$200,000;
- (f) as at the date of this Agreement, its business has not been materially and adversely affected by the loss of any Material Customer or Material Supplier;
- (g) save for: (1) the dividend payment of US\$[\*\*] made by the Company to the Seller on or prior to 31 May 2021; (2) the dividend payment of US\$[\*\*] and the advance payment of US\$[\*\*], both made by the Company to the Seller on or prior to 20 September 2021; and (3) the distributions which may take place between the date of this Agreement and the Completion Date in accordance with paragraph 5 of Schedule 8 for the purposes of prepayment(s) of the Bank Facilities, no dividend, advance or other distribution (whether of capital, income or otherwise) has been, or been agreed to be, declared, made or paid by the Company to its members;
- (h) save for: (1) the repayment of US\$[\*\*] by the Company pursuant the Bank Facilities on each of 30 April 2021 and 29 October 2021; and (2) any additional prepayment(s) by the Company of the Bank Facilities to be effected between the date of this Agreement and the Completion Date in accordance with paragraph 6 of Schedule 8:
  - (i) no share or loan capital (or other form of securities) has been allotted, issued, repaid or redeemed;
  - (ii) no borrowing or indebtedness has been repaid in advance of its stated maturity; and
  - (iii) no sum of US\$50,000 or more has been incurred, borrowed, raised or lent (other than on an intra-group basis in the ordinary course of business), and no agreement or arrangement has been made to do any of the foregoing;
- (i) no resolution of its shareholders or members has been passed (except for those representing the ordinary business of an annual general meeting);
- (j) it has not changed or removed its auditor nor changed its accounting reference date;
- (k) there has been no material change in the valuation methodology used by such Group Company in calculating work in progress balances;

- (l) it has not entered into any unusual, long-term or onerous commitments or Contracts, otherwise than in the ordinary course of carrying on its business; and
- (m) it has not acquired or disposed of or granted any right or option or created any other Encumbrance over its equity or its assets, save for those created pursuant to this Agreement or otherwise made in the ordinary course of carrying on its business.

## 5. TAXATION

### 5.1 General

- (a) Each Group Company has properly and punctually paid all Tax due and payable by it, and is not, and has not in the [\*\*] years ending on the date of this Agreement been, liable to pay a penalty, surcharge, fine or interest in connection with Tax.
- (b) So far as the Seller is aware, each Group Company has not paid a penalty, surcharge, fine or interest in connection with Tax in the preceding two (2) years.
- (c) The Audited Accounts include provision or reserve (as appropriate) in accordance with generally accepted accounting practice for Tax liable to be assessed on the Group or for which the Group is accountable in respect of profits earned, accrued or received on or before the Last Accounting Date, and in respect of any event occurring or deemed to have occurred on or before the Last Accounting Date.
- (d) Since the Last Accounting Date, no material Tax has or may have arisen to the Group (or would have arisen but for the use of any available Tax Reliefs) other than in the ordinary course of the relevant Group Company's business.
- (e) No Group Company has entered into or been engaged in or been a party to any arrangement or transaction which is artificial or fictitious or any transaction or series of transactions or scheme or arrangement of which the main or dominant purpose or one of the main or dominant purposes was the avoidance or deferral of or reduction in the liability to Tax of any Group Company.
- (f) The Group has, where legally obliged to do so, deducted or withheld amounts in respect of Tax and has properly and punctually accounted to the relevant Tax Authority for the Tax so deducted or withheld.
- (g) So far as the Seller is aware, in the two (2) years ending on the date of this Agreement, no Tax has been or may be assessed on or required to be paid by the Group where the amount in question is the primary liability of any entity that is not a Group Company, and where such assessment or requirement arises or arose by reason of the failure by such abovementioned entity to satisfy a Tax liability. No Group Company is, nor could it become, liable to pay any amount or make reimbursement or indemnity to any person (including any Tax Authority) in respect of any Tax liability of another person pursuant to the terms of any agreement or arrangement entered into by any Group Company.
- (h) Printed Circuits International Incorporated is, and has been since formation, treated as an association taxable as a corporation for U.S. federal income tax purposes and no Group Company has: (i) been included in any affiliated group defined in Section 1504 of the Code or any "consolidated," "unitary",

“combined” or similar group provided for under state, local or non-U.S. law with respect to Taxes for any taxable period for which the statute of limitations has not expired (other than a group comprised solely of other Group Companies) or (ii) has any liability under Treasury Regulations Section 1.1502-6 (or any similar provision of state, local or non-U.S. Law) as a transferee or successor, by contract or otherwise.

- (i) No Group Company is, or at any time during the two-year period ending on the date of this Agreement was, a “United States real property holding corporation” within the meaning of Section 897(c) of the Code, and no Group Company organized in a non-U.S. jurisdiction owns any U.S. real property interests within the meaning of Section 897(c) of the Code.
- (j) No Group Company will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Completion Date as a result of any of the following that occurred or existed on or prior to the Completion Date (in each case where there is a reference to the Code or Treasury Regulations, including any corresponding or similar provision of state, local or non-U.S. Tax law): (i) a ruling by, or written agreement with, a Tax Authority, including any closing agreement pursuant to Section 7121 of the Code, (ii) an instalment sale or open transaction, (iii) a prepaid amount received or deferred revenue received, (iv) an intercompany item under Treasury Regulation Section 1.1502-13 or an excess loss account under Treasury Regulation Section 1.1502-19 or (v) a change in accounting method, including pursuant to Section 481 of the Code.
- (k) During the two-year period ending on the date of this Agreement, no Group Company was a distributing corporation or a controlled corporation in a transaction intended to be governed in whole or in part by Section 355 of the Code.
- (l) No Group Company has engaged in a “reportable transaction” within the meaning of Treasury Regulations Section 1.6011-4(b).
- (m) So far as the Seller is aware, during the two-year period ending on the date of this Agreement, any document that may be necessary or desirable in proving the title of a Group Company to any asset which is owned by that Group Company at Completion is duly stamped for stamp duty purposes or has had the transfer or registration tax due in respect of it paid.
- (n) So far as the Seller is aware, during the two-year period ending on the date of this Agreement, neither entering into this Agreement nor Completion will result in the withdrawal of any stamp duty or transfer or registration Tax Relief granted on or before Completion which will affect any Group Company.

## 5.2 Compliance

- (a) The following words and expressions have the meanings given to them below:

“Returns” has the meaning given to it in paragraph 5.2(b) of Schedule 6.

- (b) So far as the Seller is aware, in the two and a half (2.5) years ending on the date of this Agreement, each Group Company has filed within applicable time limits all Tax returns, claims for relief, applications, notifications, computations, reports, accounts, statements, supplies of information, registrations and assessments (including any amendments, schedules, information returns or attachments thereto relating to Tax (“Returns”))

required to be filed with any Tax Authority and each such Return has been in the required form and properly submitted within any relevant time limit. The Returns were and, so far as the Seller is aware, remain, materially complete, true and accurate, give full disclosure of all material facts and circumstances and none of them is the subject of any question or dispute with any Tax Authority, nor are they, so far as the Seller is aware, likely to become the subject of any question or dispute with any Tax Authority.

- (c) So far as the Seller is aware, in the two (2) years ending on the date of this Agreement, no Tax Authority has agreed to operate any special arrangement (being an arrangement which is not based on the generally accepted application of the relevant legislation, statements of practice or published extra-statutory concessions) in relation to the Group's affairs.
- (d) No Group Company is currently involved, and, so far as the Seller is aware, there are no circumstances as a result of which it is reasonably likely to become involved, in any material dispute in relation to Tax with any Tax Authority. As far as the Seller is aware, the Group has not, in the two (2) years ending on the date of this Agreement, been subject to any material non-routine visit, audit, investigation, enquiry, discovery or access order by any Tax Authority.
- (e) So far as the Seller is aware, in the [\*\*] years ending on the date of this Agreement, each Group Company has maintained all material records in relation to Tax which it is required under Applicable Law to maintain (or needs to maintain to satisfy any evidentiary prerequisite to Tax positions claimed by it (or evidentiary prerequisite to disputing penalties for such a position)) and all such records meet applicable legal requirements and remain true, complete and accurate in all material respects.
- (f) So far as the Seller is aware, in the [\*\*] years ending on the date of this Agreement, none of the Group Companies has paid or, become liable to pay any fine, penalty or interest charged by virtue of any other statutory provision relating to Taxation.

### 5.3 Employees

Without prejudice to paragraph 5.1(a), each Group Company has in the last [\*\*] years ending on the date of this Agreement: made all payments, deductions, withholdings or reductions as required by law from all payments to or amounts treated as paid to or benefits provided for or on behalf of any employees, ex-employees, officers, ex-officers, independent contractors or other workers or other persons in respect of Tax and each Group Company has duly and punctually paid or accounted to any relevant Tax Authority for such amounts as are payable by the Company to any relevant Tax Authority in respect of such deductions, withholdings or reductions.

### 5.4 Group of Companies

No Group Company is a member of a group for any Tax purpose in any jurisdiction.

### 5.5 International

So far as the Seller is aware in respect of the two (2) years ending on the date of this Agreement:

- (a) each Group Company is and always has been resident only in its country of incorporation for Tax purposes and is not and has never been resident or

treated as resident in any other jurisdiction for any Tax purpose or for the purposes of any double taxation agreement; and

- (b) all transactions or arrangements made by any Group Company have been made on arm's length terms and the processes by which prices and terms have been arrived at have, in each case, been fully documented where the relevant Group Company is formally required to do so. No notice, enquiry or adjustment has been made by any Tax Authority in connection with any such transactions or arrangements.

## 5.6 GST

- (a) Each Group Company:
  - (i) is registered for the purposes of GST where it is required by law to be so registered;
  - (ii) has made, given, obtained and kept up-to-date, proper records, invoices and documents appropriate or required for the purposes of GST; and
  - (iii) has complied in all material respects with all other applicable GST legislation and in particular has filed all returns and made all payments of GST on a timely basis.

