

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

**Sensata Technologies Holding plc**

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Mailing Address

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INTERFACE BUSINESS  
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BINCKNOLL LANE, ROYAL  
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Business Address

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

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**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2022**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from            to**

**Commission File Number 001-34652**

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**SENSATA TECHNOLOGIES HOLDING PLC**

(Exact name of registrant as specified in its charter)

**England and Wales**

(State or other jurisdiction of incorporation or organization)

**98-1386780**

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

**529 Pleasant Street**

**Attleboro, Massachusetts, 02703, United States**

(Address of principal executive offices, including zip code)

**+1 (508) 236 3800**

(Registrant's telephone number, including area code)

**Not applicable**

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Ordinary Shares - nominal value €0.01 per share	ST	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of April 15, 2022, 156,917,754 ordinary shares were outstanding.

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**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**SENSATA TECHNOLOGIES HOLDING PLC**

**Condensed Consolidated Balance Sheets**

*(In thousands, except per share amounts)*

*(unaudited)*

	March 31, 2022	December 31, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,608,481	\$ 1,708,955
Accounts receivable, net of allowances of \$28,001 and \$17,003 as of March 31, 2022 and December 31, 2021, respectively	693,568	653,438
Inventories	641,709	588,231
Prepaid expenses and other current assets	146,342	126,370
<b>Total current assets</b>	<b>3,090,100</b>	<b>3,076,994</b>
Property, plant and equipment, net	822,633	820,933
Goodwill	3,555,369	3,502,063
Other intangible assets, net of accumulated amortization of \$2,314,755 and \$2,277,393 as of March 31, 2022 and December 31, 2021, respectively	907,315	946,731
Deferred income tax assets	104,226	105,028
Other assets	131,745	162,017
<b>Total assets</b>	<b>\$ 8,611,388</b>	<b>\$ 8,613,766</b>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Current portion of long-term debt, finance lease and other financing obligations	\$ 6,694	\$ 6,833
Accounts payable	486,432	459,093
Income taxes payable	19,249	26,517
Accrued expenses and other current liabilities	327,670	343,816
<b>Total current liabilities</b>	<b>840,045</b>	<b>836,259</b>
Deferred income tax liabilities	339,332	339,273
Pension and other post-retirement benefit obligations	39,089	38,758
Finance lease and other financing obligations, less current portion	26,347	26,564
Long-term debt, net	4,215,505	4,214,946
Other long-term liabilities	78,753	63,232
<b>Total liabilities</b>	<b>5,539,071</b>	<b>5,519,032</b>
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Ordinary shares, €0.01 nominal value per share, 177,069 shares authorized, and 174,583 and 174,287 shares issued as of March 31, 2022 and December 31, 2021, respectively	2,236	2,232
Treasury shares, at cost, 17,576 and 16,438 shares as of March 31, 2022 and December 31, 2021, respectively	(899,697)	(832,439)
Additional paid-in capital	1,831,497	1,812,244
Retained earnings	2,154,563	2,132,257
Accumulated other comprehensive loss	(16,282)	(19,560)
<b>Total shareholders' equity</b>	<b>3,072,317</b>	<b>3,094,734</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 8,611,388</b>	<b>\$ 8,613,766</b>

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

**SENSATA TECHNOLOGIES HOLDING PLC**  
**Condensed Consolidated Statements of Operations**  
*(In thousands, except per share amounts)*  
*(unaudited)*

	For the three months ended	
	March 31, 2022	March 31, 2021
Net revenue	\$ 975,770	\$ 942,528
Operating costs and expenses:		
Cost of revenue	657,080	635,349
Research and development	45,980	35,956
Selling, general and administrative	95,680	77,123
Amortization of intangible assets	37,367	32,064
Restructuring and other charges, net	13,733	4,582
Total operating costs and expenses	849,840	785,074
<b>Operating income</b>	125,930	157,454
Interest expense, net	(45,445)	(44,043)
Other, net	(50,456)	(39,397)
<b>Income before taxes</b>	30,029	74,014
Provision for income taxes	7,588	20,281
<b>Net income</b>	\$ 22,441	\$ 53,733
<b>Basic net income per share</b>	\$ 0.14	\$ 0.34
<b>Diluted net income per share</b>	\$ 0.14	\$ 0.34

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



**SENSATA TECHNOLOGIES HOLDING PLC**  
**Condensed Consolidated Statements of Comprehensive Income**  
*(In thousands)*  
*(unaudited)*

	<b>For the three months ended</b>	
	<b>March 31, 2022</b>	<b>March 31, 2021</b>
Net income	\$ 22,441	\$ 53,733
Other comprehensive income:		
Cash flow hedges	2,850	14,278
Defined benefit and retiree healthcare plans	428	1,712
Other comprehensive income	3,278	15,990
<b>Comprehensive income</b>	<b>\$ 25,719</b>	<b>\$ 69,723</b>

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

**SENSATA TECHNOLOGIES HOLDING PLC**  
**Condensed Consolidated Statements of Cash Flows**  
*(In thousands)*  
*(unaudited)*

	For the three months ended	
	March 31, 2022	March 31, 2021
<b>Cash flows from operating activities:</b>		
Net income	\$ 22,441	\$ 53,733
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	31,531	31,197
Amortization of debt issuance costs	1,716	1,711
Share-based compensation	6,540	5,099
Loss on debt financing	—	30,066
Amortization of intangible assets	37,367	32,064
Deferred income taxes	(340)	130
Acquisition-related compensation payments	(7,500)	—
Mark-to-market loss on equity investments, net	59,279	—
Unrealized (gain)/loss on derivative instruments and other	(517)	8,797
Changes in operating assets and liabilities, net of the effects of acquisitions:		
Accounts receivable, net	(49,821)	(62,198)
Inventories	(53,004)	(16,857)
Prepaid expenses and other current assets	(8,807)	(4,971)
Accounts payable and accrued expenses	13,488	26,409
Income taxes payable	(7,268)	2,283
Other	2,250	(2,952)
Net cash provided by operating activities	47,355	104,511
<b>Cash flows from investing activities:</b>		
Acquisitions, net of cash received	(48,441)	(20,406)
Additions to property, plant and equipment and capitalized software	(35,711)	(27,172)
Investment in debt and equity securities	(6,853)	(1,799)
Other	152	340
Net cash used in investing activities	(90,853)	(49,037)
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of stock options and issuance of ordinary shares	13,348	10,556
Payment of employee restricted stock tax withholdings	(135)	(221)
Proceeds from borrowings on debt	—	750,000
Payments on debt	(2,931)	(752,753)
Payments to repurchase ordinary shares	(67,258)	—
Payments of debt financing costs	—	(31,110)
Net cash used in financing activities	(56,976)	(23,528)
Net change in cash and cash equivalents	(100,474)	31,946
Cash and cash equivalents, beginning of year	1,708,955	1,861,980
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,608,481</b>	<b>\$ 1,893,926</b>

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

**SENSATA TECHNOLOGIES HOLDING PLC**  
**Condensed Consolidated Statements of Changes in Shareholders' Equity**  
*(In thousands)*  
*(unaudited)*

	Ordinary Shares		Treasury Shares		Additional Paid- In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Number	Amount	Number	Amount				
	<b>Balance as of December 31, 2021</b>	<b>174,287</b>	<b>\$ 2,232</b>	<b>(16,438)</b>				
Surrender of shares for tax withholding	—	—	(3)	(135)	—	—	—	(135)
Stock options exercised	290	4	—	—	12,713	—	—	12,717
Vesting of restricted securities	9	—	—	—	—	—	—	—
Repurchase of ordinary shares	—	—	(1,138)	(67,258)	—	—	—	(67,258)
Retirement of ordinary shares	(3)	—	3	135	—	(135)	—	—
Share-based compensation	—	—	—	—	6,540	—	—	6,540
Net income	—	—	—	—	—	22,441	—	22,441
Other comprehensive income	—	—	—	—	—	—	3,278	3,278
<b>Balance as of March 31, 2022</b>	<b>174,583</b>	<b>\$ 2,236</b>	<b>(17,576)</b>	<b>\$ (899,697)</b>	<b>\$ 1,831,497</b>	<b>\$ 2,154,563</b>	<b>\$ (16,282)</b>	<b>\$ 3,072,317</b>

  

	Ordinary Shares		Treasury Shares		Additional Paid- In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Number	Amount	Number	Amount				
	<b>Balance as of December 31, 2020</b>	<b>173,266</b>	<b>\$ 2,220</b>	<b>(15,631)</b>				
Surrender of shares for tax withholding	—	—	(4)	(221)	—	—	—	(221)
Stock options exercised	259	3	—	—	10,553	—	—	10,556
Vesting of restricted securities	12	—	—	—	—	—	—	—
Retirement of ordinary shares	(4)	—	4	221	—	(221)	—	—
Share-based compensation	—	—	—	—	5,099	—	—	5,099
Net income	—	—	—	—	—	53,733	—	53,733
Other comprehensive income	—	—	—	—	—	—	15,990	15,990
<b>Balance as of March 31, 2021</b>	<b>173,533</b>	<b>\$ 2,223</b>	<b>(15,631)</b>	<b>\$ (784,596)</b>	<b>\$ 1,775,320</b>	<b>\$ 1,831,241</b>	<b>\$ (33,545)</b>	<b>\$ 2,790,643</b>

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

**SENSATA TECHNOLOGIES HOLDING PLC**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
*(unaudited)*

**1. Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements reflect the financial position, results of operations, comprehensive income, cash flows, and changes in shareholders' equity of Sensata Technologies Holding plc, a public limited company incorporated under the laws of England and Wales, and its consolidated subsidiaries, collectively referred to as the "Company," "Sensata," "we," "our," or "us."

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q. Accordingly, these interim financial statements do not include all of the information and note disclosures required by U.S. GAAP for complete financial statements. The accompanying financial information reflects all normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the interim period results. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the U.S. Securities and Exchange Commission (the "SEC") on February 10, 2022 (the "2021 Annual Report").

All U.S. dollar ("USD") and share amounts presented, except per share amounts, are stated in thousands, unless otherwise indicated.

**2. New Accounting Standards**

There are no recently issued accounting standards that have been adopted in the current period or will be adopted in future periods that have had or are expected to have a material impact on our consolidated financial position or results of operations.

**3. Revenue Recognition**

The following table presents net revenue disaggregated by segment and end market for the three months ended March 31, 2022 and 2021:

	For the three months ended March 31, 2022			For the three months ended March 31, 2021		
	Performance			Performance		
	Sensing	Sensing Solutions	Total	Sensing	Sensing Solutions	Total
Automotive	\$ 502,362	\$ 9,285	\$ 511,647	\$ 536,713	\$ 11,500	\$ 548,213
HVOR <sup>(1)</sup>	215,335	—	215,335	177,799	—	177,799
Industrial	—	114,619	114,619	—	90,475	90,475
Appliance and HVAC <sup>(2)</sup>	—	58,825	58,825	—	59,916	59,916
Aerospace	—	33,270	33,270	—	32,677	32,677
Other	—	42,074	42,074	—	33,448	33,448
<b>Total</b>	<b>\$ 717,697</b>	<b>\$ 258,073</b>	<b>\$ 975,770</b>	<b>\$ 714,512</b>	<b>\$ 228,016</b>	<b>\$ 942,528</b>

<sup>(1)</sup> Heavy vehicle and off-road

<sup>(2)</sup> Heating, ventilation and air conditioning

#### 4. Share-Based Payment Plans

The following table presents the components of non-cash compensation expense related to our equity awards for the three months ended March 31, 2022 and 2021:

	For the three months ended	
	March 31, 2022	March 31, 2021
Stock options	\$ 307	\$ 460
Restricted securities	6,233	4,639
Share-based compensation expense	\$ 6,540	\$ 5,099

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## 5. Restructuring and Other Charges, Net

The following table presents the components of restructuring and other charges, net for the three months ended March 31, 2022 and 2021:

	For the three months ended	
	March 31, 2022	March 31, 2021
Q2 2020 Global Restructure Program charges	\$ —	\$ 1,824
Other restructuring and other charges, net		
Severance costs, net	587	186
Facility and other exit costs	1,048	666
Other <sup>(1)</sup>	12,098	1,906
Restructuring and other charges, net	\$ 13,733	\$ 4,582

<sup>(1)</sup> Primarily includes expenses related to acquisition-related incentive compensation, partially offset by a gain resulting from reduction of the liability for contingent consideration for Spear Power Systems ("Spear"). Refer to *Note 16: Acquisitions* for additional information.