## 6. EMPLOYEES

### 6.1 Particulars

- (a) Those persons named as such in Schedule 1 are the only persons currently appointed to the board of directors of the Group Companies.
- (b) The particulars contained in the schedule of employees in the Box Data Room show, in relation to each employee of the Group Companies (or, where appropriate, to each category of employee) employment entity, type of employment, job title, and annual salary or pay rate (as appropriate) as at 30 June 2021.
- (c) No Group Company is under any legal obligation to make any future change in the remuneration or benefits of any of its employees other than salary or wage increases in the ordinary course of business and no change in the remuneration, benefits and arrangements relating to the employees of any Group Company is due or has been promised within six (6) months from the date of this Agreement.
- (d) No Group Company has made any outstanding offer nor agreed to employ any person on an annual salary of US\$150,000 or more who is not already an employee of any Group Company at the date of this Agreement.
- (e) No employee of a Group Company will become entitled to receive a payment by virtue of Completion.
- (f) No bonuses (including any transaction or retention bonuses for management) have been or will be paid or made (or declared to be or treated as paid or made) in connection with the preparation, negotiation or consummation of the Transaction.

### 6.2 Compliance

In the past two (2) years each Group Company has complied in all material respects with all its obligations to or in respect of all its employees and former employees arising out of their terms and conditions of employment and/or with any relevant legal requirement, including, without limitation, any obligation in relation to the establishing of or conduct toward any works council, staff delegation or similar body.

### 6.3 Termination of Employment and Disputes and Disciplinary/Grievance Proceedings

- (a) There are no contracts of service with the employees of the Group Companies, nor any consultancy agreements with the Group Companies, which cannot be terminated by:
  - (i) three (3) months' notice or less; or
  - (ii) reasonable notice,without giving rise to any claim for damages or compensation, other than as provided under Applicable Law.
- (b) As at the date of this Agreement, no dispute is outstanding between any Group Company and any of its current or former senior management relating to their employment or its termination.
- (c) No employee of a Group Company whose annual salary is US\$150,000 or more has given notice to terminate his contract of employment or is under notice of dismissal.
- (d) There are no disciplinary or grievance proceedings which have not yet been completed and there are no appeals pending in relation to any disciplinary or grievance decisions, in either case relating to any employee of a Group Company whose annual salary is US\$250,000 or more.
- (e) No person previously employed by a Group Company has a right to return to work or a right to be reinstated or re-engaged.

### 6.4 Remuneration

- (a) No amount owing to any present director or Senior Employee of the Group Companies is in arrear and unpaid other than remuneration accrued for the current wage or salary period or for reimbursement of normal business expenses.
- (b) Save to the extent (if any) to which provision or allowance has been made in the Audited Accounts and/or the Management Accounts as at the date of this Agreement, no gratuitous payment has been made or promised by any Group Company in connection with the actual or proposed termination or suspension of employment or variation of any contract of employment of any present director or Senior Employee, or former director or Senior Employee (being a director or Senior Employee in the two (2) years preceding the date of this Agreement).

### 6.5 Trade Unions and Industrial Relations

- (a) There is no recognition agreement between a Group Company and any trade union in relation to any of its employees and there are no outstanding



applications or requests for trade union recognition (whether statutory or voluntary).

- (b) Each Group Company is not involved in, nor has it received written notice of, any industrial or trade dispute or any dispute or negotiation with any trade union or association of trade unions or organisation or body of employees and, so far as the Seller is aware, there is nothing reasonably likely to give rise to such a dispute or claim.

#### 6.6 **Loans**

There are no outstanding employee loans made by any Group Company to any of the employees of the Group that will not be repaid in full on Completion.

#### 6.7 **Pensions**

Each Group Company has complied with its respective obligations under Applicable Laws in respect of any pension scheme or similar arrangement.

### 7. **BORROWINGS AND DEBT**

#### 7.1 **Loans**

Other than debts which have arisen in the ordinary and usual course of trading, no Group Company has lent any money to, nor does it own the benefit of any debts (whether or not due for payment) payable by, any person other than a Group Company.

#### 7.2 **Debts**

No Group Company has factored, sold or discounted any of its debts or (other than operating leases) engaged in financing of a type which would not be required to be shown or reflected in the Audited Accounts.

#### 7.3 **Guarantees, Indemnities and Security**

- (a) No Group Company is a party to or is liable under a guarantee, indemnity, security, bond, letter of comfort or other similar obligation to secure or incur a financial or other obligation with respect to another person's obligations.
- (b) No part of the loan capital, overdrafts, borrowings or indebtedness in the nature of borrowings of any Group Company is dependent on the guarantee or indemnity of, or security provided by, another person which is not a Group Company.
- (c) No Group Company has granted any Encumbrance otherwise than pursuant to the Bank Facilities.

#### 7.4 **Facilities**

- (a) The following words and expressions have the meanings given to them below:

"**Facilities**" has the meaning given to it in paragraph 7.4(b) of Schedule 6.

- (b) Details of all overdrafts, loans or other financial facilities (other than trade indebtedness), any arrangement relating to the management of any interest rate or exchange rate liability, in each case which is outstanding or available to any Group Company are contained in the Intralinks Data Room (including sections

1.12.10.8.4.1, 1.12.18.40.1, 1.12.18.40.2, 1.12.18.40.3, 1.12.18.40.4, 1.12.18.40.11 and 1.2.4) (the "Facilities").

- (c) So far as the Seller is aware, no event has occurred or has been alleged or notified to any Group Company to have occurred and no circumstances have arisen as at the date of this Agreement which:
- (i) constitutes an event of default (howsoever described), or otherwise gives rise to an obligation to prematurely repay, under an agreement entered into by a Group Company (including the Facilities) relating to borrowing or indebtedness in the nature of borrowing (or will do so with the giving of notice or lapse of time or both); or
  - (ii) will lead to an Encumbrance constituted or created in connection with borrowing or indebtedness in the nature of borrowing, a guarantee, or an indemnity, of any Group Company (including the Facilities) becoming enforceable (or will do so with the giving of notice or lapse of time or both),
- and, so far as the Seller is aware, no circumstances exist which would reasonably be likely to give rise to the same.

## 8. CONTRACTS AND TRADING ARRANGEMENTS

### 8.1 Material Contracts

- (a) The following words and expressions have the meanings given to them below:

"**Material Contract**" has the meaning given to it in paragraph 8.1(b) of Schedule 6, and "**Material Contracts**" shall be construed accordingly;

"**Material Customers**" means the six (6) customers of the Group which collectively comprise approximately 74.8% of annual turnover of the Group in respect of the last twelve (12) months preceding the Last Accounting Date, being: (i) [\*\*] and [\*\*]; (ii) [\*\*]; (iii) [\*\*]; (iv) [\*\*]; (v) [\*\*]; and (vi) [\*\*] (formerly known as [\*\*]), and "**Material Customer**" means any one of them, as the context requires; and

"**Material Suppliers**" means the 10 suppliers of the Group, which collectively comprise approximately 39% of the annual supplier spend of the Group in respect of the financial year ended 2020, and "**Material Supplier**" means any one of them, as the context requires.

- (b) True and accurate summaries of all Contracts with the Material Customers and Material Suppliers ("**Material Contracts**") have been disclosed in the Intralinks Data Room (including sections 1.2.3.1, 1.11.4 and 1.12.7).
- (c) All of the Material Contracts: (i) are in full force and effect and none of the Material Contracts is void, voidable or unenforceable; and (ii) constitute valid, binding and enforceable obligations of the Group Companies.
- (d) So far as the Seller is aware, there exist no grounds upon which a Material Contract may be terminated, avoided, rescinded or repudiated by any party.
- (e) No Group Company has received from any party with whom a Group Company has entered into a Material Contract, written notice of: (i) its intention to terminate the agreement; or (ii) material breach of such Material Contract.

- (f) During the last twelve (12) months, no Group Company has received written notice from any Material Supplier to a Group Company of an intention to cease (or to materially reduce the volume of) trading with that Group Company, to increase prices materially or to materially change the terms of its supply with that Group Company.
- (g) During the last twelve (12) months, no Group Company has received written notice from any Material Customer of a Group Company of an intention to cease (or to materially reduce the volume of) trading with that Group Company, or to materially change the terms of its trading with that Group Company.

**8.2 Arrangements with the Seller's Group**

- (a) Save for the Intra-Group Payables and the Intra-Group Receivables, there are no amounts owing from: (i) any member of the Group to any member of the Seller's Group; or (ii) any member of the Seller's Group to any member of the Group.
- (b) No indebtedness (actual or contingent) and no Contract or arrangement will on Completion be outstanding between any member of the Group (on the one hand) and any member of the Seller's Group (on the other hand).

8.3 Save for the employment terms and contracts, no officer, director, employee of any Seller's Group Company is a party to any outstanding contract or transaction with any Group Company.

**8.4 Antitrust Law**

The Group is not: (i) party to or engaged in any agreement, arrangement, understanding, practice or conduct (unilateral or otherwise) which is an infringement of Antitrust Law; and (ii) the subject of any investigation, inquiry or other proceeding by or before: (a) any tribunal or court in relation to Antitrust Law; or (b) any Antitrust Authority.

**9. INSURANCE**

9.1 The following words and expressions have the meanings given to them below:

"Policies" has the meaning given to it in paragraph 9.2 of Schedule 6.

9.2 Copies of all insurance policies in respect of which a Group Company has an interest (the "Policies") have been disclosed in the Intralinks Data Room (including section 1.5).

9.3 With respect to such Policies:

- (a) each Policy is in full force and effect;
- (b) there are no special or unusual terms or restrictions that apply;
- (c) each Group Company has not done anything or omitted to do anything which might make any Policy void or voidable;
- (d) all premiums which are due and payable have been paid to date;
- (e) no material claim (if any) notified to the insurer under a Policy remains outstanding; and

(f) no change in the direct or indirect ownership or control of the Group will or may entitle any insurer to terminate any such Policy.

9.4 The Group has maintained insurance cover against risks which the Seller considers reasonable to insure and are normally insured against by companies carrying on a similar business.

## 10. ASSETS

### 10.1 Ownership

(a) As far as the Seller is aware, each material asset reasonably necessary for the operation of the Business:

- (i) is either validly leased by the Group or is legally and beneficially owned by a Group Company free from any Encumbrance (other than retention of title claims arising in the ordinary course of business); and
- (ii) is not held subject to any hire purchase agreement, credit or conditional sale agreement, agreement for payment on deferred terms or any other similar financing agreement to which a Group Company is a party.

(b) The Group's fixed asset register is contained in the Intralinks Data Room (including sections 1.4.1 and 1.4.3) and sets out a materially complete and materially accurate record of the material plant, machinery, vehicles and equipment owned by the Group Companies as at the date it was prepared.

(c) All material fixed assets, including furnishings, office equipment, information technology software and equipment and financial management system, used by the Group in connection with the Business are in reasonable condition taking account of the age and purpose for which they are used as at the date of this Agreement.

### 10.2 Possession

As far as the Seller is aware:

- (a) each material physical asset owned by each Group Company or in respect of which a Group Company has a right of use, where capable of possession, is in the possession of, or under the control of, that Group Company, except for those in the possession of a third party in the ordinary course of business; and
- (b) where any material asset is used but not owned by a Group Company or any facility or service is provided to any Group Company by a third party, no event of default has occurred or is subsisting which entitles any third party to terminate any agreement or licence in respect of the provision of such facilities or services.

## 11. INTELLECTUAL PROPERTY RIGHTS

### 11.1 Definitions

The following words and expressions have the meanings given to them below:

"**Business Domain Names**" means all domain names in or to which a Group Company member owns or purports to own the rights or that are used or held for use by any Group Company;

"**Business IPR**" means all Intellectual Property Rights used for any purpose in connection with the Business (including, without limitation, the Registered IPR, the Licensed IPR and the Business Names;

"**Business Names**" means "PCI" and "Printed Circuits International" and any part or abbreviation thereof and any logo, device, format or style in or with which such name or part or abbreviation of it is or has been used by any Group Company;

"**Copyright**" means copyright, which includes all rights in computer software and in databases and all rights or forms of protection which have equivalent or similar effect to the foregoing and which subsist anywhere in the world;

"**Intellectual Property Rights**" means patents, registered and unregistered designs, copyright, database rights, trademarks and trading names, internet domain names, Know-How and other rights of the same or similar effect as any of the foregoing anywhere in the world, in each case whether registered or not, including pending applications for registration of such rights;

"**IPR Agreement**" means any agreement or arrangement pursuant to which any Group Company grants rights to use the Business IPR or pursuant to which any Group Company is granted rights to use Licensed IPR, in each case involving a party that is not a Group Company;

"**Know-How**" means inventions, discoveries, improvements, processes, formulae, techniques, specifications, technical information, methods, tests, reports, component lists, manuals, instructions, drawings and information relating to clients and suppliers (whether written, unwritten or in any other forms and whether confidential or not;

"**Licensed IPR**" means Intellectual Property Rights owned by a third party which any Group Company is permitted to use;

"**Owned Business IPR**" means Business IPR that is owned or purported to be owned by a member of the Group;

"**Products**" means any product which is (or has in the past been) marketed and/or supplied by any Group Company or any product in the course of development by or on behalf of any other Group Company; and

"**Registered IPR**" means any Intellectual Property Rights (including, for the avoidance of doubt, domain names) which are the subject of registration (or application for registration) in any jurisdiction.

## 11.2 Ownership of Business IPR

(a) Schedule 11 contains complete and accurate details of all Registered IPR (including Business Domain Names) owned by a Group Company:

- (i) each of which is solely legally and beneficially owned by a Group Company free of any Encumbrance (without obligation to pay royalties, licensing fees or other fees to any third party, except for fees and costs payable to file, apply for, register, patent or maintain such Registered IPR owned by a Group Company); and
- (ii) further details (including; (a) the title of the item; (b) the owner of the item; (c) the jurisdictions in which the item is issued, granted or registered or in which an application for issuance, grant or registration has been filed; and (d) the application date, ~~the~~ application number, the issuance, grant or registration number, and the issuance, grant or

registration date) of which are set out in the Intralinks Data Room (including sections 1.3 and 1.12.5.1 and paragraph 2.1.5(a) of section 1.11.4).

- (b) All renewal, application and other official registry fees required for the maintenance of the Intellectual Property Rights owned by the Group have been paid or taken.
- (c) Details of all Business Domain Names are set out in the Intralinks Data Room (including paragraph 2.1.5(a)(ii) of section 1.11.4 and sections 1.12.5.1, 1.3.2 and 1.3.4).
- (d) All of the Business IPR, other than the Licensed IPR, is legally and beneficially owned solely by a Group Company free from any Encumbrance and no third party has been granted, or is entitled to be granted, any licence, any other right to use or any permission with respect to any Business IPR, other than any Licensed IPR. Without prejudice to the foregoing and save to the extent specified in any IPR Agreement, there are no agreements or arrangements of any kind which restrict the disclosure, use, licensing, assignment, other commercial exploitation or charging by the relevant Group Company of any Business IPR.
- (e) All Business IPR is sufficiently documented to allow its full and proper use without reliance on the special knowledge or memory of any one or more individuals.
- (f) All Owned Business IPR which has not been acquired by a written assignment agreement has been developed or created by employees or former employees of a Group Company acting in the course of their employment or by consultants, contractors or shareholders. All and current or former employees, consultants, contractors and shareholders who have developed or created or have contributed to the development or creation of any subject matter of any such Owned Business IPR have assigned to a Group Company pursuant to a valid, legally binding, written assignment, any and all right, title, and interest in and to such Owned Business IPR which did not fully and automatically vest in a Group Company by virtue of Applicable Law.

### 11.3 Know-How

- (a) The Business uses reasonable precautions to ensure that all Know-How material to the Business is kept strictly confidential and is not disclosed otherwise than subject to an obligation of confidentiality on the person to whom it was disclosed and subject to an obligation on that person not to use the Know-How other than for the purpose for which it was disclosed.
- (b) There is no Know-How material to the Business which, as a result of Completion, the Business will not be able to use free from any restrictions.

### 11.4 Licensing

- (a) No Group Company has granted or is obliged to grant any licence or other permission to any person in respect of any Business IPR other than:
  - (i) to the extent specified in any IPR Agreement; and
  - (ii) in respect of the disclosure of Know-How to a person in the ordinary course of Business, subject to the obligations described in paragraph 11.3(a) above.

- (b) All Intellectual Property Rights and Know-How necessary for the Group to carry on the Business are legally and beneficially owned by, or licensed for use to, a Group Company free from any Encumbrance.

#### 11.5 Infringement and Validity

- (a) In respect of all Business IPR other than the Licensed IPR:
- (i) such Business IPR are not being infringed nor are they the subject of any claim, opposition or action and the Seller is not aware of any circumstance (existing or reasonably foreseeable) which is likely to cause any such claim, opposition or action;
  - (ii) all such Business IPR are valid and subsisting and a member of the Group Companies has, in its possession or under its control, documents sufficient to prove their validity and subsistence and their ownership by such member of the Group; and
  - (iii) no member of the Group has done or omitted to do any act, matter or thing in respect of any such Business IPR and no event has occurred which would impinge upon the validity or enforceability of the same or upon the right of the Group to use the same, nor are there any acts which need to be done to perfect the vesting of title to the same in a member of the Group.
- (b) None of the operations, Products, processes or activities of any Group Company infringes or is likely to infringe, any rights held by any third party (including, without limitation, any Intellectual Property Rights) or involve the unauthorised use of confidential information disclosed to the a member of the Group in circumstances which might entitle the third party to make a claim against a member of the Group.
- (c) The Licensed IPR are:
- (i) validly licensed to a member of the Group by the relevant licensor under the IPR Agreement in question, free from any Encumbrance and, without prejudice to the foregoing, there are no agreements or arrangements other than the IPR Agreements which restrict the use by a member of the Group of such Licensed IPR and none of the Licensed IPR has been sub-licensed by a member of the Group; and
  - (ii) valid and subsisting and no party to the relevant IPR Agreement has done or omitted to do any act, matter or thing and no event has occurred which will impinge upon the validity or enforceability of the Licensed IPR or upon the right of such member of the Group to use the same.
- (d) Save as provided in any IPR Agreement, none of the operations, Products, processes or activities of the Business gives rise to any liability for any licence, royalty or similar payments.
- (e) There is no Action in any jurisdiction concerning any of the Intellectual Property Rights owned by any Group Company and no such Action, litigation, proceeding or dispute is pending or threatened in writing and, so far as the Seller is aware, no fact or circumstance exists which might reasonably give rise to any Action.

- (f) No current or former employee, consultant, contractor or shareholder of any Group Company has made or threatened in writing or, so far as the Seller is aware, in any other form to make any claim relating to any rights that they have or may have in or in connection with: (i) any Intellectual Property Right owned or purported to be owned by a member of the Group; or (ii) any inventions made by any of them in the course of their employment or retention by, relationship with, or service to, any Group Company, and, so far as the Seller is aware, there are no such rights and no grounds for any such claim.

#### 11.6 IPR Agreements

No Group Company is party to any material IPR Agreement.

#### 12. BUSINESS INFORMATION AND DATA PROTECTION

- (a) The following words and expressions have the meanings given to them below:

**"Business Information"** means all information (whether or not confidential and in whatever form held, including computerised records) which in any way relates to all or any part of the Business or any services provided by the Business and including any such information which in any way relates to:

- (i) the operation, management, administration or financial affairs of the Business (including any business plans or forecasts, information relating to future business development or to litigation); and
- (ii) the sales or marketing of any of the services provided by the Business, including all client names and lists, client-provided information, sales and marketing information (including targets, sales and market share statistics, market surveys and reports, mailing lists and all advertising or other promotional material);

**"Data Protection Legislation"** means any law applicable to the Group from time to time relating to the processing of personal data and/or privacy, including without limitation, the Personal Data Protection Act 2012 (No. 26 of 2012 of Singapore) the UK Data Protection Act 2018, the GDPR, and the Privacy and Electronic Communications (EC Directive) Regulations 2003, in each case as applied and amended from time to time and including any legally binding regulations, direction and orders issued from time to time under or in connection with any such law; and

**"GDPR"** means the General Data Protection Regulation (Regulation (EU) 2016/679) (including any legally binding regulations, direction, and orders issued from time to time under or in connection with the Regulation) as applied and amended from time to time.