The following table presents a rollforward of the severance portion of our restructuring obligations for the three months ended March 31, 2022.

	Q2 2020 Global Restructure		Total
	Program	Other	
Balance as of December 31, 2021	\$ 3,853	\$ 3,380	\$ 7,233
Charges, net of reversals	—	587	587
Payments	(2,955)	(1,130)	(4,085)
Foreign currency remeasurement	(6)	12	6
Balance as of March 31, 2022	\$ 892	\$ 2,849	\$ 3,741

The severance liability as of March 31, 2022 was entirely recorded in accrued expenses and other current liabilities on our condensed consolidated balance sheet.

## 6. Other, Net

The following table presents the components of other, net for the three months ended March 31, 2022 and 2021:



	For the three months ended	
	March 31, 2022	March 31, 2021
Currency remeasurement loss on net monetary assets	\$ (67)	\$ (1,477)
Loss on foreign currency forward contracts	(1,243)	(958)
Gain/(loss) on commodity forward contracts	9,424	(1,153)
Loss on debt financing	—	(30,066)
Mark-to-market loss on investments, net	(59,279)	—
Net periodic benefit cost, excluding service cost	(755)	(2,410)
Other	1,464	(3,333)
Other, net	\$ (50,456)	\$ (39,397)

## 7. Income Taxes

The following table presents the provision for income taxes for the three months ended March 31, 2022 and 2021:

	For the three months ended	
	March 31, 2022	March 31, 2021
Provision for income taxes	\$ 7,588	\$ 20,281

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The decrease in total tax for the three months ended March 31, 2022 compared to the three months ended March 31, 2021 was predominantly related to the overall decrease in income before taxes, driven in part by the mark-to-market loss on our investment in Quanergy as discussed in *Note 14: Fair Value Measures*.

The provision for income taxes consists of (1) current tax expense, which relates primarily to our profitable operations in tax jurisdictions with limited or no net operating loss carryforwards and withholding taxes related to management fees, royalties, and the repatriation of foreign earnings; and (2) deferred tax expense (or benefit), which represents adjustments in book-to-tax basis differences primarily related to (a) book versus tax basis in intangible assets, (b) changes in net operating loss carryforwards, (c) changes in tax rates, and (d) changes in our assessment of the realizability of our deferred tax assets.

### 8. Net Income per Share

Basic and diluted net income per share are calculated by dividing net income by the number of basic and diluted weighted-average ordinary shares outstanding during the period. For the three months ended March 31, 2022 and 2021 the weighted-average ordinary shares outstanding used to calculate basic and diluted net income per share were as follows:

	For the three months ended	
	March 31, 2022	March 31, 2021
Basic weighted-average ordinary shares outstanding	157,422	157,764
Dilutive effect of stock options	473	708
Dilutive effect of unvested restricted securities	735	758
Diluted weighted-average ordinary shares outstanding	158,630	159,230

Certain potential ordinary shares were excluded from our calculation of diluted weighted-average ordinary shares outstanding because either they would have had an anti-dilutive effect on net income per share or they related to equity awards that were contingently issuable for which the contingency had not been satisfied. These potential ordinary shares were as follows:

	For the three months ended	
	March 31, 2022	March 31, 2021
Anti-dilutive shares excluded	4	6
Contingently issuable shares excluded	1,002	950

### 9. Inventories

The following table presents the components of inventories as of March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
Finished goods	\$ 222,375	\$ 201,424
Work-in-process	114,496	101,558
Raw materials	304,838	285,249
Inventories	\$ 641,709	\$ 588,231



## 10. Pension and Other Post-Retirement Benefits

The following table presents the components of net periodic benefit cost/(credit) associated with our defined benefit and retiree healthcare plans for the three months ended March 31, 2022 and 2021:

	U.S. Plans				Non-U.S. Plans		Total	
	Defined Benefit		Retiree Healthcare		Defined Benefit			
	2022	2021	2022	2021	2022	2021	2022	2021
Service cost	\$ —	\$ —	\$ 2	\$ 2	\$ 956	\$ 978	\$ 958	\$ 980
Interest cost	113	120	46	21	424	404	583	545
Expected return on plan assets	(195)	(226)	—	—	(244)	(178)	(439)	(404)
Amortization of net loss	141	401	—	—	278	459	419	860
Amortization of prior service (credit)/cost	—	—	(100)	(159)	2	3	(98)	(156)
Loss on settlement	290	1,565	—	—	—	—	290	1,565
Net periodic benefit cost/(credit)	\$ 349	\$ 1,860	\$ (52)	\$ (136)	\$ 1,416	\$ 1,666	\$ 1,713	\$ 3,390

Components of net periodic benefit cost/(credit) other than service cost are presented in other, net in the condensed consolidated statements of operations. Refer to *Note 6: Other, Net*.

## 11. Debt

The following table presents the components of long-term debt, finance lease and other financing obligations as of March 31, 2022 and December 31, 2021:

	Maturity Date	March 31, 2022	December 31, 2021
Term Loan	September 20, 2026	\$ 450,308	\$ 451,465
4.875% Senior Notes	October 15, 2023	500,000	500,000
5.625% Senior Notes	November 1, 2024	400,000	400,000
5.0% Senior Notes	October 1, 2025	700,000	700,000
4.375% Senior Notes	February 15, 2030	450,000	450,000
3.75% Senior Notes	February 15, 2031	750,000	750,000
4.0% Senior Notes	April 15, 2029	1,000,000	1,000,000
Less: debt discount, net of premium		(4,763)	(5,207)
Less: deferred financing costs		(25,410)	(26,682)
Less: current portion		(4,630)	(4,630)
Long-term debt, net		\$ 4,215,505	\$ 4,214,946
Finance lease and other financing obligations		\$ 28,411	\$ 28,767
Less: current portion		(2,064)	(2,203)
Finance lease and other financing obligations, less current portion		\$ 26,347	\$ 26,564

As of March 31, 2022, we had \$416.1 million available under our \$420.0 million revolving credit facility (the "Revolving Credit Facility"), net of \$3.9 million of obligations in respect of outstanding letters of credit issued thereunder. Outstanding letters of credit are issued primarily for the benefit of certain operating activities. As of March 31, 2022, no amounts had been drawn against these outstanding letters of credit.

In the three months ended March 31, 2021, in connection with the redemption of \$750.0 million aggregate principal amount of 6.25% senior notes due 2026 (the "6.25% Senior Notes"), we recognized a loss of \$30.1 million, which included \$23.4 million in premiums paid, with the remaining loss representing write-off of debt discounts and deferred financing costs.

#### *Accrued Interest*

Accrued interest associated with our outstanding debt is included as a component of accrued expenses and other current liabilities in the condensed consolidated balance sheets. As of March 31, 2022 and December 31, 2021, accrued interest totaled \$63.1 million and \$45.1 million, respectively.

## 12. Commitments and Contingencies

We are regularly involved in a number of claims and litigation matters that arise in the ordinary course of business. Although it is not feasible to predict the outcome of these matters, based upon our experience and current information known to us, we do not expect the outcome of these matters, either individually or in the aggregate, to have a material adverse effect on our results of operations, financial condition, and/or cash flows.

## 13. Shareholders' Equity

### *Treasury Shares*

From time to time, our Board of Directors has authorized various share repurchase programs, which may be modified or terminated by the Board at any time. On January 20, 2022, we announced that our Board of Directors had authorized a new \$500.0 million ordinary share repurchase program (the "January 2022 Program"), which replaced the previous \$500.0 million program approved in July 2019, which had availability of \$254.5 million as of December 31, 2021. As of March 31, 2022, \$449.5 million remained available for repurchase under the January 2022 Program.

### *Accumulated Other Comprehensive Loss*

The following table presents the components of accumulated other comprehensive loss for the three months ended March 31, 2022:

	<u>Cash Flow Hedges</u>	<u>Defined Benefit and Retiree Healthcare Plans</u>	<u>Accumulated Other Comprehensive Loss</u>
Balance as of December 31, 2021	\$ 16,831	\$ (36,391)	\$ (19,560)
Other comprehensive income before reclassifications, net of tax	7,965	—	7,965
Reclassifications from accumulated other comprehensive loss, net of tax	(5,115)	428	(4,687)
Other comprehensive income	2,850	428	3,278
Balance as of March 31, 2022	<u>\$ 19,681</u>	<u>\$ (35,963)</u>	<u>\$ (16,282)</u>

The following table presents the amounts reclassified from accumulated other comprehensive loss for the three months ended March 31, 2022 and 2021:

Component	For the three months ended		Affected Line in Condensed Consolidated Statements of Operations
	March 31,		
	2022	2021	
Derivative instruments designated and qualifying as cash flow hedges:			
Foreign currency forward contracts	\$ (4,264)	\$ 4,407	Net revenue <sup>(1)</sup>
Foreign currency forward contracts	(2,629)	(743)	Cost of revenue <sup>(1)</sup>
Total, before taxes	(6,893)	3,664	Income before taxes
Income tax effect	1,778	(916)	Provision for income taxes
Total, net of taxes	<u>\$ (5,115)</u>	<u>\$ 2,748</u>	Net income
Defined benefit and retiree healthcare plans			
	\$ 611	\$ 2,269	Other, net <sup>(2)</sup>
Income tax effect	(183)	(557)	Provision for income taxes
Total, net of taxes	<u>\$ 428</u>	<u>\$ 1,712</u>	Net income

<sup>(1)</sup> Refer to *Note 15: Derivative Instruments and Hedging Activities* for additional information on amounts to be reclassified from accumulated other comprehensive loss in future periods.

<sup>(2)</sup> Refer to *Note 10: Pension and Other Post-Retirement Benefits* for additional information on net periodic benefit cost/(credit).

## 14. Fair Value Measures

### *Measured on a Recurring Basis*

The fair values of our assets and liabilities measured at fair value on a recurring basis as of March 31, 2022 and December 31, 2021 are shown in the below table. All fair value measures presented are categorized in Level 2 of the fair value hierarchy.

	March 31, 2022	December 31, 2021
<b>Assets</b>		
Foreign currency forward contracts	\$ 29,063	\$ 25,112
Commodity forward contracts	8,474	2,979
Total	\$ 37,537	\$ 28,091
<b>Liabilities</b>		
Foreign currency forward contracts	\$ 3,682	\$ 3,073
Commodity forward contracts	1,752	4,492
Total	\$ 5,434	\$ 7,565

Refer to *Note 15: Derivative Instruments and Hedging Activities* for additional information related to our forward contracts.

### *Quanergy*

As of December 31, 2021, we held a \$50.0 million investment in Quanergy Systems, Inc. ("Quanergy") Series B Preferred Stock. This equity investment did not have a readily determinable fair value and it was held using the measurement alternative prescribed in Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 321, *Investments - Equity Securities*. Such investments are measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer.

On June 22, 2021, Quanergy announced that it had entered into a definitive business combination agreement with CITIC Capital Acquisition Corp ("CITIC") (NYSE: CCAC). On July 16, 2021, CITIC filed a Registration Statement on Form S-4 with the SEC, the effectiveness of which was a condition to closing of the business combination. At December 31, 2021, we assessed our investment in Quanergy based on the proposed terms of the business combination agreement and concluded that there were no indicators of impairment.