- (b) All material Business Information is recorded, stored, maintained or operated or otherwise held by the Group and the use of or access to such Business Information is not wholly or partly dependent on any facilities which are not under the exclusive ownership or control of the Group or to which the Group does not have a contractual right to access.
- (c) So far as the Seller is aware, the Group is, and has at all times in the last two (2) years ending on the date of this Agreement been, compliant in all material respects with applicable Data Protection Legislation. In particular:
- (i) in each instance in which any Group Company has engaged a processor or sub-processor to process personal data on its behalf, such



processor has been appointed under a written contract that satisfies the requirements of applicable Data Protection Legislation;

- (ii) no Group Company has transferred, or has instructed, encouraged, or permitted any third party to transfer, any personal data to any recipient outside of the jurisdiction(s) in which it carries on the Business, except in accordance with applicable Data Protection Legislation; and
- (iii) each Group Company has in place adequate and appropriate internal and external privacy and data protection policies in accordance with applicable Data Protection Legislation.
- (d) Where information of a confidential nature has been developed or acquired by the Group for the purposes of the Business in the two (2) year period prior to the date of this Agreement, reasonable precautions have been taken to ensure such information (except in so far as it has fallen into the public domain through no fault of a Group Company or the Seller) has been kept strictly confidential and has not been disclosed otherwise than subject to an obligation of confidentiality being imposed on the person to whom the information was disclosed. The Seller is not aware of any breach of such confidentiality obligations by any third party.

### 13. PROPERTIES

#### 13.1 General

- (a) The following words and expressions have the meanings given to them below:
  - "**Properties**" means the properties details of which are set out in Schedule 12, and "**Property**" means any one of them;
- (b) Save as set out in Schedule 12, there is no other property owned, vested in, used or occupied by or in the possession of, the Group Companies or in which a Group Company has any interest, right or liability. The information relating to the Properties set out in Schedule 12 is true, complete and accurate.
- (c) Complete and accurate copies of all relevant title deeds and documents and agreements in relation to the Properties are contained in the Intralinks Data Room (including sections 1.4.2, 1.2.1, 1.12.18.25, 1.12.18.27.3, 1.12.18.37, 1.4.4 and 1.4.5) and a Group Company has under its control all the title deeds and documents necessary to prove its title to the Properties.
- (d) The Group Companies are the legal and beneficial owners of, and/or are entitled to and have exclusive possession of, the Properties, as may be applicable.
- (e) So far as the Seller is aware, the Group Companies have in all material respects in the [\*\*] years preceding the date of this Agreement complied with Applicable Law relating to the Property.
- (f) None of the Group Companies has received any notice in writing from any Governmental Authority to relocate any of its factories or re-zone any of its Properties.
- (g) There are no notices, disputes, complaints, liabilities, claims or demands relating to ~~gg~~in respect of the Properties or their use including any dispute or notice from any landlord.

- (h) Other than in relation to the Properties, no Group Company is actually or contingently liable in relation to any existing or previously owned, leased, licenced or occupied real estate (whether as owner or former owner or as tenant or former tenant of any such real estate or as an original contracting party, or guarantor of any party, to any deed, document, lease or licence connected with such real estate).
- (i) The Properties are free from any Encumbrances as security for indebtedness.
- (j) There are no circumstances or issues which either currently or are likely in the future to restrict or limit access to and from the Properties.
- (k) There are no circumstances or issues which would in any way limit the current use of the Properties going forward.
- (l) There are no reasons to expect that material expenditure will be incurred in respect of the Properties (including material repairs/dilapidations costs and service charges).
- (m) There is no order, resolution or proposal for compulsory acquisition of any of the Properties by a government, local or other authority or statutory undertaker.
- (n) There are no liabilities to maintain or pay for any public infrastructure (including roadways) in relation to or adjoining the Properties.
- (o) The Properties and their uses comply with all relevant Planning Legislation and planning/zoning conditions and no notice has been issued or received alleging any breach of any Planning Legislation or planning/zoning conditions. For the purposes of this paragraph, "**Planning Legislation**" means all legislation, by-laws and regulations or equivalent to control or regulate the zoning, construction, demolition, development, alteration or use of land and buildings and any orders, regulations, consents or permissions made or granted under any of the same.

### 13.2 Leases

- (a) The following words and expressions have the meanings given to them below:

"Leases" means the leases, details of which are set out in Part B of Schedule 12;

- (b) The Leases are in full force and effect.
- (c) Each Lease was validly granted and any consents required for the grant of the Leases, the vesting of the Leases in each subsequent tenant, or for the grant of any sub-lease, have been obtained.
- (d) Where any of the Properties are held under a Lease, all covenants contained in the Leases have been observed and performed in all material respects and there are:
  - (i) no material breaches of any of the Leases;
  - (ii) no arrears of rent, with all rents and outgoings, fees and other payments due to all applicable authorities having been paid up to date and there are no outstanding liabilities for any rent, rates, allowances, taxes, charges or other sums due in respect of ~~any~~ Properties; and/or

(iii) no outstanding or anticipated disputes or notices with regards to compliance with any Lease covenants.

(e) There are no notices, negotiations or proceedings pending in relation to rent reviews or any other matter relating to the Leases nor is any rent presently liable to be reviewed.

(f) There is no restriction in any of the Leases on any change of control of the tenant.

#### 14. INFORMATION AND TECHNOLOGY

##### 14.1 Definitions

The following words and expressions have the meanings given to them below:

"**Hardware**" means the computer and data processing systems used by any Group Company excluding the Software, but including all plant and equipment which may include embedded software or similar processing systems;

"**IT Systems**" means all Hardware (including network and telecommunications equipment) and the Software (including associated preparatory materials, user manuals and other related documentation) including any devices or services used in relation thereto, used in the operation of the Business and/or the processing of Business Information; and

"**Software**" means all computer software used in the Business.

##### 14.2 Ownership

So far as the Seller is aware, all the material IT Systems which are reasonably necessary for the operation of each Group Company as at the date of this Agreement are owned by, leased by or licensed to, such Group Company.

##### 14.3 Sufficiency and Performance of the IT Systems

So far as the Seller is aware:

- (a) the IT Systems are substantially adequate for the current requirements of the Business in terms of functionality, capacity and performance;
- (b) no action (including the payment of any sum, or any increased sum) will be necessary as a result of Completion in order to enable the IT Systems to continue to be used in the Business to the same extent and in the same manner as they have been used up to and including the date of this Agreement;
- (c) the IT Systems are covered by warranty and/or maintenance and support arrangements which the Seller believes are adequate for requirements of the Business and which are sufficient to remedy and compensate for any defect or systems failure;
- (d) reasonable technical and organisational measures have been taken to ensure the security of the IT Systems (including any Hardware or Software which is installed at third party sites) and to enable the availability of and access to the IT Systems to be restored in a timely manner in the event of a physical or technical incident, such measures include backing up all material electronically stored information used in the Business;

- (e) in the twenty-four (24) months prior to the date of this Agreement, no Group Company has suffered any intrusion, failure, virus or bug in, or breakdown of, any part of the IT Systems which has caused any material disruption or interruption to its use by the relevant Group Company; and
- (f) the Group has, and in the last twenty-four (24) months has at all times maintained, sufficient software licences in respect of its use of the Software (including, without limitation, with regard to user numbers, user type and territorial restrictions).

#### 14.4 **Ownership and Operation of Hardware**

The Hardware is:

- (a) either legally and beneficially owned by a Group Company free from any Encumbrance or validly leased from a third party provider; and
- (b) operated by and under the control of a Group Company.

#### 15. **COMPLIANCE AND MATERIAL PERMITS**

##### 15.1 **Permits, Licences and Consents**

- (a) The following words and expressions have the meanings given to them below:

"**Material Permit**" means:

- (i) a permit or licence (including those required under applicable Environmental Law); or
- (ii) a filing of a notification or report,

which, in each case, is necessary for the proper and effective operation of a Group Company's business as carried on in the locations it is carried on as at the date of this Agreement, details of which are contained in the Intralinks Data Room.

- (b) As far as the Seller is aware, all Material Permits are in full force and effect and any associated requirements have been complied with in all material respects and neither the Seller nor any Group Company has received any written notice from a Governmental Authority stating that:
  - (i) any material statutory, governmental, court or other legally binding requirements applicable to such Group Company in carrying on of the Business has not been obtained and complied with in all material respects; or
  - (ii) any material licences, consents and other permissions and approvals required for or in connection with the carrying on of the Business have not been obtained nor is the Seller aware of any reason why any such licences, consents or other permissions should be suspended, cancelled, revoked, amended or not renewed, in whole or in part.

##### 15.2 **General Compliance with Laws**

- (a) The business of each Group Company has been conducted in compliance, in all material respects, with all Applicable Law (including Environmental Law) in the [\*\*] years preceding the date of this Agreement.

- (b) In the past two (2) years each Group Company has carried out the Business in material compliance with any applicable trade and economic sanction laws and regulations (including the international sanction laws and regulations of the European Union, the United States and the United Nations, where applicable).
- (c) So far as the Seller is aware, in the past two (2) years, no Group Company has received any formal notice in writing from any governmental authority or regulator stating that such Group Company is in violation of any applicable statute or regulation.
- (d) So far as the Seller is aware, there is not pending, or in existence, any material investigation or enquiry by, or on behalf of, any governmental authority or regulator in any applicable jurisdiction in which the Business is carried on concerning a violation of any applicable statute or regulation by a Group Company.

### 15.3 Anti-Corruption and Improper Payments

- (a) The following words and expressions have the meanings given to them below:

"**Anti-Corruption Laws**" means any anti-corruption or anti-bribery laws or regulations of any jurisdiction including the Prevention of Corruption Act (Chapter 241 of Singapore), the UK Bribery Act 2010 and the US Foreign Corrupt Practices Act of 1977, in each case that is applicable to and legally binding on the Group; and

"**Associated Person**" means, in relation to a Group Company, its directors, officers or employees (in all cases where in the course of their respective duties for and when performing a service and acting for or on behalf of a Group Company).

- (b) In the past two (2) years, no Group Company nor any of their respective Associated Persons has, in connection with and/or for the benefit of the Business breached or contravened any Anti-Corruption Laws.
- (c) Each Group Company maintains in relation to the Business and regularly keeps under review on an ongoing basis adequate written anti-corruption and bribery procedures which are designed to ensure compliance by the relevant Group Company and its Associated Persons with all Anti-Corruption Laws.

### 15.4 Anti-Money Laundering

- (a) The following words and expressions have the meanings given to them below:

"**Anti-Money Laundering Laws**" means any anti-money laundering and counter terrorism financing laws, rules or regulations of any jurisdiction, including the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (Chapter 65A of Singapore), the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, as amended, in each case that is applicable to and legally binding on the Group.

- (b) In the past two (2) years, no Group Company nor any of their Associated Persons has, in connection with and/or for the benefit of the Business breached or contravened any Anti-Money Laundering Laws.

- (c) Each Group Company maintains in relation to the Business and regularly keeps under review on an ongoing basis adequate written anti-money laundering procedures which are designed to ensure compliance by the relevant Group Company and its Associated Persons with all Anti-Money Laundering Laws.

#### 15.5 Anti-Facilitation of Tax Evasion

- (a) The following words and expressions have the meanings given to them below:

"**Anti-Facilitation of Tax Evasion Laws**" means all Applicable Law of any jurisdiction that are designed or intended to prohibit, prevent or restrict tax evasion, including the Income Tax Act (Chapter 134 of Singapore) and the UK Criminal Finances Act 2017, in each case that is applicable to and legally binding on the Group.

- (b) In the past two (2) years, no Group Company nor any of their Associated Persons has, in connection with and/or for the benefit of the Business breached or contravened the offences relating to facilitating (or failing to prevent the facilitation of) tax evasion in Anti-Facilitation of Tax Evasion Laws.
- (c) Each Group Company maintains in relation to the Business and regularly keeps under review on an ongoing basis adequate written anti-facilitation of tax evasion procedures which are designed to ensure compliance by the relevant Group Company and its Associated Persons with Anti-Facilitation of Tax Evasion Laws.

#### 15.6 Environment, Health And Safety

- (a) The following words and expressions have the meanings given to them below:

"**EHS Authority**" means any governmental authority, agency or department having authority under, or jurisdiction in respect of, any EHS Law;

"**EHS Law**" means all laws, statutes, directives and regulations (including Environmental Law) applicable in any jurisdiction in which the Business is carried on concerning as their principal function the protection of the Environment or health and safety at work (excluding any statutes or regulations which relate to town and country planning) which are in force as at the date of this Agreement and which are applicable to and legally binding upon any Group Company;

"**EHS Proceedings**" has the meaning given in paragraph 15.6(c) of this Schedule 6;

"**Environment**" means any or all of the following media (alone or in combination): air, water, soil and/or ecosystem; and

"**Environmental Law**" means all Applicable Law applicable to the property in question, addressing or relating to pollution or protection of human health, public and workplace safety or the environment under which a party may be held liable for the release or discharge of materials into the environment;

- (b) Each Group Company is and has always been in compliance with EHS Laws.
- (c) No Group Company is or has been involved in any civil, administrative or criminal litigation, proceedings or appeal, and no Group Company is the

subject of any formal enforcement action brought by an EHS Authority ("**EHS Proceedings**").

- (d) So far as the Seller is aware, there is no circumstance that is reasonably likely to result in EHS Proceedings.
- (e) No Group Company is in receipt of nor has received any enforcement, prohibition, improvement, remediation, compliance or similar written notice, claim or complaint from any third party or any EHS Authority alleging a breach of or liability under EHS Laws.

## 16. **LITIGATION**

### 16.1 **Current Litigation**

- (a) No Group Company is involved, or has in the [\*\*] years preceding the date of this Agreement been involved, in any material civil, criminal, arbitration or administrative proceeding.
- (b) No civil, criminal, arbitration or administrative proceeding is pending by or against any Group Company, no outstanding threat in writing to bring such action is outstanding and, so far as the Seller is aware, no fact or circumstance exists which might give rise to such proceedings.
- (c) No director or employee (in each case, past or present) of any Group Company is, in respect of the performance of their duties with respect to the Group, engaged in or subject to any of the matters referred to in paragraphs 16.1(a) or 16.1(b) of this Schedule 6 and for which any Group Company may be liable.
- (d) There is no outstanding judgment, order, decree, arbitral award or decision of a court, tribunal, arbitrator or Governmental Authority against any Group Company.
- (e) There is not currently, or in the [\*\*] years preceding the date of this Agreement, any governmental investigation, enquiry or disciplinary proceeding concerning any Group Company.

### 16.2 **Judgments**

No Group Company nor any of its officers or employees, in his capacity as such, is subject to any order, decree, award, decision or judgment given by any court, tribunal, arbitrator, governmental agency or other regulatory body in any jurisdiction nor is it/he a party to any undertaking or assurance given to any court, tribunal, arbitrator, governmental agency or other regulatory body which is still in force. So far as the Seller is aware, there are no facts or circumstances which may result in a Group Company nor any of its officers or employees becoming subject to any such order, decree, award, decision or judgment or being required to be a party to any such undertaking or assurance.

## 17. **INSOLVENCY**

- (a) No winding-up petition or analogous procedure has been threatened or presented against any Group Company by any third party, and no order has been made, petition presented or shareholders' resolution passed for the winding up, dissolution, administration or reorganisation of any Group Company or for the appointment of a liquidator, provisional liquidator, administrator, receiver or statutory manager to any Group Company.

- (b) No receiver or administrative receiver or manager or receiver and manager or trustee or similar person has been appointed in respect of the whole or any part of the assets or undertaking of any Group Company.
- (c) No administrator has been appointed in respect of any Group Company, nor has any administration order been made in respect of any Group Company and no petition or application for such an order or any notice of appointment of, or of any intention to appoint, an administrator has been threatened, presented, made, served or filed.
- (d) There is no moratorium in respect of any Group Company as at the date of this Agreement.
- (e) No composition, compromise, assignment, voluntary arrangement, scheme of arrangement or standstill agreement, deferral, rescheduling, other readjustment or reorganisation or other arrangement has been made, proposed, implemented or approved with any creditors (or any class of them) of any Group Company nor has any application been made to, or filed with, the court for permission to convene a meeting to vote on a proposal for any such composition, compromise, assignment or arrangement.
- (f) No Group Company has stopped paying its debts as and when they fall due or become insolvent or unable to pay its debts within the meaning of the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) or under any other applicable insolvency legislation in any jurisdiction.
- (g) No step has been taken by any party with a view to the dissolution or striking-off the register of a Group Company.
- (h) No unsatisfied judgment or court order is outstanding against any Group Company or any of their assets.
- (i) No Group Company has been party to any transaction which is capable of being set aside, reversed or rescinded under the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) (or under any other applicable insolvency legislation in any jurisdiction) during the relevant period of time preceding the date of this Agreement specified in the Insolvency, Restructuring and Dissolution Act 2018 (No. 40 of 2018) (or under any other applicable insolvency legislation in any jurisdiction).

**18. EFFECTS OF SALE**

- (a) So far as the Seller is aware, neither the execution of this Agreement nor the completion of performance of this Agreement or any document to be executed pursuant to it (including, for the avoidance of doubt, the direct and indirect change of ownership or control in the Group Companies) will:
  - (i) result in any Group Company losing the benefit of any asset, licence, grant, subsidy, right or privilege which it enjoys in any jurisdiction (or any suspension, cancellation, variation, revocation, termination or non-renewal of the same);
  - (ii) result in any Material Customer or Material Supplier being entitled to cease dealing with any Group Company or substantially to reduce its existing level of business or to change the terms on which it deals with any Group Company;



- (iii) result in any Restricted Employee leaving the employment of any Group Company;
  - (iv) make any Group Company or the Buyer liable to offer for sale, transfer or otherwise dispose of or purchase or otherwise acquire assets, including shares held by it in other bodies corporate under their articles of association (or equivalent constitutional document) or any agreement or arrangement.
- (b) So far as the Seller is aware, no Group Company is liable to pay, in connection with the sale of any of the Shares or otherwise in connection with this Agreement:
- (i) any success or other fee, brokerage or commission other than in respect of advisers; or
  - (ii) any sum whatsoever to any of its directors, employees, agents or advisers (past or present).

**SCHEDULE 7  
ACTION PENDING COMPLETION**

Between the date of this Agreement and Completion, no Group Company shall (nor shall agree to):

1. create, allot, grant, issue, acquire, repay or redeem any share or loan capital or other security convertible into the same (including any option or right to subscribe for the same) or agree, arrange or undertake to do any of those things or undertake (or agree or commit to undertake) any acquisition, subscription for or disposal of, an interest in a corporate body or merge or consolidate with a corporate body or any other person, enter into any demerger transaction or participate in any other type of corporate reconstruction;
2. change its issued share capital in any way (including any increase or reduction of its share capital, creation of new shares or the redemption or repurchase of shares) or any rights attached to any of its shares;
3. acquire the whole or a material part of the undertaking of any other person, firm or company whether as an equity or asset purchase, or otherwise;
4. make, or agree to make, capital expenditure on any individual item exceeding US\$50,000 individually or US\$250,000 in aggregate between all Group Companies (or its equivalent at the time) since the date of this Agreement, save to the extent contemplated in the budgets and business plans for the calendar year 2021 disclosed in the Intralinks Data Room (including sections 1.9.1.1 and 1.9.1.2) (the "**Budgets and Business Plans**") or otherwise in the ordinary course of business;
5. acquire (or dispose of) or agree or commit to acquire (or, as applicable, agree to dispose of) any asset with a book or market value exceeding US\$50,000 individually or US\$250,000 in aggregate between all Group Companies (or its equivalent at the time) since the date of this Agreement, save to the extent contemplated in the Budgets and Business Plan or otherwise in the ordinary course of business;
6. create, incur, or agree to create or incur, any new borrowing or indebtedness in the nature of borrowing (including any further drawdown under the Facilities), save for unsecured debt in the ordinary course of trading;
7. modify or agree to terminate any Material Contract, save for modifications in the ordinary course of business and Material Contract which may naturally expire;
8. give, or agree to give, a guarantee, indemnity or other agreement to secure, or incur financial or other obligations with respect to, another person's obligation or grant, create or allow to arise any Encumbrance of any of its assets (other than charges arising by operation of law in the ordinary and usual course of trading);
9. commence, settle or agree to settle any litigation or arbitration proceedings or any action, demand or dispute with a value in excess, individually of US\$50,000 or US\$500,000 in aggregate (other than debt collection in the ordinary course of business and consistent with practice practice);
10. make any alteration to its articles of association, bye-laws or equivalent constitutional documents;
11. declare, pay or make any dividend or other distribution (other than intra-Group dividends and distributions) or capitalise any reserves;
12. enter into any partnership consortium, association, joint venture or similar agreement;