On January 6, 2022, the related Registration Statement on Form S-4 was declared effective by the SEC. An Extraordinary General Meeting of shareholders of CITIC was held on January 31, 2022, at which time the business combination was approved. The business combination closed on February 8, 2022. Beginning on February 9, 2022, the combined company, which retained the name "Quanergy Systems, Inc.," was listed on the New York Stock Exchange (the "NYSE") under the ticker symbol QNGY.

Upon closing of the business combination, our investment in Quanergy comprised the following:

- 5.0 million common shares, which represented the conversion of our \$50 million Series B Preferred Stock investment (at a \$10 per share implied valuation);
- 750,000 unregistered common shares, representing a \$7.5 million private investment in public equity ("PIPE") contribution;
- and



- 2.5 million common shares (the "Warrant Shares"), representing the conversion of 2.5 million warrants provided by Quanergy as up-front consideration for a four-year technical and marketing support agreement (the "Support Agreement").

The 5.75 million common share investment in Quanergy (excluding the Warrant Shares) have a historical cost basis of \$57.5 million. The Warrant Shares were converted at a share price of \$7.05 per share (the closing market price on February 8, 2022), or approximately \$17.6 million, which was recorded as deferred income. Refer to below discussion for additional details on the Support Agreement. Refer to the below table for a summary of our investment in Quanergy as of March 31, 2022,

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February 8, 2022, and December 31, 2021, which is presented in other assets on our consolidated balance sheets as of March 31, 2022 and December 31, 2021.

	As of		
	March 31, 2022	February 8, 2022	December 31, 2021
Series B Preferred Stock	\$ —	\$ —	\$ 50,000
Common shares	9,200	50,000	—
PIPE investment	1,380	7,500	—
Warrant Shares	4,575	17,600	—
Total equity investment in Quanergy	\$ 15,155	\$ 75,100	\$ 50,000
			<b>For the three months ended March 31, 2022</b>
Mark-to-market loss			\$ 59,945

The mark-to-market loss presented in the table above is presented in other, net, and is the result of the decline in Quanergy share price to \$1.84 per share on March 31, 2022.

In exchange for the Warrant Shares, we entered into the Support Agreement, whereby we agreed to provide technical and marketing assistance to Quanergy for a term of four years from the effective date of February 8, 2022. We will recognize the consideration (\$17.6 million) for the Support Agreement on a straight-line basis over the term of the agreement. We recognized approximately \$0.7 million of income in the three months ended March 31, 2022 and will recognize approximately \$1.1 million of income each quarter through the end of the term of the Support Agreement.

***Measured on a Nonrecurring Basis***

We evaluated our goodwill and other indefinite-lived intangible assets for impairment as of October 1, 2021 and determined that they were not impaired. During the three months ended March 31, 2022, no events or changes in circumstances occurred that would have triggered the need for an additional impairment review of these assets.

***Financial Instruments Not Recorded at Fair Value***

The following table presents the carrying values and fair values of financial instruments not recorded at fair value in the condensed consolidated balance sheets as of March 31, 2022 and December 31, 2021. All fair value measures presented are categorized in Level 2 of the fair value hierarchy.

	March 31, 2022		December 31, 2021	
	Carrying Value <sup>(1)</sup>	Fair Value	Carrying Value <sup>(1)</sup>	Fair Value
<b>Liabilities</b>				
Term Loan	\$ 450,308	\$ 449,182	\$ 451,465	\$ 450,901
4.875% Senior Notes	\$ 500,000	\$ 512,500	\$ 500,000	\$ 526,250
5.625% Senior Notes	\$ 400,000	\$ 416,000	\$ 400,000	\$ 438,000
5.0% Senior Notes	\$ 700,000	\$ 714,875	\$ 700,000	\$ 759,500
4.375% Senior Notes	\$ 450,000	\$ 432,000	\$ 450,000	\$ 479,250
3.75% Senior Notes	\$ 750,000	\$ 690,938	\$ 750,000	\$ 747,188
4.0% Senior Notes	\$ 1,000,000	\$ 942,500	\$ 1,000,000	\$ 1,022,500

<sup>(1)</sup> Excluding any related debt discounts, premiums, and deferred financing costs.

Cash and cash equivalents are carried at cost, which approximates fair value because of their short-term nature.

In addition to the above, we hold certain equity investments that do not have readily determinable fair values for which we use the measurement alternative prescribed in FASB ASC Topic 321. There were no impairments or changes resulting from observable transactions for any of these investments and no adjustments were made to their carrying values.

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Refer to the table below for the carrying values of equity investments using the measurement alternative, which are presented as a component of other assets in the condensed consolidated balance sheets.

	March 31, 2022	December 31, 2021
Quanergy Systems, Inc. <sup>(1)</sup>	\$ —	\$ 50,000
Other	15,000	15,000
<b>Total</b>	<b>\$ 15,000</b>	<b>\$ 65,000</b>

<sup>(1)</sup> As of March 31, 2022, Quanergy is no longer classified as an equity investment without a readily determinable fair value. See additional discussion under the heading *Quanergy* elsewhere in this Note.

## 15. Derivative Instruments and Hedging Activities

### *Hedges of Foreign Currency Risk*

For the three months ended March 31, 2022 and 2021, amounts excluded from the assessment of effectiveness of our foreign currency forward contracts that are designated as cash flow hedges were not material. As of March 31, 2022, we estimated that \$23.7 million of net gains will be reclassified from accumulated other comprehensive loss to earnings during the twelve-month period ending March 31, 2023.

As of March 31, 2022, we had the following outstanding foreign currency forward contracts:

Notional (in millions)	Effective Date(s)	Maturity Date(s)	Index (Exchange Rates)	Weighted- Average Strike Rate	Hedge Designation <sup>(1)</sup>
15.0 EUR	March 29, 2022	April 29, 2022	Euro ("EUR") to USD	1.11 USD	Not designated
349.6 EUR	Various from May 2020 to March 2022	Various from April 2022 to March 2024	EUR to USD	1.19 USD	Cash flow hedge
1,170.0 CNY	Various in March 2022	Various in April 2022	USD to Chinese Renminbi ("CNY")	6.38 CNY	Not designated
1,134.3 CNY	Various from October 2021 to March 2022	Various from April 2022 to December 2022	USD to CNY	6.44 CNY	Cash flow hedge
684.0 JPY	March 29, 2022	April 28, 2022	USD to Japanese Yen ("JPY")	122.02 JPY	Not designated
24,400.0 KRW	Various from May 2020 to March 2022	Various from April 2022 to February 2024	USD to Korean Won ("KRW")	1,170.98 KRW	Cash flow hedge
24.0 MYR	March 28, 2022	April 29, 2022	USD to Malaysian Ringgit ("MYR")	4.21 MYR	Not designated
259.0 MXN	March 29, 2022	April 29, 2022	USD to Mexican Peso ("MXN")	20.05 MXN	Not designated
3,477.3 MXN	Various from May 2020 to March 2022	Various from April 2022 to March 2024	USD to MXN	22.11 MXN	Cash flow hedge
52.4 GBP	Various from May 2020 to March 2022	Various from April 2022 to March 2024	British Pound Sterling ("GBP") to USD	1.36 USD	Cash flow hedge

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<sup>(1)</sup> Derivative financial instruments not designated as hedges are used to manage our exposure to currency exchange rate risk. They are intended to preserve economic value, and they are not used for trading or speculative purposes.

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**Hedges of Commodity Risk**

As of March 31, 2022, we had the following outstanding commodity forward contracts, none of which were designated for hedge accounting treatment in accordance with FASB ASC Topic 815, *Derivatives and Hedging*:

Commodity	Notional	Remaining Contracted Periods	Weighted-Average Strike Price Per Unit
Silver	1,109,868 troy oz.	April 2022 - February 2024	\$24.72
Gold	8,380 troy oz.	April 2022 - February 2024	\$1,833.55
Nickel	250,238 pounds	April 2022 - February 2024	\$8.69
Aluminum	3,851,210 pounds	April 2022 - February 2024	\$1.17
Copper	7,740,838 pounds	April 2022 - February 2024	\$4.30
Platinum	11,588 troy oz.	April 2022 - February 2024	\$1,045.40
Palladium	1,408 troy oz.	April 2022 - February 2024	\$2,383.12

**Financial Instrument Presentation**

The following table presents the fair values of our derivative financial instruments and their classification in the condensed consolidated balance sheets as of March 31, 2022 and December 31, 2021:

		Asset Derivatives		Liability Derivatives		
		December 31,		December 31,		
	Balance Sheet Location	March 31, 2022	2021	Balance Sheet Location	March 31, 2022	2021
<b>Derivatives designated as hedging instruments</b>						
Foreign currency forward contracts	Prepaid expenses and other current assets	\$ 24,946	\$ 20,562	Accrued expenses and other current liabilities	\$ 2,656	\$ 1,981
Foreign currency forward contracts	Other assets	4,063	4,391	Other long-term liabilities	683	904
Total		\$ 29,009	\$ 24,953		\$ 3,339	\$ 2,885
<b>Derivatives not designated as hedging instruments</b>						
Commodity forward contracts	Prepaid expenses and other current assets	\$ 6,298	\$ 2,583	Accrued expenses and other current liabilities	\$ 1,490	\$ 3,422
Commodity forward contracts	Other assets	2,176	396	Other long-term liabilities	262	1,070
Foreign currency forward contracts	Prepaid expenses and other current assets	54	159	Accrued expenses and other current liabilities	343	188
Total		\$ 8,528	\$ 3,138		\$ 2,095	\$ 4,680

These fair value measurements were all categorized within Level 2 of the fair value hierarchy.

The following tables present the effect of our derivative financial instruments on the condensed consolidated statements of operations and the condensed consolidated statements of comprehensive income for the three months ended March 31, 2022 and 2021:

Derivatives designated as hedging instruments	Amount of Deferred Gain/(Loss) Recognized in Other Comprehensive Income		Location of Net Gain/(Loss) Reclassified from Accumulated Other Comprehensive Loss into Net Income	Amount of Net Gain/(Loss) Reclassified from Accumulated Other Comprehensive Loss into Net Income	
	2022	2021		2022	2021
Foreign currency forward contracts	\$ 5,586	\$ 18,799	Net revenue	\$ 4,264	\$ (4,407)
Foreign currency forward contracts	\$ 5,145	\$ (3,425)	Cost of revenue	\$ 2,629	\$ 743

Derivatives not designated as hedging instruments	Amount of Gain/(Loss) Recognized in Net Income		Location of Gain/(Loss) Recognized in Net Income
	2022	2021	
Commodity forward contracts	\$ 9,424	\$ (1,153)	Other, net
Foreign currency forward contracts	\$ (1,243)	\$ (958)	Other, net

### ***Credit Risk Related Contingent Features***

We have agreements with our derivative counterparties that contain a provision whereby if we default on our indebtedness and repayment of the indebtedness has been accelerated by the lender, then we could also be declared in default on our derivative obligations.

As of March 31, 2022, the termination value of outstanding derivatives in a liability position, excluding any adjustment for non-performance risk, was \$5.5 million. As of March 31, 2022, we had not posted any cash collateral related to these agreements. If we breach any of the default provisions on any of our indebtedness as described above, we could be required to settle our obligations under the derivative agreements at their termination values.

## **16. Acquisitions**

### *Spear Power Systems*

On November 19, 2021, we acquired all of the equity interests of Spear, a leader in electrification solutions that supports our newly-established Clean Energy Solutions business unit, for an aggregate purchase price of \$113.7 million, subject to certain post-closing items, including the discounted present value of contingent consideration. As of March 31, 2022, the present value of this contingent consideration was \$2.3 million. Any gains or losses resulting from adjustments to contingent consideration are recorded in restructuring and other charges, net. We are integrating Spear into the Sensing Solutions reportable segment.