13. sell, license or otherwise dispose of any IT Systems, receivables or client contracts or part of the portfolio or business of any Group Company other than in the ordinary course of the Group's business;
14. acquire or replace anything comprising business critical elements of the IT Systems excluding any new arrangement entered into following the expiry of any previous arrangement or anything already contemplated in the Budgets and Business Plan;
15. incorporate or liquidate any subsidiary undertaking or effect any hive-up or hive-down;
16. send any notice to its members or pass any resolution of its members other than any ordinary course annual resolutions covering standard business consistent with past practices;
17. change its auditors or the date to which its annual accounts are prepared;
18. make any material change to the accounting procedures, principles or policies by reference to which its accounts are drawn up;
19. enter into any agreement (or modify any subsisting agreement) with any trade union, or any agreement that relates to any works council;
20. appoint or remove any director or Senior Employee;
21. otherwise than as expressly provided for in this Agreement, enter into or vary any transaction, agreement or arrangement with, or for the benefit of any of, its directors, Senior Employees or the Seller (or any Affiliate, employee, officer, director or partner of the foregoing), other than in respect of ordinary course salary increases provided that any such increase is limited to US\$5,000 per person and US\$250,000 in aggregate;
22. make any payment that is not on an arm's length basis and in the ordinary course of business consistent with past practices;
23. grant any lease or third-party right in respect of any of or any part of any of the Properties or assign or dispose or deal with any of the properties or any part of any of them;
24. enter into any lease or licence in respect of real property;
25. no Group Company shall seek or agree to any Tax ruling or file any Tax return, claim or election relating to Tax on a basis materially inconsistent with past practices (unless necessary to reflect a change in circumstance or situation relating to the Group), change its tax residence, create a permanent establishment, amend Tax principles, methods or criteria, materially alter its Tax reporting or payment practices, or relinquish the rights to any Tax refund, credit or other Tax Relief, holiday or benefit;
26. no Group Company shall settle, compromise, agree or materially negotiate any audit, enquiry, assessment, dispute or litigation relating to Tax with any Tax Authority, enter into any closing agreement or similar agreement with any Tax Authority, or consent to any extension or waiver of a limitation period relating to Tax; or
27. cause any of its insurance policies to lapse or do anything which would intentionally reduce the amount or scope of cover or intentionally make any of its insurance policies void or voidable, knowingly fail to make a notification or settle any insurance claim materially below the amount claimed.

**SCHEDULE 8**  
**EXCEPTIONS TO ACTIONS PENDING COMPLETION**

Clause 8.1 and Schedule 7 shall not operate so as to restrict or prevent any matters set out below:

1. any matter reasonably undertaken by a Group Company in an emergency or disaster situation with the intention of minimising, and to the extent only of those matters reasonably required to minimise, any adverse effect of such events (**provided that** the Seller shall inform the Buyer of the relevant matter and circumstances as soon as practicable after doing so) and the Group Company shall provide all information as the Buyer may reasonably request and shall, to the extent practicable, use reasonable endeavours to consult with the Buyer in respect of such matter prior to undertaking the same;
2. the completion or performance of any obligations undertaken pursuant to any contract or arrangement entered into in the ordinary course of business prior to the date of this Agreement to the extent that such contract or arrangement has been disclosed in the Disclosure Information and completion of performance is due prior to Completion;
3. any matter undertaken at the written request of the Buyer or with the prior written consent of the Buyer (such consent not to be unreasonably withheld or delayed);
4. any matter expressly contemplated by this Agreement and the other Transaction Documents or any action taken by any Seller's Group Undertaking or any Group Company that is necessary for the performance of this Agreement or the other Transaction Documents;
5. for the purpose of the prepayment(s) by the Seller of the Bank Facilities in accordance with the terms and conditions of the agreements that govern the Bank Facilities, the payment by way of:
  - (a) first dividend(s) up to in aggregate US\$[\*\*] by the Company to the Seller; and
  - (b) following payment of the dividend(s) contemplated in paragraph (a) above, dividend(s) up to US\$[\*\*] by the Company to the Seller, provided that any such dividend paid shall not cause (or be likely to cause) a negative retained earnings amount on the balance sheet of the Company at any time on or prior to Completion without the prior written consent of the Buyer;
6. the making of any prepayment(s) by the Company of the Bank Facilities in accordance with the terms and conditions of the agreements that govern the Bank Facilities;
7. any reasonable action or omission which the Seller or a Group Company is required to take or omit to take by any Applicable Law or any Governmental Authority; and
8. the settlement, notwithstanding the terms on which they may have been incurred, of any or all Intra-Group Payables and/or Intra-Group Receivables, provided that no Group Company's: (a) liability shall be increased thereunder; nor (b) amounts owed or amounts owing shall be ~~dis~~proportionately increased or decreased thereunder by virtue of the same having been so settled.

**SCHEDULE 9  
LIMITATIONS**

**1. SELLER'S LIMITATION ON QUANTUM**

1.1 Notwithstanding any provision to the contrary in this Agreement, the Seller is not liable in respect of a Warranty Claim:

1.1.1 unless the amount that would otherwise be recoverable from the Seller (but for this paragraph 1.1.1) in respect of that Warranty Claim exceeds an amount equal to zero point one per cent. (0.1%) of the Total Consideration; and

1.1.2 unless and until the amount that would otherwise be recoverable from the Seller (but for this paragraph 1.1.2) in respect of that Warranty Claim, when aggregated with any other amount or amounts recoverable in respect of other Warranty Claims (excluding any amounts in respect of a Warranty Claim for which the Seller has no liability because of paragraph 1.1.1), exceeds an amount equal to [\*\*] per cent. ([\*\*]%) of the Total Consideration (the "**Threshold**") and, in the event that the aggregated amounts exceed an amount equal to [\*\*] per cent. ([\*\*]%) of the Total Consideration, the Seller shall be liable for the excess only and not the entire amount.

1.2 Notwithstanding any provision to the contrary in this Agreement, the Seller's total liability in respect of:

1.2.1 all Warranty Claims is limited to US\$1;

1.2.2 the indemnities in Clauses 16.10.1 and 16.10.2 is limited to US\$[\*\*] in total; and

1.2.3 all Claims (other than Warranty Claims and Claims in respect of Clauses 16.10.1 and 16.10.2) is limited to an amount equal to the Total Consideration.

1.3 For the avoidance of doubt, the Seller acknowledges and agrees that, for the purposes of an Insured Claim, the Buyer is entitled to make such Warranty Claim pursuant to and in accordance with the procedures set out for the making of Warranty Claims in the W&I Insurance Policy and is not required to comply with the procedures set out in paragraph 8 of this Schedule 9.

**2.TIME LIMITS FOR BRINGING CLAIMS**

2.1 The Seller is not liable for any Claim unless the Buyer has notified the Seller of such Claim stating in reasonable detail (as known by the Buyer at the time) the nature of the Claim and the amount claimed (to the extent then reasonably possible, detailing the Buyer's calculation of the Loss thereby alleged to have been suffered) on or before the date which is:

2.1.1 seven (7) years after the Completion Date in respect of all Tax Warranty Claims that are covered by the W&I Insurance Policy;

2.1.2 [\*\*] after the Completion Date in respect of the Tax Indemnities unless a Tax Authority enquiry, dispute or audit ("**Tax Enquiry**") in respect of the matter giving rise to the Claim under a Tax Indemnity has commenced before this date, in which case the Seller's obligations in respect of the relevant Tax Indemnity in relation to which the Tax Enquiry is being conducted, shall survive until ten (10) working days after the conclusion of the Tax Enquiry;

2.1.3 [\*\*] after the Completion Date in respect of all Fundamental Warranty Claims; 70

2.1.4 [\*\*] after the Completion Date in respect of all Business Warranty Claims that are covered by the W&I Insurance Policy; and

2.1.5 [\*\*] after the Completion Date in respect of all other Claims.

2.2 Notwithstanding the above, the time limits for the bringing of any Insured Claim by the Buyer against the Seller shall be in accordance with the terms of the W&I Insurance Policy or the time limits set out in paragraphs 2.1.1, 2.1.2 and 2.1.4 (as applicable), whichever is shorter.

### 3. NOTICE OF CLAIMS

A Claim (other than with respect to the Tax Indemnities) notified in accordance with paragraph 2 of this Schedule 9 is unenforceable against the Seller on the expiry of the period of [\*\*] starting on the day of notification of the Claim, unless proceedings in respect of the Claim have been properly issued and validly served on the Seller.

### 4. SPECIFIC LIMITATIONS

The Seller is not liable in respect of a Claim:

4.1 to the extent that the matter giving rise to the Claim would not have arisen but for:

4.1.1 a voluntary Event after Completion by or involving a Buyer's Group Undertaking or a director, employee or agent of a Buyer's Group Undertaking where the Buyer was aware or, having conducted the appropriate legal and tax analysis in good faith, ought reasonably to have been aware, that such Event would give rise to the Loss in question, other than any Event carried out or effected:

- (a) under a legally binding commitment entered into on or before Completion;
- (b) in order to comply with any law or in order to comply with generally accepted accounting principles;
- (c) at the written request of or with the written consent of the Seller;
- (d) in the ordinary course of management of the Tax affairs of the relevant Group Company;
- (e) the presentation for stamping of any instrument which was entered into before Completion; or
- (f) in accordance with the terms of this Agreement; or

4.1.2 the passing of, or a change in, a law, rule, regulation, or published practice of a Governmental Authority after the date of this Agreement or an increase in the Tax rates or an imposition of Tax, in each case not actually or prospectively in force at the date of this Agreement;

4.2 to the extent that the matter giving rise to the Claim arises wholly or partially from an Event before Completion at the written request or direction of, or with the acquiescence or consent of, a Buyer's Group Undertaking (which for these purposes includes a Group Company only after Completion) or an authorised agent or adviser of a Buyer's Group Undertaking otherwise than in the ordinary course of business of a Group Company and which such Buyer's Group Undertaking or a director, employee or agent of a Buyer's Group Undertaking knew, or, having conducted the appropriate

legal and tax analysis in good faith, ought reasonably to have known, was reasonably likely to give rise to a Claim;