As of March 31, 2022, the allocation of purchase price of Spear is preliminary and is based on management's judgments after evaluating several factors, including preliminary valuation assessments of tangible and intangible assets. The final allocation of the purchase price to the assets acquired will be completed when the final valuations are completed. Refer to *Note 21: Acquisitions* of the audited consolidated financial statements and notes thereto included in our 2021 Annual Report for detailed information regarding the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed as of December 31, 2021.

### *SmartWitness Holdings, Inc.*

On November 19, 2021, we acquired all of the equity interests of SmartWitness Holdings, Inc. ("SmartWitness"), a privately held innovator of video telematics technology for heavy- and light-duty fleets, for an aggregate cash purchase price of \$204.2 million, subject to certain post-closing items. In addition to the aggregate purchase price, we paid \$8.6 million of cash at closing related to an employee retention arrangement, which was reflected as an operating cash outflow on our consolidated statement of cash flows for the year ended December 31, 2021. We are integrating SmartWitness into the Performance Sensing reportable segment.

As of March 31, 2022, the allocation of purchase price of SmartWitness is preliminary and is based on management's judgments after evaluating several factors, including preliminary valuation assessments of tangible and intangible assets. The final allocation of the purchase price to the assets acquired will be completed when the final valuations are completed. Refer to *Note 21: Acquisitions* of the audited consolidated financial statements and notes thereto included in our 2021 Annual Report for detailed information regarding the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed as of December 31, 2021.

### *Elastic M2M Inc.*

On February 11, 2022, we acquired all of the equity interests of Elastic M2M Inc. ("Elastic M2M") for an aggregate cash purchase price of \$51.2 million, subject to certain post-closing items. In addition to the aggregate cash purchase price, the previous shareholders of Elastic M2M are entitled to up to \$30.0 million additional acquisition-related incentive compensation, pending the completion of certain technical milestones in fiscal year 2022 and achievement of revenue targets in fiscal years 2022 and 2023. In the first quarter of 2022,



we determined that \$15.0 million of that acquisition-related incentive compensation was earned as all of the technical milestones were achieved. This amount is recorded in restructuring and other charges, net. We paid \$7.5 million of this acquisition-related incentive compensation in the three months ended March 31, 2022, which is reflected as an operating cash outflow on our condensed consolidated statement of cash flows for the three months ended March 31, 2022.

Elastic M2M is a privately-held innovator of connected intelligence for operational assets across heavy-duty transport, warehouse, supply chain and logistics, industrial, light-duty passenger car, and a variety of other industry segments. Elastic M2M primarily serves telematics service providers and resellers, enabling them to leverage Elastic M2M's cloud platform and analytics capabilities to deliver sensor-based operational insights to their end users. This acquisition augments our cloud capabilities critical to delivering actionable sensor-based insights, an increasingly important capability in this fast-growing industry segment. We are integrating Elastic M2M into the Performance Sensing reportable segment.

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The purchase price of Elastic M2M has been primarily allocated to goodwill. The preliminary valuation of intangible assets is not yet available. We expect the preliminary valuation to be complete in the second quarter of 2022, at which time we will adjust the allocation to include definite-lived intangible assets. The final allocation of the purchase price to the assets acquired will be completed when the final valuations are completed.

### **17. Segment Reporting**

We present financial information for two reportable segments, Performance Sensing and Sensing Solutions. The Performance Sensing reportable segment consists of two operating segments, Automotive and HVOR, which meet the criteria for aggregation in FASB ASC Topic 280, *Segment Reporting*. The Sensing Solutions reportable segment is also an operating segment.

Our operating segments are businesses that we manage as components of an enterprise, for which separate financial information is evaluated regularly by our chief operating decision maker in deciding how to allocate resources and assess performance.

An operating segment's performance is primarily evaluated based on segment operating income, which excludes amortization of intangible assets, restructuring and other charges, net, certain costs associated with our strategic megatrend initiatives, and certain corporate costs or credits not associated with the operations of the segment, including share-based compensation expense and a portion of depreciation expense associated with assets recognized in connection with acquisitions. Corporate and other costs excluded from an operating (and reportable) segment's performance are separately stated below and also include costs that are related to functional areas such as finance, information technology, legal, and human resources. We believe that segment operating income, as defined above, is an appropriate measure for evaluating the operating performance of our segments. However, this measure should be considered in addition to, and not as a substitute for, or superior to, operating income or other measures of financial performance prepared in accordance with U.S. GAAP. The accounting policies of each of our operating and reportable segments are materially consistent with those described in *Note 2: Significant Accounting Policies* of the audited consolidated financial statements and notes thereto included in our 2021 Annual Report.

The following table presents net revenue and segment operating income for our reportable segments and other operating results not allocated to our reportable segments for the three months ended March 31, 2022 and 2021:

	For the three months ended	
	March 31, 2022	March 31, 2021
<b>Net revenue:</b>		
Performance Sensing	\$ 717,697	\$ 714,512
Sensing Solutions	258,073	228,016
Total net revenue	<u>\$ 975,770</u>	<u>\$ 942,528</u>
<b>Segment operating income (as defined above):</b>		
Performance Sensing	\$ 180,638	\$ 195,844
Sensing Solutions	72,515	66,894
Total segment operating income	253,153	262,738
Corporate and other	(76,123)	(68,638)
Amortization of intangible assets	(37,367)	(32,064)
Restructuring and other charges, net	(13,733)	(4,582)
Operating income	125,930	157,454
Interest expense, net	(45,445)	(44,043)
Other, net	(50,456)	(39,397)
Income before taxes	<u>\$ 30,029</u>	<u>\$ 74,014</u>

## 18. Subsequent Events

On April 22, 2022, we signed a stock purchase agreement to acquire Dynapower Company, LLC ("Dynapower"), a leading provider of high-voltage power conversion solutions for clean energy segments, for an aggregate cash purchase price of \$580 million, subject to working capital and other adjustments. We expect to complete the acquisition in the third quarter of 2022, subject to regulatory approvals and other customary closing conditions. We intend to fund the transaction using available cash on hand.

Dynapower is a leader in power conversion systems including inverters, converters, and rectifiers for renewable energy generation, green hydrogen production, electric vehicle charging stations, and microgrid applications, as well as industrial and

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defense applications. Dynapower also provides aftermarket sales and service to maintain its equipment in the field. We are acquiring Dynapower as a foundational addition to our Clean Energy Solutions strategy and complement to our recent acquisitions of GIGAVAC, Lithium Balance, and Spear.

On April 26, 2022, we announced that our Board had declared a quarterly dividend of \$0.11 per share, payable on May 25, 2022 to shareholders of record as of May 11, 2022.

## Cautionary Statements Concerning Forward-Looking Statements

This Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by terminology such as "may," "will," "could," "should," "expect," "anticipate," "believe," "estimate," "predict," "project," "forecast," "continue," "intend," "plan," "potential," "opportunity," "guidance," and similar terms or phrases. Forward-looking statements involve, among other things, expectations, projections, and assumptions about future financial and operating results, objectives, business and market outlook, megatrends, priorities, growth, shareholder value, capital expenditures, cash flows, demand for products and services, share repurchases, and Sensata's strategic initiatives, including those relating to acquisitions and dispositions and the impact of such transactions on our strategic and operational plans and financial results. These statements are subject to risks, uncertainties, and other important factors relating to our operations and business environment, and we can give no assurances that these forward-looking statements will prove to be correct.

A wide variety of potential risks, uncertainties, and other factors could materially affect our ability to achieve the results either expressed or implied by these forward-looking statements, including, but not limited to, risks related to public health crises, instability and changes in the global markets, supplier interruption or non-performance, the acquisition or disposition of businesses, adverse conditions or competition in the industries upon which we are dependent, intellectual property, product liability, warranty, and recall claims, market acceptance of new product introductions and product innovations, labor disruptions or increased labor costs, and changes in existing environmental or safety laws, regulations, and programs.

Investors and others should carefully consider the foregoing factors and other uncertainties, risks and potential events including, but not limited to, those described in *Item 1A: Risk Factors* included in our 2021 Annual Report and as may be updated from time to time in *Item 1A: Risk Factors* in our quarterly reports on Form 10-Q or other subsequent filings with the SEC. All such forward-looking statements speak only as of the date they are made, and we do not undertake any obligation to update these statements other than as required by law.

### **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**

The following discussion and analysis of our financial condition and results of operations supplements, and should be read in conjunction with, the discussion in *Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations* included in our 2021 Annual Report. The following discussion should also be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this Quarterly Report on Form 10-Q. Amounts and percentages in the following discussions have been calculated based on unrounded numbers. Accordingly, certain amounts may not appear to recalculate due to the effect of rounding.

#### **Overview**

In the first quarter of 2022, our net revenue increased 3.5% from the first quarter of 2021. This revenue growth was primarily driven by outgrowth to market and revenue from acquisitions completed in 2021, offset somewhat by market declines. In addition, we continued to drive new business wins, most of which were in areas representing our megatrend initiatives, and which will help drive future revenue growth.

Operating income decreased \$31.5 million to \$125.9 million (12.9% of net revenue) in the first quarter of 2022, compared to \$157.5 million (16.7% of net revenue) in the prior year period. Refer to discussion under the heading *Results of Operations* elsewhere in this *Item 2: Management's Discussion and Analysis of Financial Condition and Results of Operations* ("MD&A").

Income before taxes decreased to \$30.0 million in the first quarter of 2022, compared to \$74.0 million in the first quarter of 2021. Much of this decline related to a mark-to-market loss on our investment in Quanergy as discussed further under the heading *Quanergy* below. Global supply chain disruptions and shortages continue to pressure our margins; however, we have made progress in recovering some of these additional costs from our customers through increased pricing.

## *Acquisitions*

In the first quarter of 2022, we completed the strategic acquisition of Elastic M2M for \$51.2 million. Elastic M2M is a privately-held innovator of connected intelligence for operational assets across heavy-duty transport, warehouse, supply chain and logistics, industrial, light-duty passenger car, and a variety of other industry segments. Elastic M2M primarily serves telematics service providers and resellers, enabling them to leverage Elastic M2M's cloud platform and analytics capabilities to deliver sensor-based operational insights to their end users. This acquisition augments our cloud capabilities critical to delivering actionable sensor-based insights, an increasingly important capability in this fast-growing industry segment.

On April 22, 2022, we signed a stock purchase agreement to acquire Dynapower, a leading provider of high-voltage power conversion solutions for clean energy segments, for an aggregate cash purchase price of \$580 million, subject to working

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capital and other adjustments. Dynapower's revenue is expected to exceed \$100 million on an annualized basis in 2022 with projected revenue growth in excess of 30% over the next several years. We expect to complete the acquisition in the third quarter of 2022, subject to regulatory approvals and other customary closing conditions.

Dynapower is a leader in power conversion systems including inverters, converters, and rectifiers for renewable energy generation, green hydrogen production, electric vehicle charging stations, and microgrid applications, as well as industrial and defense applications. Dynapower also provides aftermarket sales and service to maintain its equipment in the field. We are acquiring Dynapower as a foundational addition to our Clean Energy Solutions strategy and complement to our recent acquisitions of GIGAVAC, Lithium Balance, and Spear.

### *Quanergy*

Since fiscal year 2016, we have held a \$50.0 million investment in Quanergy Series B Preferred Stock, which was classified as an equity investment without a readily determinable fair value. As discussed in *Note 14: Fair Value Measures* included elsewhere in this Quarterly Report on Form 10-Q, in the first quarter of 2022, Quanergy became a public company traded on the NYSE, as a result of a business combination with CITIC. Upon closing of the business combination, our \$50 million investment in Quanergy Series B Preferred stock was converted to 5.0 million common shares of Quanergy (at a \$10 per share implied valuation). We also contributed \$7.5 million to a PIPE investment to Quanergy in exchange for 750,000 unregistered common shares. Our investment in these two instruments was \$57.5 million at February 8, 2022.

Effective as of the date of the business combination (February 8, 2022), we entered into the Support Agreement with Quanergy in exchange for 2.5 million warrants, converted to common stock on that date, valued at \$17.6 million as of close of business February 8, 2022. This additional investment of \$17.6 million was recorded as deferred income and will be recognized on a straight-line basis over the four-year term of the agreement.

Accordingly, we held 8.25 million common shares of Quanergy on March 31, 2022, with a carrying value of \$75.1 million. The share price of Quanergy on March 31, 2022 was \$1.84 per share, representing a market value of \$15.2 million. As a result, we recorded a \$59.9 million mark-to-market adjustment loss on this investment in the first quarter of 2022, which was recorded in other, net.

On April 26, 2022, we announced that our Board had declared a quarterly dividend of \$0.11 per share, payable on May 25, 2022 to shareholders of record as of May 11, 2022.

### ***Results of Operations***

The table below presents our historical results of operations, in millions of dollars and as a percentage of net revenue, for the three months ended March 31, 2022 compared to the three months ended March 31, 2021. We have derived the results of operations from the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Amounts and percentages in the table below have been calculated based on unrounded numbers. Accordingly, certain amounts may not appear to recalculate due to the effect of rounding.

	For the three months ended			
	March 31, 2022		March 31, 2021	
	Amount	Margin*	Amount	Margin*
Net revenue:				
Performance Sensing	\$ 717.7	73.6 %	\$ 714.5	75.8 %
Sensing Solutions	258.1	26.4	228.0	24.2
Net revenue	975.8	100.0	942.5	100.0
Operating costs and expenses	849.8	87.1	785.1	83.3
Operating income	125.9	12.9	157.5	16.7
Interest expense, net	(45.4)	(4.7)	(44.0)	(4.7)
Other, net	(50.5)	(5.2)	(39.4)	(4.2)
Income before taxes	30.0	3.1	74.0	7.9
Provision for income taxes	7.6	0.8	20.3	2.2
Net income	\$ 22.4	2.3 %	\$ 53.7	5.7 %

\* Represents the amount presented divided by total net revenue.



### ***Net Revenue***

Net revenue for the three months ended March 31, 2022 increased 3.5% compared to the three months ended March 31, 2021. Excluding a decrease of 0.6% attributed to changes in foreign currency exchange rates and an increase of 4.1% due to the effect of acquisitions, net revenue for the three months ended March 31, 2022 was flat on an organic basis. However, we achieved market outgrowth of 790 basis points in the three months ended March 31, 2022. Organic revenue growth (or decline), discussed throughout this MD&A, is a financial measure not presented in accordance with U.S. GAAP. Refer to the section entitled *Non-GAAP Financial Measures* below for additional information related to our use of organic revenue growth (or decline).

### ***Performance Sensing***

Performance Sensing net revenue for the three months ended March 31, 2022 increased 0.4% compared to the three months ended March 31, 2021. Excluding a decrease of 0.7% attributed to changes in foreign currency exchange rates and an increase of 4.8% due to the effect of acquisitions, Performance Sensing net revenue for the three months ended March 31, 2022 decreased 3.7% on an organic basis, representing market outgrowth of 650 basis points.

Automotive net revenue for the three months ended March 31, 2022 declined 6.4% compared to the three months ended March 31, 2021. Excluding a decline of 0.6% attributed to changes in foreign currency exchange rates, Automotive net revenue for the three months ended March 31, 2022 declined 5.8% on an organic basis, representing market outgrowth of 410 basis points. HVOR net revenue for the three months ended March 31, 2022 grew 21.1% compared to the three months ended March 31, 2021. Excluding a decline of 0.6% attributed to changes in foreign currency exchange rates and growth of 19.2% due to the effect of acquisitions, HVOR net revenue for the three months ended March 31, 2022 grew 2.5% on an organic basis, representing 1,340 basis points of market outgrowth in the quarter.

### ***Sensing Solutions***

Sensing Solutions net revenue for the three months ended March 31, 2022 increased 13.2% compared to the three months ended March 31, 2021. Excluding a decline of 0.5% attributed to changes in foreign currency exchange rates and growth of 2.1% due to the effect of acquisitions, Sensing Solutions net revenue for the three months ended March 31, 2022 increased 11.6% on an organic basis. The organic revenue growth reflects the launch of new industrial electrification applications, somewhat offset by declines in the Industrial and Aerospace markets.

### ***Operating costs and expenses***

Operating costs and expenses for the three months ended March 31, 2022 and 2021 are presented, in millions of dollars and as a percentage of net revenue, in the following table. Amounts and percentages in the table below have been calculated based on unrounded numbers. Accordingly, certain amounts may not appear to recalculate due to the effect of rounding.

	For the three months ended			
	March 31, 2022		March 31, 2021	
	Amount	Margin*	Amount	Margin*
Operating costs and expenses:				
Cost of revenue	\$ 657.1	67.3 %	\$ 635.3	67.4 %
Research and development	46.0	4.7	36.0	3.8
Selling, general and administrative	95.7	9.8	77.1	8.2
Amortization of intangible assets	37.4	3.8	32.1	3.4
Restructuring and other charges, net	13.7	1.4	4.6	0.5
<b>Total operating costs and expenses</b>	<b>\$ 849.8</b>	<b>87.1 %</b>	<b>\$ 785.1</b>	<b>83.3 %</b>

\* Represents the amount presented divided by total net revenue.

#### *Cost of revenue*

For the three months ended March 31, 2022, cost of revenue as a percentage of net revenue decreased slightly from the three months ended March 31, 2021. The most significant drivers of cost of revenue as a percentage of net revenue in the first quarter of 2022, which largely offset, were the favorable effect of changes in foreign currency exchange rates and productivity headwinds. Increased costs related to industry-wide supply chain shortages were largely offset by recovery from customers in the form of pricing increases.

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### *Research and development expense*

For the three months ended March 31, 2022, research and development ("R&D") expense increased from the three months ended March 31, 2021 primarily as a result of (1) higher spend to support megatrend growth initiatives and (1) incremental R&D expense related to acquired businesses. R&D expense related to megatrends during the three months ended March 31, 2022 was \$16.4 million, an increase of \$5.1 million from the three months ended March 31, 2021.

### *Selling, general and administrative expense*

For the three months ended March 31, 2022, selling, general and administrative ("SG&A") expense increased from the three months ended March 31, 2021, primarily as a result of (1) incremental SG&A expense related to acquired businesses, including related transaction costs, (2) higher selling costs, and (3) higher share-based compensation, partially offset by the favorable impact of changes in foreign currency exchange rates.

### *Amortization of intangible assets*

For the three months ended March 31, 2022, amortization expense increased from the three months ended March 31, 2021 primarily due to increased intangibles from recent acquisitions partially offset by the effect of the economic benefit amortization method.

### *Restructuring and other charges, net*

For the three months ended March 31, 2022, restructuring and other charges, net increased from the three months ended March 31, 2021. This increase is primarily due to acquisition-related incentive compensation of \$15.0 million related to Elastic M2M milestones which were met in the first quarter partially offset by a \$6.2 million reduction in the liability for contingent consideration for Spear. Refer to *Note 5: Restructuring and Other Charges, Net* of our condensed consolidated financial statements, included elsewhere in this Quarterly Report on Form 10-Q, for additional information on our restructuring and other charges, net.

### ***Operating income***

In the three months ended March 31, 2022, operating income decreased compared to the three months ended March 31, 2021, primarily due to (1) increased restructuring and other charges as described above, (2) higher selling costs, (3) increased amortization expense as described above, (4) higher spend to support our megatrends initiatives, and (5) higher share-based compensation, partially offset by the favorable effect of changes in foreign currency exchange rates.

Acquired businesses had a minor net impact on our operating income in the first quarter of 2022 compared to the first quarter of 2021.

### ***Interest expense, net***

For the three months ended March 31, 2022, interest expense, net increased from the three months ended March 31, 2021, primarily as a result of interest expense on the 4.0% Senior Notes, which were issued on March 29, 2021 and April 8, 2021 partially offset by the reduced interest expense resulting from our March 5, 2021 redemption of the 6.25% Senior Notes.

### ***Other, net***

Other, net primarily includes currency remeasurement gains and losses on net monetary assets, gains and losses on foreign currency and commodity forward contracts not designated as hedging instruments, losses related to debt refinancing, and the portion of our net periodic benefit cost excluding service cost. In the three months ended March 31, 2022, other, net represented a net loss of \$50.5 million, an increase of \$11.1 million compared to a net loss of \$39.4 million in the three months ended March 31, 2021. This increase was primarily due to \$59.3 million in mark-to-market losses on equity investments, primarily related to Quanergy, partially offset by the non-recurrence of \$30.1 million loss on debt financing related to the redemption of our 6.25% Senior Notes in the first quarter of 2021 and increased gains from our commodity forward contracts.

***Provision for income taxes***

For the three months ended March 31, 2022, provision for income taxes decreased \$12.7 million from the three months ended March 31, 2021, predominantly related to the overall decrease in income before tax, driven in part by a \$59.9 million mark-to-market loss on our investment in Quanergy.

The provision for income taxes consists of (1) current tax expense, which relates primarily to our profitable operations in tax jurisdictions with limited or no net operating loss carryforwards and withholding taxes related to management fees, royalties,

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and the repatriation of foreign earnings; and (2) deferred tax expense (or benefit), which represents adjustments in book-to-tax basis differences primarily related to (a) book versus tax basis in intangible assets, (b) changes in net operating loss carryforwards, (c) changes in tax rates, and (d) changes in our assessment of the realizability of our deferred tax assets.

### ***Non-GAAP Financial Measures***

This section provides additional information regarding certain non-GAAP financial measures, including organic revenue growth (or decline), adjusted operating income, adjusted operating margin, adjusted net income, adjusted earnings per share ("EPS"), free cash flow, net leverage ratio, and adjusted earnings before interest, taxes, depreciation, and amortization ("EBITDA"), which are used by our management, Board of Directors, and investors. We use these non-GAAP financial measures internally to make operating and strategic decisions, including the preparation of our annual operating plan, evaluation of our overall business performance, and as a factor in determining compensation for certain employees.

The use of our non-GAAP financial measures has limitations. They should be considered as supplemental in nature and are not intended to be considered in isolation from, or as an alternative to, reported net revenue growth (or decline), operating income, operating margin, net income, diluted EPS, operating cash flows, total debt, finance lease and other financing obligations, or EBITDA, respectively, calculated in accordance with U.S. GAAP. In addition, our measures of organic revenue growth (or decline), adjusted operating income, adjusted operating margin, adjusted net income, adjusted EPS, free cash flow, net leverage ratio, and adjusted EBITDA may not be the same as, or comparable to, similar non-GAAP financial measures presented by other companies.

### ***Organic revenue growth (or decline)***

Organic revenue growth (or decline) is defined as the reported percentage change in net revenue, calculated in accordance with U.S. GAAP, excluding the period-over-period impact of foreign currency exchange rate differences as well as the net impact of material acquisitions and divestitures for the 12-month period following the respective transaction date(s).

We believe that organic revenue growth (or decline) provides investors with helpful information with respect to our operating performance, and we use organic revenue growth (or decline) to evaluate our ongoing operations as well as for internal planning and forecasting purposes. We believe that organic revenue growth (or decline) provides useful information in evaluating the results of our business because it excludes items that we believe are not indicative of ongoing performance or that we believe impact comparability with the prior-year period.

### ***Adjusted operating income, adjusted operating margin, adjusted net income, and adjusted EPS***

We define adjusted operating income as operating income, determined in accordance with U.S. GAAP, excluding certain non-GAAP adjustments which are described below. Adjusted operating margin is calculated by dividing adjusted operating income by net revenue determined in accordance with U.S. GAAP. We define adjusted net income as follows: net income (or loss) determined in accordance with U.S. GAAP, excluding certain non-GAAP adjustments which are described in *Non-GAAP Adjustments* below. Adjusted EPS is calculated by dividing adjusted net income by the number of diluted weighted-average ordinary shares outstanding in the period.