- 4.3 to the extent that the matter giving rise to the Claim is an amount for which a Group Company has a right of recovery against, or an indemnity from, a person other than a Seller's Group Undertaking, whether under a provision of Applicable Law, insurance policy or otherwise howsoever or would have had that right or indemnity but for a change in law or the terms of its insurance after Completion;
  - 4.4 if a Buyer's Group Undertaking fails to act in accordance with paragraph 8 of this Schedule 9 in connection with the matter giving rise to the Claim;
  - 4.5 to the extent any specific reserve has been made in the Completion Accounts in relation to the matter giving rise to the Claim;
  - 4.6 to the extent that the matter giving rise to the Claim would not have arisen but for:
    - 4.6.1 a claim, election, surrender or disclaimer made, or notice or consent given, or another thing done, after Completion (other than one the making, giving or doing of which was taken into account in computing a provision for Tax in the Audited Accounts or the Management Accounts) under, or in connection with, a provision of an enactment or regulation relating to Tax by a Buyer's Group Undertaking;
    - 4.6.2 a Group Company's failure or omission to make a claim, election, surrender or disclaimer, or give a notice or consent or do another thing, under, or in connection with, a provision of an enactment or regulation relating to Tax after Completion which: (a) the Group Company could legally and validly make or do; (b) which the Buyer was made aware of in writing; and (c) the anticipated making, giving or doing of was taken into account in computing the provision for Tax in the Completion Accounts, in all cases otherwise than at the written request of the Seller or to comply with Applicable Law;
  - 4.7 to the extent that the matter giving rise to the Claim is a liability for Tax which has been paid or discharged on or before Completion and such payment or discharge has been reflected in the Completion Accounts; and/or
  - 4.8 Excluding a Claim with respect to a Tax Indemnity, if the Buyer was aware of such fact, matter or circumstance, and such fact, matter or circumstance could reasonably be considered to entitle the Buyer at the date of this Agreement or at Completion to make a Claim. For this purpose, the Buyer shall be deemed to have knowledge (without limitation) of: (a) those facts, matters and circumstances which are specified in this Agreement, the contents of any legal review report (in draft or final form) prepared by or for the Buyer, and the matters Disclosed in any Disclosed Information; and (b) all matters which would be revealed by making the Searches in respect of each Group Company incorporated in the jurisdiction of the relevant Search.
- 5. RECOVERY ONLY ONCE**

The Buyer is not entitled to recover more than once in respect of any one matter giving rise to a Claim (other than with respect to the Tax Indemnities, but provided always, for the avoidance of doubt, that (a) the Seller's liability shall be limited in accordance with quantum set out in paragraph 1.2.2 of this Schedule 9; and (b) the Buyer shall not be liable to indemnify the Seller twice in respect of the same Loss for instance, where such Loss is incurred by a Group Company and through such Group Company, the same Losses are incurred by the Buyer).

## 6. DAMAGES

The Buyer shall not be entitled to claim for any punitive, indirect or consequential Loss in respect of any Claim.

## 7. CONTINGENT LIABILITIES

To the extent that a Claim is based upon a liability of a Group Company which is a contingent liability, the Seller shall not be liable to make a payment to the Buyer in respect thereof unless and until such time as the contingent liability becomes an actual liability of a Group Company to make a payment. This paragraph 7 is without prejudice to the obligation of the Buyer to notify the Seller's Representative of the Claim and to issue and serve proceedings in respect thereof in accordance with paragraph 3 of this Schedule 9.

## 8. RECOVERY FROM THIRD PARTIES AND REIMBURSEMENT

8.1 Paragraph 8.2 shall apply in circumstances where:

- 8.1.1 any claim is made against the Buyer or any Group Company which may give rise to a Claim;
- 8.1.2 the Buyer or any Group Company is or may be entitled to make recovery from some other person of any sum in respect of any facts or circumstances by reference to which the Buyer has or may have a Claim; or
- 8.1.3 the Seller shall have paid to the Buyer an amount in respect of a Claim and subsequent to the making of such payment the Buyer or any Group Company becomes or shall be entitled to recover from some other person a sum which is directly referable to that payment.

8.2 The Buyer shall:

- 8.2.1 prior to taking any action against the Seller in respect of any Claim in the case of paragraphs 8.1.1 and 8.1.2 consult with the Seller on the actions to be taken, including the institution of proceedings and the instruction of professional advisers, to avoid, dispute, resist, compromise, mitigate, defend or appeal against any such claim against the Buyer or any Group Company as is referred to in paragraph 8.1.1 or to make such recovery as is referred to in paragraph 8.1.2 or 8.1.3, as the case may be;
- 8.2.2 not make any admission of liability or settle or compromise any liability or claim which has given or may give rise to a Claim without prior consultation with the Seller; and
- 8.2.3 in the case of paragraph 8.1.3 only, as soon as reasonably practicable repay to the Seller an amount equal to the amount so recovered or, if lower, the amount paid by the Seller to the Buyer.

8.3 The Buyer shall, in relation to a Claim, within five (5) Business Days of a claim or right of recovery, material development or Seller's reasonable request (as the case may be):

- 8.3.1 notify the Seller's Representative of any claim made against the Buyer or any Group Company as referred to in paragraph 8.1.1, or any right of recovery which is or might be available, as referred to in paragraphs 8.1.2 and 8.1.3, after such company becomes aware of the same;



8.3.2 keep the Seller's Representative fully informed of all material developments in relation to any such claim, or right of recovery, as referred to in paragraph 8.3.1; and

8.3.3 provide all relevant information and documentation (no matter how it is recorded or stored) as the Seller's Representative shall reasonably request in connection with any claim, or right of recovery, as referred to in paragraph 8.3.1, subject to the Buyer's confidentiality obligations.

8.4 No liability shall attach to the Seller to the extent that a claim has arisen or the amount of the claim has been increased, or a sum which would otherwise have been recoverable as referred to in paragraph 8.1.2 has not been recovered, because the Buyer failed to comply with paragraph 8.2.1 or 8.2.2 in relation to such claim or, as the case may be, such amount recoverable.

8.5 For the avoidance of doubt, in this paragraph 8, a reference to a "claim" shall include the receipt by the Buyer or by any Group Company of any notice, request for information, request for interview or any other similar notice or request from a Tax Authority in respect of a matter which may result in a claim under Clause 16.10

## 9. MITIGATION

Nothing in this Schedule 9 restricts or limits any general obligation on the Buyer at law to mitigate any Loss which it may incur in consequence of a matter giving rise to a Claim.

## 10. PROVISION OF INFORMATION

If, at any time after the date of this Agreement, the Seller wishes to insure against its liabilities in respect of Claims, the Buyer shall provide such information as a prospective insurer may reasonably require before effecting the insurance.

## 11. PRESERVATION OF INFORMATION

The Buyer shall, and shall ensure that each Group Company will, preserve all documents, records, correspondence, accounts and other information whatsoever relevant to a matter which it reasonably believes may give rise to a Claim.

## 12. TAX

12.1 Where:

12.1.1 an amount of Tax paid by a Group Company has resulted in a Tax Relief (the "**Relevant Relief**"); and

12.1.2 the Seller has made a payment to the Buyer in respect of the Tax in satisfaction of a Claim,

the Buyer shall cooperate to utilise the Relevant Relief as soon as reasonably practicable, provided that any Relevant Relief will be treated as being used after any other Relief such that the Buyer shall only be required to pay to the Seller an amount equal to the actual cash Tax savings which arises to the Buyer's Group (as a whole). The Buyer shall as soon as reasonably practicable pay to the Seller an amount equal to any such tax savings, in each case as a result of the use of the Relevant Relief.

12.2 If and to the extent that:

74

12.2.1 an expenditure by a Group Company, or provision or reserve for or on account of a matter, has been treated as deductible or allowable for Tax purposes in the Audited Accounts; and

12.2.2 a Claim arises because the expenditure, provision or reserve, or a part of it, is not deductible or allowable in respect of the accounting period in which it was treated as deductible or allowable, but it is deductible or allowable in another accounting period,

the value to a Group Company of the deduction or allowance obtained in the relevant accounting period in respect of the expenditure, provision or reserve, whether by way of reduced Tax liability, an amount available for group relief surrender or otherwise is to be treated as a "**Benefit**" for the purposes of paragraph 12.3 of this Schedule 9.

12.3 If and to the extent that:

12.3.1 any income, profit or gain of a Group Company not received by such Group Company is found to be subject to Tax;

12.3.2 the Tax gives rise to a Claim; and

12.3.3 such Group Company subsequently receives the income, profit or gain and it is not subject to Tax,

the amount of Tax which would otherwise have been payable in respect of the income, profit or gain is to be treated as a "**Benefit**" for the purposes of this paragraph 12.3 of this Schedule 9.

12.4 If the Seller has made a payment to the Buyer in satisfaction of a Claim of a type mentioned in paragraph 12.1 or 12.2 of this Schedule 9, the Buyer shall pay the Seller an amount equal to any Benefit.

12.5 The Buyer shall ensure that the Company's auditors certify the amount of any payment due to the Seller under paragraph 12.1 or 12.3 of this Schedule 9 within five (5) Business Days of a request from the Seller's Representative.

### 13. DISCLOSURE

The Warranties:

13.1 given as at the date of this Agreement are qualified by the facts and circumstances Disclosed in the Disclosed Information (excluding, for the avoidance of doubt, the facts and circumstances Disclosed in the Updated Disclosure Letter (if any)); and

13.2 given immediately prior to Completion pursuant to Clause 7.2.2 are qualified by the facts and circumstances Disclosed in the Disclosed Information (including, for the avoidance of doubt, the facts and circumstances Disclosed in the Updated Disclosure Letter (if any)).

### 14. OVERPROVISIONS AND REPAYMENTS OF TAX

14.1 If the Buyer or a Group Company becomes aware that:

14.1.1 any provision for Tax in the Completion Accounts is likely to be an overprovision (an "**Overprovision**"); or

14.1.2 a Group Company is entitled to any repayment of Tax overpaid by such Group Company (other than a repayment which has been shown as an asset in the Completion Accounts) and/or any interest in respect of any period before Completion (a "**Repayment**"),

the Buyer shall give written details thereof to the Seller's Representative and the Seller's Representative may, upon receiving such notice, or in the absence of such notice, at any time request the auditors for the time being of such Group Company to certify (at the expense of the Seller) the amount of such Overprovision or Repayment, and the amount so certified shall be dealt with in accordance with paragraph 14.2 of this Schedule 9.