Management uses adjusted operating income, adjusted operating margin, adjusted net income, and adjusted EPS as measures of operating performance, for planning purposes (including the preparation of our annual operating budget), to allocate resources to enhance the financial performance of our business, to evaluate the effectiveness of our business strategies, in communications with our Board of Directors and investors concerning our financial performance, and as factors in determining compensation for certain employees. We believe investors and securities analysts also use these non-GAAP financial measures in their evaluation of our performance and the performance of other similar companies. These non-GAAP financial measures are not measures of liquidity.

### ***Free cash flow***

Free cash flow is defined as net cash provided by operating activities less additions to property, plant and equipment and capitalized software. We believe free cash flow is useful to management and investors as a measure of cash generated by business operations that will be used to repay scheduled debt maturities and can be used to, among other things, fund acquisitions, repurchase ordinary shares, and (or) accelerate the repayment of debt obligations.

***Adjusted EBITDA***

Adjusted EBITDA is defined as net income (or loss), determined in accordance with U.S. GAAP, excluding interest expense, net, provision for (or benefit from) income taxes, depreciation expense, amortization of intangible assets, and the following non-GAAP adjustments, if applicable: (1) restructuring related and other, (2) financing and other transaction costs, (3) deferred

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loss or gain on derivative instruments, and (4) step-up inventory amortization. Refer to *Non-GAAP Adjustments* below for additional discussion of these adjustments.

### ***Net leverage ratio***

Net leverage ratio represents net debt (total debt, finance lease and other financing obligations less cash and cash equivalents) divided by last twelve months ("LTM") adjusted EBITDA. We believe that the net leverage ratio is a useful measure to management and investors in understanding trends in our overall financial condition.

### ***Non-GAAP adjustments***

Many of our non-GAAP adjustments relate to a series of strategic initiatives developed by our management aimed at better positioning us for future revenue growth and an improved cost structure. These initiatives have been modified from time to time to reflect changes in overall market conditions and the competitive environment facing our business. These initiatives include, among other items, acquisitions, divestitures, restructurings of certain business, supply chain, or corporate activities, and various financing transactions. We describe these adjustments in more detail below, each of which is net of current tax impacts, as applicable.

- *Restructuring related and other*: includes charges, net related to certain restructuring and other exit activities as well as other costs (or income) that we believe are either unique or unusual to the identified reporting period, and that we believe impact comparisons to prior period operating results. Such costs include charges related to optimization of our manufacturing processes to increase productivity. This type of activity occurs periodically, however each action is unique, discrete, and driven by various facts and circumstances. Such amounts are excluded from internal financial statements and analyses that management uses in connection with financial planning, and in its review and assessment of our operating and financial performance, including the performance of our segments.
- *Financing and other transaction costs*: includes losses or gains related to debt financing transactions, losses or gains related to the divestiture of a business, and costs incurred, including for legal, accounting, and other professional services, that are directly related to an acquisition, divestiture, or equity financing transaction.
- *Deferred loss or gain on derivative instruments*: includes unrealized losses or gains on derivative instruments that do not qualify for hedge accounting as well as the impact of commodity prices on our raw material costs relative to the strike price on our commodity forward contracts.
- *Step-up depreciation and amortization*: includes depreciation and amortization expense associated with the step-up in fair value of assets acquired in connection with a business combination (e.g., property, plant and equipment, definite-lived intangible assets, and inventories).
- *Deferred taxes and other tax related*: includes adjustments for book-to-tax basis differences due primarily to the step-up in fair value of fixed and intangible assets and goodwill, the utilization of net operating losses, and adjustments to our valuation allowance in connection with certain acquisitions and tax law changes. Other tax related items include certain adjustments to unrecognized tax benefits and withholding tax on repatriation of foreign earnings.
- *Amortization of debt issuance costs*. We adjust our results recorded in accordance with U.S. GAAP by the amortization of debt issuance costs, which are deferred as a contra-liability against our long-term debt, net on the consolidated balance sheets and which are reflected in interest expense on the consolidated statements of operations.
- Where applicable, the current income tax effect of non-GAAP adjustments.

Our definition of adjusted net income excludes the deferred provision for (or benefit from) income taxes and other tax related items described above. As we treat deferred income taxes as an adjustment to compute adjusted net income, the deferred income tax effect associated with the reconciling items presented below would not change adjusted net income for any period presented.



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**Non-GAAP reconciliations**

The following tables present reconciliations of certain financial measures calculated in accordance with U.S. GAAP to the related non-GAAP financial measures for the periods presented. Refer to *Non-GAAP Adjustments* section above for additional information related to these adjustments. Amounts and percentages in the tables below have been calculated based on unrounded numbers, accordingly, certain amounts may not appear to recalculate due to the effect of rounding.

	For the three months ended March 31, 2022				For the three months ended March 31, 2021			
	Operating Income	Operating Margin	Net Income	Diluted EPS	Operating Income	Operating Margin	Net Income	Diluted EPS
<i>(Dollars in millions, except per share amounts)</i>								
Reported (GAAP)	\$ 125.9	12.9 %	\$ 22.4	\$ 0.14	\$ 157.5	16.7 %	\$ 53.7	\$ 0.34
Non-GAAP adjustments:								
Restructuring related and other	4.1	0.4	4.0	0.03	4.5	0.5	7.3	0.05
Financing and other transaction costs	15.8	1.6	74.6	0.47	4.6	0.5	32.8	0.21
Step-up depreciation and amortization	35.9	3.7	35.9	0.23	29.7	3.2	29.7	0.19
Deferred loss/(gain) on derivative instruments	0.7	0.1	(7.0)	(0.04)	1.8	0.2	2.2	0.01
Amortization of debt issuance costs	—	—	1.7	0.01	—	—	1.7	0.01
Deferred taxes and other tax related	—	—	(8.3)	(0.05)	—	—	10.1	0.06
Total adjustments	56.6	5.8	101.0	0.64	40.6	4.3	83.9	0.53
Adjusted (non-GAAP)	\$ 182.5	18.7 %	\$ 123.4	\$ 0.78	\$ 198.1	21.0 %	\$ 137.6	\$ 0.86

The following table provides a reconciliation of net cash provided by operating activities in accordance with U.S. GAAP to free cash flow.

	For the three months ended March 31,	
	2022	2021
<i>(in millions)</i>		
Net cash provided by operating activities	\$ 47.4	\$ 104.5
Additions to property, plant and equipment and capitalized software	(35.7)	(27.2)
Free cash flow	\$ 11.7	\$ 77.3

The following table provides a reconciliation of net income in accordance with U.S. GAAP to Adjusted EBITDA.

<i>(in millions)</i>	LTM	For the three months ended	
		March 31,	
		2022	2021
Net income	\$ 332.3	\$ 22.4	\$ 53.7
Interest expense, net	180.7	45.4	44.0
Provision for income taxes	37.6	7.6	20.3
Depreciation expense	125.3	31.5	31.2
Amortization of intangible assets	139.4	37.4	32.1
EBITDA	815.4	144.4	181.3
Non-GAAP Adjustments			
Restructuring related and other	20.4	4.1	7.4
Financing and other transaction costs	80.2	75.1	35.9
Deferred (gain)/loss on derivative instruments	(0.5)	(8.8)	3.0
Adjusted EBITDA	\$ 915.5	\$ 214.9	\$ 227.6

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The following table provides a reconciliation of total debt, finance lease and other financing obligations in accordance with U.S. GAAP to net leverage ratio.

<i>(Dollars in millions)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
Current portion of long-term debt, finance lease and other financing obligations	\$ 6.7	\$ 6.8
Finance lease and other financing obligations, less current portion	26.3	26.6
Long-term debt, net	4,215.5	4,214.9
Total debt, finance lease and other financing obligations	4,248.5	4,248.3
Less: discount, net of premium	(4.8)	(5.2)
Less: deferred financing costs	(25.4)	(26.7)
Total gross indebtedness	4,278.7	4,280.2
Less: cash and cash equivalents	1,608.5	1,709.0
Net debt	\$ 2,670.2	\$ 2,571.3
Adjusted EBITDA (LTM)	\$ 915.5	\$ 928.3
Net leverage ratio	2.9	2.8

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

As of March 31, 2022 and December 31, 2021, we held cash and cash equivalents in the following regions (amounts have been calculated based on unrounded numbers; accordingly, certain amounts may not appear to recalculate due to the effect of rounding):

<i>(In millions)</i>	<b>March 31, 2022</b>	<b>December 31, 2021</b>
United Kingdom	\$ 17.3	\$ 20.4
United States	17.3	25.0
The Netherlands	1,180.5	1,304.3
China	336.3	293.8
Other	57.1	65.4
Total	\$ 1,608.5	\$ 1,709.0

The amount of cash and cash equivalents held in these geographic regions fluctuates throughout the year due to a variety of factors, such as our use of intercompany loans and dividends and the timing of cash receipts and disbursements in the normal course of business. Our earnings are not considered to be permanently reinvested in certain jurisdictions in which they were earned. We recognize a deferred tax liability on these unremitted earnings to the extent the remittance of such earnings cannot be recovered in a tax-free manner.

### ***Cash Flows:***

The table below summarizes our primary sources and uses of cash for the three months ended March 31, 2022 and 2021. We have derived this summarized statements of cash flows from the condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. Amounts in the table below have been calculated based on unrounded numbers. Accordingly, certain amounts may not appear to recalculate due to the effect of rounding.

<i>(In millions)</i>	For the three months ended	
	March 31, 2022	March 31, 2021
Net cash provided by/(used in):		
Operating activities:		
Net income adjusted for non-cash items	\$ 150.5	\$ 162.8
Changes in operating assets and liabilities, net	(103.2)	(58.3)
Operating activities	47.4	104.5
Investing activities	(90.9)	(49.0)
Financing activities	(57.0)	(23.5)
Net change	\$ (100.5)	\$ 31.9

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*Operating activities.* Net cash provided by operating activities decreased in the three months ended March 31, 2022 compared to the three months ended March 31, 2021, primarily due to increased raw material purchases in order to maximize production flexibility given widespread parts shortages in our supply chain and in anticipation of volume increases later in the year, a cash payment of \$7.5 million for earned acquisition-related incentive compensation related to Elastic M2M, and timing of supplier payments and customer receipts.

*Investing activities.* Net cash used in investing activities increased in the three months ended March 31, 2022 primarily due to cash paid for the acquisitions of Elastic M2M and the \$7.5 million PIPE investment in Quanergy. In fiscal year 2022, we anticipate capital expenditures of approximately \$165.0 million to \$175.0 million, which we expect to be funded from cash on hand.

*Financing activities.* In the three months ended March 31, 2022, net cash used in financing activities increased primarily due to \$67.3 million cash paid for share repurchases following the resumption of our program in the fourth quarter of 2021, partially offset by the nonrecurrence of \$31.1 million of payments related to debt financing in the three months ended March 31, 2021.

### *Indebtedness and Liquidity*

As of March 31, 2022, we had \$4.3 billion in gross indebtedness, which includes finance lease and other financing obligations and excludes debt discounts, premiums, and deferred financing costs.

### ***Capital Resources***

#### *Senior Secured Credit Facilities*

The credit agreement governing our secured credit facility (as amended, the "Credit Agreement") provides for the Senior Secured Credit Facilities consisting of the Term Loan, the Revolving Credit Facility, and incremental availability (the "Accordion") under which additional secured credit facilities could be issued under certain circumstances.

#### *Sources of liquidity*

Our sources of liquidity include cash on hand, cash flows from operations, and available capacity under the Revolving Credit Facility. As of March 31, 2022, we had \$416.1 million available under the Revolving Credit Facility, net of \$3.9 million of obligations in respect of outstanding letters of credit issued thereunder. Outstanding letters of credit are issued primarily for the benefit of certain operating activities. As of March 31, 2022, no amounts had been drawn against these outstanding letters of credit. Availability under the Accordion varies each period based on our attainment of certain financial metrics as set forth in the terms of the Credit Agreement and the indentures under which our senior notes were issued (the "Senior Notes Indentures"). As of March 31, 2022, availability under the Accordion was approximately \$1.0 billion.

We believe, based on our current level of operations and taking into consideration the restrictions and covenants included in the Credit Agreement and Senior Notes Indentures, that the sources of liquidity described above will be sufficient to fund our operations, capital expenditures, ordinary share repurchases, and debt service for at least the next twelve months. However, we cannot make assurances that our business will generate sufficient cash flows from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. Further, our highly-leveraged nature may limit our ability to procure additional financing in the future.

Our ability to raise additional financing, and our borrowing costs, may be impacted by short- and long-term debt ratings assigned by independent rating agencies, which are based, in significant part, on our performance as measured by certain credit metrics such as interest coverage and leverage ratios. As of April 20, 2022, Moody's Investors Service's corporate credit rating for STBV was Ba2 with a stable outlook, and Standard & Poor's corporate credit rating for STBV was BB+ with a stable outlook. Any future downgrades to STBV's credit ratings may increase our future borrowing costs but will not reduce availability under the Credit Agreement.

### *Restrictions and Covenants*

The Credit Agreement provides that if our senior secured net leverage ratio exceeds a specified level we are required to use a portion of our excess cash flow, as defined in the Credit Agreement, generated by operating, investing, or financing activities to prepay some or all of the outstanding borrowings under the Senior Secured Credit Facilities. The Credit Agreement also requires mandatory prepayments of the outstanding borrowings under the Senior Secured Credit Facilities upon certain asset dispositions and casualty events, in each case subject to certain reinvestment rights, and upon the incurrence of certain indebtedness (excluding any permitted indebtedness). These provisions were not triggered during the three months ended March 31, 2022.

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The Credit Agreement and the Senior Notes Indentures contain restrictions and covenants that limit the ability of our wholly-owned subsidiary, STBV, and certain of its subsidiaries to, among other things, incur subsequent indebtedness, sell assets, pay dividends, and make other restricted payments. For a full discussion of these restrictions and covenants, refer to *Part II, Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations—Capital Resources* included in our 2021 Annual Report. These restrictions and covenants, which are subject to important exceptions and qualifications set forth in the Credit Agreement and Senior Notes Indentures, were taken into consideration when we established our share repurchase programs and will be evaluated periodically with respect to future potential funding of those programs. As of March 31, 2022, we believe we were in compliance with all covenants and default provisions under our credit arrangements.

### *Share repurchase programs*

From time to time, our Board of Directors has authorized various share repurchase programs, which may be modified or terminated by our Board at any time. We currently have an authorized \$500.0 million share repurchase program (the "January 2022 Program") under which approximately \$449.5 million remained available as of March 31, 2022.

### *Recently Issued Accounting Pronouncements*

There are no recently issued accounting standards that have been adopted in the current period or will be adopted in future periods that have had or are expected to have a material impact on our consolidated financial position or results of operations.

### *Critical Accounting Policies and Estimates*

For a discussion of the critical accounting policies that require the use of significant judgments and estimates by management, refer to *Part II, Item 7: Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates* included in our 2021 Annual Report.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

No significant changes to our market risk have occurred since December 31, 2021. For a discussion of market risks affecting us, refer to *Part II, Item 7A: Quantitative and Qualitative Disclosures About Market Risk* included in our 2021 Annual Report.

### **Item 4. Controls and Procedures.**

The required certifications of our Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer are included as exhibits to this Quarterly Report on Form 10-Q. The disclosures set forth in this Item 4 contain information concerning the evaluation of our disclosure controls and procedures and changes in internal control over financial reporting referred to in these certifications. These certifications should be read in conjunction with this Item 4 for a more complete understanding of the matters covered by the certifications.

### *Evaluation of Disclosure Controls and Procedures*

With the participation of our Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer, we have evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2022. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the 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 a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and

procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of March 31, 2022, our Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

***Changes in Internal Control over Financial Reporting***

No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the three months ended March 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.



### *Inherent Limitations on Effectiveness of Controls*

There are inherent limitations to the effectiveness of any system of internal control over financial reporting. Accordingly, even an effective system of internal control over financial reporting can only provide reasonable assurance with respect to financial statement preparation and presentation in accordance with U.S. GAAP. Our internal controls over financial reporting are subject to various inherent limitations, including cost limitations, judgments used in decision making, assumptions about the likelihood of future events, the soundness of our systems, the possibility of human error, and the risk of fraud. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may be inadequate because of changes in conditions and the risk that the degree of compliance with policies or procedures may deteriorate over time.

## **PART II—OTHER INFORMATION**

### **Item 1. Legal Proceedings.**

We are regularly involved in a number of claims and litigation matters that arise in the ordinary course of business. Although it is not feasible to predict the outcome of these matters, based upon our experience and current information known to us, we do not expect the outcome of these matters, either individually or in the aggregate, to have a material adverse effect on our results of operations, financial condition, and/or cash flows.

### **Item 1A. Risk Factors.**

Information regarding risk factors appears in *Part I, Item 1A: Risk Factors*, included in our 2021 Annual Report. There have been no material changes to the risk factors disclosed therein.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

#### *Issuer Purchases of Equity Securities*

<b>Period</b>	<b>Total Number of Shares Purchased (in shares) <sup>(1)</sup></b>	<b>Weighted-Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plan or Programs <sup>(2)</sup></b>	<b>Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plan or Programs (in millions)</b>
January 1 through January 31, 2022	453,441	\$ 61.89	452,643	\$ 488.8
February 1 through February 28, 2022	594,667	\$ 57.11	593,207	\$ 454.9
March 1 through March 31, 2022	92,539	\$ 58.11	92,485	\$ 449.5
Quarter total	<u>1,140,647</u>	\$ 59.09	<u>1,138,335</u>	\$ 449.5

<sup>(1)</sup> The number of ordinary shares presented includes ordinary shares that were withheld upon the vesting of restricted securities to cover payment of employee withholding tax. These withholdings took place outside of a publicly announced repurchase plan. There were 798 ordinary shares withheld in January 2022, 1,460 ordinary shares withheld in February 2022, and 54 ordinary shares withheld in March 2022, representing a total aggregate fair value of \$135 thousand based on the closing price of our ordinary shares on the date of withholdings.

<sup>(2)</sup> With the exception of \$16.9 million aggregate fair value of ordinary shares repurchased in January 2022 under a \$500.0 million share repurchase program authorized by our Board of Directors and publicly announced on July 30, 2019 (the "July 2019 Program"), all purchases during the three months ended March 31, 2021 were conducted pursuant to a \$500.0 million share

repurchase program authorized by our Board of Directors and publicly announced on January 20, 2022 (the “January 2022 Program”), which replaced the July 2019 Program. The January 2022 Program does not have an established expiration date.

**Item 3. Defaults Upon Senior Securities.**

None.

**Item 5. Other Information.**

On April 22, 2022, Sensata Technologies Holding plc (the "Company") signed a stock purchase agreement to acquire Dynapower Company, LLC ("Dynapower"), a leading provider of high-voltage power conversion solutions for clean energy segments, for an aggregate cash purchase price of \$580 million, subject to working capital and other adjustments. Dynapower's annualized revenue is expected to exceed \$100 million in 2022 with projected revenue growth in excess of 30% over the next several years. The Company expects to complete the acquisition in the third quarter of 2022, subject to regulatory approvals and other customary closing conditions. The Company intends to fund the transaction using available cash on hand.

Dynapower is a leader in power conversion systems including inverters, converters, and rectifiers for renewable energy generation, green hydrogen production, electric vehicle charging stations, and microgrid applications, as well as industrial and defense applications. Dynapower also provides aftermarket sales and service to maintain its equipment in the field. The Company is acquiring Dynapower as a foundational addition to its Clean Energy Solutions strategy and complement to its recent acquisitions of GIGAVAC, Lithium Balance, and Spear.

The foregoing description of the stock purchase agreement is qualified in its entirety by reference to the full text of the stock purchase agreement, which is attached to this Quarterly Report on Form 10-Q as Exhibit 10.1 and is incorporated in this report by reference. A copy of the press release announcing entry into the stock purchase agreement is attached as Exhibit 99.1 and is incorporated in this report by reference.

On April 26, 2022, the Company announced that its Board of Directors declared a quarterly cash dividend of \$0.11 per share, payable May 25, 2022 to shareholders of record as of May 11, 2022. The press release is attached hereto as Exhibit 99.2 and is incorporated by reference herein.

The Company will include a discussion of the acquisition and dividend at its earnings call on April 26, 2022 at 8:00 AM eastern time. The dial-in numbers for the call are 1-844-784-1726 or 1-412-380-7411. Callers should reference the "Sensata Q1 2022 Financial Results Conference Call." A live webcast of the conference call will also be available on the investor relations page of Sensata's website at <http://investors.sensata.com>. Additionally, a replay of the call will be available until May 3, 2022. To access the replay, dial 1-877-344-7529 or 1-412-317-0088 and enter confirmation code: 8713067.

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**Item 6. Exhibits.**

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
3.1	<a href="#">Articles of Association of Sensata Technologies Holding plc (incorporated by reference to Exhibit 3.1 of the Registrant's Current Report on Form 8-K filed on March 28, 2018).</a>
10.1	<a href="#">Stock Purchase Agreement between Dynapower Holdings, LLC and Sensata Technologies, Inc. *</a>
10.2	<a href="#">Form of Award Agreement for Restricted Stock Units for Named Executive Officers under the Sensata Technologies Holding plc 2021 Equity Incentive Plan. †*</a>
10.3	<a href="#">Form of Award Agreement for Performance Restricted Stock Units for Named Executive Officers under the Sensata Technologies Holding plc 2021 Equity Incentive Plan. †*</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</a>
31.3	<a href="#">Certification of Chief Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*</a>
32.1	<a href="#">Certification of Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</a>
99.1	<a href="#">April 26, 2022 press release entitled "Sensata Technologies Furthers Electrification Strategy with Acquisition of Dynapower." *</a>
99.2	<a href="#">April 26, 2022 press release entitled "Sensata Technologies Board Approves Quarterly Dividend of \$0.11 per share."*</a>
101.INS	Inline 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.
101.SCH	Inline XBRL Taxonomy Extension Schema Document. *
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document. *
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document. *
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document. *
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document. *
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

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\* Filed herewith

† Indicates management contract or compensatory plan, contract, or arrangement

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: April 26, 2022

### SENSATA TECHNOLOGIES HOLDING PLC

/s/ Jeffrey Cote

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**(Jeffrey Cote)**  
*Chief Executive Officer and President*  
*(Principal Executive Officer)*

/s/ Paul Vasington

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**(Paul Vasington)**  
*Executive Vice President and Chief Financial Officer*  
*(Principal Financial Officer)*

/s/ Maria Freve

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**(Maria Freve)**  
*Vice President and Chief Accounting Officer*  
*(Principal Accounting Officer)*

STOCK PURCHASE AGREEMENT,

dated as of April 22, 2022,

between

DYNAPOWER HOLDINGS, LLC

and

SENSATA TECHNOLOGIES, INC.

LEGAL\_US\_E # 161486834.17

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## STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (the “**Agreement**”), dated as of April 22, 2022, is by and between Dynapower Holdings, LLC, a Delaware limited liability company (“**Seller**”), and Sensata Technologies, Inc., a Delaware corporation (“**Buyer**”).

### RECITALS

1. Seller is the owner of all of the issued and outstanding common stock (the “**Shares**”) of DP Acquisition Corporation, a Delaware corporation (the “**Company**”).

2. Seller desires to sell, and Buyer desires to purchase, the Shares on the terms and subject to the conditions set forth in this Agreement.