14.2 Where it is provided under paragraph 14.1 of this Schedule 9 that any amount (the "**Relevant Amount**") is to be dealt with in accordance with this paragraph 14.2:

14.2.1 the Relevant Amount shall first be set off against any payment then due from the Seller in respect of a Tax Indemnity claim;

14.2.2 to the extent that there is an excess, a refund shall be made to the Seller of any previous payment or payments made in respect of a Tax Indemnity claim and not previously refunded under this paragraph 14.2.2 up to the amount of such excess;

14.2.3 to the extent that the excess referred to in paragraph 14.2.2 of this Schedule 9 is not exhausted under that paragraph, the remainder of that excess shall be carried forward and set off against any future payment or payments which become due from the Seller in respect of a Tax Indemnity claim.

14.3 Where any such certification as is mentioned in paragraph 14.1 of this Schedule 9 has been made, the Seller or the Buyer or a Group Company may request the auditors of the Group Company for the time being at the expense of the party so making the request to review such certification in the light of all relevant circumstances, including any facts which have become known only since such certification and to certify whether such certification remains correct or whether in the light of those circumstances the amount that was the subject of such certification should be amended.

14.4 If the auditors certify under paragraph 14.3 of this Schedule 9 that an amount previously certified should be amended, that amended amount shall be substituted for the purposes of paragraph 14.2 of this Schedule 9 as the Relevant Amount in respect of the certification in question in place of the amount originally certified and such adjusting payment (if any) as may be required by virtue of the aforementioned substitution shall be made as soon as practicable by the Seller.

14.5 If any dispute arises under this paragraph 14 as to whether there is or has been any Overprovision or Repayment, such dispute shall be referred to the Reporting Accountants who in making such determination shall act as expert (the "**Expert**") and not arbitrator and whose decision shall be final and binding on the parties thereto. The Expert may make such enquiries as he shall think fit in order to make such determination and shall also determine how the Costs of obtaining his opinion should be paid and borne by the parties, taking into account the reasonableness of their respective arguments.

14.6 The Buyer undertakes to supply and undertakes to procure that a Group Company shall supply to the Seller and subsequently to any firm of accountants nominated to deal with any such dispute in accordance with paragraph 14.5 of this Schedule 9 (with copies to the Seller) all documents accounts notices papers and other necessary information as may be reasonably required for the purposes of making any such

determination as to whether there is or has been any Overprovision or Repayment for the purposes of this paragraph 14.6.

**15. GENERAL**

Nothing in this Schedule 9 shall have the effect of limiting or restricting any liability of the Seller in respect of a Claim arising or increasing, or to the extent to which it arises or is increased, as the consequence of, or which is delayed as a result of, any fraud or wilful ~~mis~~conduct.

**SCHEDULE 10**  
**TREATMENT OF INTRA-GROUP RECEIVABLES AND INTRA-GROUP PAYABLES**

**1. General**

Notwithstanding the provisions of Clause 8.2 as relates to the Seller procuring that there shall be no Intra-Group Payables nor Intra-Group Receivables at Completion, to the extent that the Seller has not procured the same, the following provisions of this Schedule 10 shall apply in respect of how such Intra-Group Payables and Intra-Group Receivables shall be settled and discharged.

**2. Completion**

At Completion:

- 2.1.1 the Seller shall procure, in accordance with paragraph 2.1.3 below, the discharge and repayment by the Seller's Group Undertakings of the Estimated Intra-Group Receivables and shall acknowledge, on behalf of the relevant Seller's Group Undertakings, the payment, and to that extent the discharge, of the Estimated Intra-Group Payables paid in accordance with 2.1.2 below;
- 2.1.2 the Buyer shall procure, in accordance with paragraph 2.1.3 below, the discharge and repayment by the Group Companies of the Estimated Intra-Group Payables and shall acknowledge on behalf of the relevant Group Companies, and to that extent the discharge, of the Estimated Intra-Group Receivables paid in accordance with 2.1.1 above; and
- 2.1.3 without prejudice to paragraphs 3.1 and 3.2 below, the Seller (as agent for the Seller's Group Undertakings) and the Buyer (as agent for the Group Companies) shall settle the Estimated Intra-Group Receivables and the Estimated Intra-Group Payables by way of such amounts being netted off against each other as provided for in limbs (c) and (f) in the definition of "Initial Consideration".

**3. Following agreement or determination of the Completion Accounts and the Statement**

3.1 Within ten (10) Business Days of the Determination Date:

- 3.1.1 the Seller shall procure the discharge and repayment by the Seller's Group Undertakings of any then-outstanding Intra-Group Receivables; and
  - 3.1.2 the Buyer shall procure the discharge and repayment by the Group Companies of any then-outstanding Intra-Group Payables,
- in each case in accordance with the provisions of paragraph 3.2 below.

3.2 The Seller (as agent for the Seller's Group Undertakings) and the Buyer (as agent for the Group Companies) shall settle the then-outstanding Intra-Group Receivables and the then-outstanding Intra-Group Payables referred to in paragraph 3.1 above by way of the making of the payments contemplated in Clauses 4.3 and 4.4, following which:

- 3.2.1 each Intra-Group Receivable and Intra-Group Payable shall be deemed settled and discharged;

- 3.2.2 no further amount shall be considered as due, owing or payable between any Seller's Group Undertaking and any Group Company (or vice versa) in respect of the Intra-Group Payables and Intra-Group Receivables;
- 3.2.3 receipt of the payments contemplated in Clauses 4.3 and 4.4 shall be an absolute discharge by the payee of any then-outstanding Intra-Group Payables of its obligation to pay such amount and such payee shall not be concerned to see to the application of any such amount thereafter; and
- 3.2.4 the Seller (as agent for the Seller's Group Undertakings) and the Buyer (as agent for the Group Companies) shall procure that, on the one hand, no Seller's Group Undertaking and, on the other hand, no Group Company shall make a claim against (and shall waive any rights it might have against) any Seller's Group Undertaking, on the one hand, or any Group Company (as the case may be) in respect of any Intra-Group Receivable or Intra-Group Payable.

**EXECUTED as a DEED on the date first stated above** by the parties:

Signed, sealed and delivered by \_\_\_\_\_ )  
/s/ Mary Ann Sigler )  
for and on behalf of \_\_\_\_\_ )  
**PAGANI HOLDING III LIMITED** )  
in the presence of: \_\_\_\_\_ )

Signature of witness: /s/ Stacy L. Mengel

Name of witness: Stacy L. Mengel

Address: 360 N. Crescent Drive | South Building | Beverly Hills, CA 90210 USA

[Signature Page to Agreement for the Sale and Purchase of the Entire Issued Share Capital of PCI Private Limited]

Executed as a deed by **2863862 ONTARIO INC.** acting by Robert Ellis, a director, in the presence of:

/s/ Robert Ellis  
Director

/s/ Jeffrey Woodlock  
Witness Name: Jeffrey Woodlock

Witness Address: 5140 Yonge Street, 19th Floor, Toronto, Ontario  
M2N 6L7

Witness Occupation: Director of 2863862 Ontario Inc.

[Signature Page to Agreement for the Sale and Purchase of the Entire Issued Share Capital of PCI Private Limited]



Executed as a deed by **CELESTICA INC.** acting by Robert Ellis, a secretary, in the presence of:

/s/ Robert Ellis  
Secretary

/s/ Jeffrey Woodlock  
Witness Name: Jeffrey Woodlock

Witness Address: 5140 Yonge Street, Suite 1900, Toronto, Ontario,  
M2N 6L7

Witness Occupation: Vice President Legal of Celestica Inc.

[Signature Page to Agreement for the Sale and Purchase of the Entire Issued Share Capital of PCI Private Limited]

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**Subsidiaries of the Registrant\***

Celestica Cayman Holdings 1 Limited, a Cayman Islands corporation

Celestica Hong Kong Limited, a Hong Kong corporation

Celestica LLC, a Delaware, U.S. limited liability company

Celestica (Thailand) Limited, a Thailand corporation

Celestica (USA) Inc., a Delaware, U.S. corporation

2480333 Ontario Inc., an Ontario, Canada corporation

Celestica Electronics (M.) Sdn. Bhd., a Malaysia corporation

\* Subsidiaries that, in aggregate, would not be a "significant subsidiary" as defined in Rule 1-02(w) of Regulation S-X, have been omitted.

## CERTIFICATION

I, Robert A. Mionis, certify that:

1. I have reviewed this annual report on Form 20-F of Celestica Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 14, 2022

/s/ Robert A. Mionis  
Robert A. Mionis  
Chief Executive Officer

## CERTIFICATION

I, Mandeep Chawla, certify that:

1. I have reviewed this annual report on Form 20-F of Celestica Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 14, 2022

/s/ Mandeep Chawla  
Mandeep Chawla  
Chief Financial Officer

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## CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of Celestica Inc. (the "Company") on Form 20-F for the period ended December 31, 2021, as furnished to the Securities and Exchange Commission on the date hereof (the "Report"), each of Robert A. Mionis, as Chief Executive Officer of the Company, and Mandeep Chawla, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 14, 2022

/s/ Robert A. Mionis  
Robert A. Mionis  
Chief Executive Officer

March 14, 2022

/s/ Mandeep Chawla  
Mandeep Chawla  
Chief Financial Officer

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.



**KPMG LLP**  
 Bay Adelaide Centre  
 Suite 4600  
 333 Bay Street  
 Toronto, ON M5H 2S5  
 Tel 416-777-8500  
 Fax 416-777-8818  
 www.kpmg.ca

**Consent of Independent Registered Public Accounting Firm**

The Board of Directors  
 Celestica Inc.

We consent to the use of:

- our report dated March 10, 2022 on the consolidated financial statements of Celestica Inc. (the "Entity") which comprise the consolidated balance sheets as at December 31, 2021 and December 31, 2020, the related consolidated statements of operations, income, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended December 31, 2021, and the related notes (collectively the "consolidated financial statements"), and
- our report dated March 10, 2022 on the effectiveness of the Entity's internal control over financial reporting as of December 31, 2021

each of which is included in the Annual Report on Form 20-F of the Entity for the fiscal year ended December 31, 2021.

We also consent to the incorporation by reference of such reports in the Registration Statements (No. 333-113591, 333-88210, 333-71126, 333-66726, 333-63112 and 333-9500) on Form S-8, and (No. 333-241513) on Form F-3ASR of the Entity.

We also consent to the reference to our firm under the heading "Experts" in the Registration Statements.

Chartered Professional Accountants, Licensed Public Accountants  
 March 14, 2022  
 Toronto, Canada