3. Concurrently herewith, (a) Buyer, Seller and Pflingsten Partners, L.L.C., a Delaware limited liability company (“**Pflingsten**”), are entering into a confidentiality and non-solicitation agreement to become effective upon the Closing and (b) Buyer and certain members of the Company’s senior management team are entering into confidentiality, non-solicitation and non-competition agreements to become effective upon the Closing.

### AGREEMENTS

In consideration of the foregoing premises and the respective representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

#### **Article I** **DEFINITIONS**

1.1 **Definitions.** When used in this Agreement, the following terms shall have the meanings assigned to them in this Section 1.1.

“**Accounting Principles**” means the accounting principles, practices, policies, procedures, conventions, classifications, estimation techniques, judgments and methodologies specifically set forth in Exhibit A.

“**Acquired Companies**” means, collectively, the Company and its Subsidiaries.

“**Actual Closing Amount**” means an amount equal to (a) the Enterprise Value; minus (b) the amount, if any, by which Net Working Capital as finally determined pursuant to Section 2.5 is less than Target Net Working Capital; plus (c) the amount, if any, by which Net Working Capital as finally determined pursuant to Section 2.5 is greater than Target Net Working Capital; plus (d) Cash as finally determined pursuant to Section 2.5; minus (e) the Indebtedness outstanding as of immediately prior to the Closing as finally determined pursuant to Section 2.5; minus (f) Transaction Expenses as finally determined pursuant to Section 2.5; minus (g) the amount of the Adjustment Escrow Deposit.



“**Affiliate**” means, with respect to any specified Person, any other Person directly or indirectly controlling, controlled by or under common control with such specified Person.

“**Ancillary Documents**” means the Escrow Agreement and the other agreements, instruments and documents delivered at the Closing pursuant to this Agreement.

“**Attorney-Client Communication**” means any communication occurring on or prior to Closing between Paul Hastings, on the one hand, and Seller, the Sponsor Partners, any Acquired Company or any of their respective Affiliates or Representatives, on the other hand, that directly or indirectly relates to any Transaction Matter, including any representation, warranty covenant, agreement or disclosure of any Party under this Agreement, any Ancillary Document, the Seller Disclosure Schedules or any related agreement delivered pursuant to or in connection with this Agreement, which immediately before the Closing would be deemed to be an attorney-client privileged communication.

“**Benefit Plan**” means all (a) “employee benefit plans,” as defined in Section 3(3) of ERISA, (b) all other employment, severance, bonus, incentive, equity, welfare benefit, retirement, pension, profit sharing or deferred compensation plans, contracts, programs, funds, or arrangements of any kind, and (c) all other employee benefit plans, contracts, programs, funds, or arrangements and any trust, escrow, or similar agreement related thereto, whether or not funded, in respect of any present or former employees, directors, officers, shareholders, consultants, or individual independent contractors (i) that are sponsored or maintained by any Acquired Company or (ii) with respect to which an Acquired Company has made or is required to make payments, transfers, or contributions or (iii) with respect to which any Acquired Company has any liability.

“**Books and Records**” means books of account, general, financial, tax and operating records, invoices, ledgers and related work papers and other documents, records and files of the Acquired Companies.

“**Business Day**” means a day other than a Saturday, Sunday or other day on which commercial banks located in Chicago, Illinois are authorized or required by Law to close.

“**Buyer Related Parties**” means, collectively, Buyer, each of the direct and indirect equity holders and Affiliates (including, after the Closing, the Acquired Companies) of Buyer and each of the incorporators, members, partners, equity holders, Affiliates or current, former or future Representatives of any of the foregoing.

“**CARES Act**” means the Coronavirus Aid, Relief, and Economic Security Act, as amended.

“**Cash**” means, as of the Determination Time, all cash and cash equivalents of the Acquired Companies, as determined in accordance with the Accounting Principles, excluding the effects of transactions on the Closing Date before the Closing outside of the ordinary course of business, other than Restricted Cash; provided, that, without duplication of the foregoing exclusion, Cash shall be reduced for any payments made between the Determination Time and the Closing which is not included in Net Working Capital, Indebtedness or Transaction Expenses.



“**CFIUS**” means the Committee on Foreign Investment in the United States, and each member agency thereof acting in such capacity.

“**CFIUS Approval**” means (a) the Parties shall have received a written notice from CFIUS to the effect that (i) it has concluded a review or investigation (as the case may be) of the transaction contemplated hereby notified to CFIUS and has determined that there are no unresolved national security concerns with respect to such transactions; or (ii) CFIUS has concluded that the transaction contemplated hereby does not constitute a “covered transaction” under the CFIUS regulations; or (b) if CFIUS has sent a report to the President of the United States requesting the President’s decision, either (i) the President of the United States has announced a decision not to suspend or prohibit the transaction contemplated hereby pursuant to his authorities or (ii) the President shall have taken no action within fifteen (15) days after receiving the report from CFIUS.

“**CFIUS Turndown**” means (a) CFIUS has informed Seller and Buyer in writing that it has unresolved national security concerns with respect to the transactions contemplated by this Agreement and that it intends to refer the matter to the President of the United States unless the Parties abandon the transactions contemplated by this Agreement, or (b) CFIUS shall have referred, or shall have informed the Parties in writing that it intends to refer, the matter to the President of the United States.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Company Intellectual Property**” means all Intellectual Property owned, or purported to be owned, by any of the Acquired Companies.

“**Company IT Systems**” means the IT Systems owned, purported to be owned, leased or licensed by any of the Acquired Companies.

“**Company Owned Technology**” means all technology in which the Acquired Companies own or purport to own Intellectual Property.

“**Confidentiality Agreement**” means that certain letter agreement, dated February 13, 2022, between the Company and Sensata Technologies, Inc.

“**Contract**” means any (written or oral) indenture, mortgage, deed of trust, lease, license, contract or agreement that, in each case, is binding under applicable Law.

“**Controlled Group**” means any trade or business (whether or not incorporated) (a) under common control within the meaning of Section 4001 (b)(1) of ERISA with any Acquired Company or (b) solely for purposes of Section 412 of the Code or Section 302 of ERISA, which together with an Acquired Company is treated as a single employer under Section 414(t) of the Code.

“**COVID-19**” means SARS-CoV-2 or COVID-19, and any evolutions, variants or mutations thereof and/or related or associated epidemics, pandemics, public health emergencies or disease outbreaks.



“**Current Assets**” means any and all current assets that would be reflected on a consolidated balance sheet of the Company; provided, however, that Current Assets shall exclude any assets with respect to Cash, Restricted Cash, Income Taxes, aged vendor deposits recorded within the 1440 VENDOR DEPOSITS account, or any receivable balances arising from intercompany activity between or among the Acquired Companies.

“**Current Liabilities**” means any and all current liabilities that would be reflected on a consolidated balance sheet of the Company; provided, however, that Current Liabilities shall exclude any liabilities with respect to Cash, Indebtedness, Transaction Expenses, Income Taxes, the D&O Insurance, any payable balances arising from intercompany activity between or among the Acquired Companies, or sales and use Taxes in jurisdictions in which the Acquired Companies have not historically paid such Taxes, but shall include \$50,000, which the Parties have agreed is the fixed amount Seller shall be responsible for in respect of professional fees associated with Tax Return preparation for Pre-Closing Tax Periods but shall not include any other accrual for such professional fees.

“**Determination Time**” means 11:59 p.m. Central time on the day prior to the Closing Date.

“**Employee**” means any employee of any Acquired Company including those on an approved leave of absence.

“**Environmental Laws**” means any Law relating to protection of the environment or to pollutants, contaminants, wastes or chemicals that are listed, defined, designated, regulated or classified as toxic, radioactive, ignitable, corrosive, reactive or hazardous .

“**Equity Securities**” means with respect to an entity, if such entity is a corporation, shares of capital stock of such corporation and, if such entity is a form of entity other than a corporation, ownership interests in such form of entity, whether membership interests, partnership interests or otherwise, as the case may be.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.

“**Estimated Closing Amount**” means an amount equal to (a) the Enterprise Value; minus (b) the amount, if any, by which Estimated Net Working Capital is less than Target Net Working Capital; plus (c) the amount, if any, by which Estimated Net Working Capital is greater than Target Net Working Capital; plus (d) Estimated Cash; minus (e) Estimated Indebtedness; minus (f) Estimated Transaction Expenses; minus (g) the amount of the Adjustment Escrow Deposit.

“**First ITAR Filing**” has the meaning set forth in Section 7.4.

“**Fraud**” means an actual and intentional common law fraud under Delaware Law committed by a Party in the making of any representation or warranty set forth in this Agreement or the Ancillary Documents. Without limiting the generality of the foregoing, in no event shall “Fraud” include any claim for equitable fraud, constructive fraud, promissory fraud, unfair dealings fraud, fraud by reckless or negligent misrepresentation or any tort (including a claim for fraud) based on negligence or recklessness.

“**GAAP**” means United States generally accepted accounting principles.





**“Governmental Entity”** means any entity or body exercising executive, legislative, judicial, regulatory or administrative functions of any United States federal, state or local government or any foreign, international, multinational or other government, including any department, commission, board, agency, bureau, official, court, tribunal, arbitrator (public or private) or other regulatory, administrative or judicial authority thereof.

**“Hazardous Material”** means any substance, material or waste that is listed or classified and regulated by a Governmental Entity under applicable Environmental Laws.

**“HSR Act”** means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

**“Income Tax Liability Accrual”** means an amount equal to the aggregate liability for unpaid cash Income Tax liabilities of the Acquired Companies that are first due to be paid after the Closing Date for Pre-Closing Tax Periods in jurisdictions where the Acquired Companies filed a Tax Return for the last Tax period for which a Tax Return was due (taking into account any applicable extensions), commenced activities after the end of such Tax period, or with respect to gross receipts Taxes in Tennessee and Oregon, which amount for the avoidance of doubt cannot be less than zero and shall take into account any Dissolution or Transfer completed prior to the Closing pursuant to Section 5.7(a). In the determination of the Income Tax Liability Accrual, (a) all unpaid cash Income Tax liabilities with respect to Pre-Closing Tax Periods shall be calculated in accordance with Section 7.6(a) and the past practice of the Acquired Companies, except as otherwise required by applicable Law, (b) net operating losses shall be utilized in Pre-Closing Tax Periods to the maximum extent permitted by Law, (c) any transactions effected by, on behalf of, or at the direction of, Buyer or any of its Affiliates on or after the Closing Date shall be excluded, (d) Income Taxes that are included in the Income Tax Liability Accrual and that are deductible for U.S. federal Income Tax purposes shall be deemed deductible in the Pre-Closing Tax Period ending on the Closing Date and (e) there should be included in taxable income of the Acquired Companies for the Pre-Closing Tax Periods, an amount equal to any prepaid amount received by the Acquired Companies on or prior to the Closing Date but not included in taxable income in a Pre-Closing Tax Period and includable in taxable income of the Acquired Companies in a Post-Closing Tax Period.

**“Income Taxes”** means Taxes imposed on or measured by net income.

**“Indebtedness”** means any of the following, without duplication: (a) any obligations of any Acquired Company for borrowed money; (b) any obligations of any Acquired Company evidenced by bonds, debentures, notes or other similar instruments; (c) any net obligations of any Acquired Company with respect to hedging agreements or swap arrangements; (d) any obligations of any Acquired Company in respect of letters of credit, bankers’ acceptances, surety bonds or similar instruments, in each case, to the extent drawn; (e) any obligations of any Acquired Company as lessee under leases that are required by the Accounting Principles to be treated as capital leases (calculated as if FASB Accounting Standards Codification Topic 842, Accounting for Leases, has not taken effect); (f) any obligations of any Acquired Company to pay the deferred and unpaid purchase price with respect to the acquisition of any business or entity, including, with respect thereto, any earn-out or similar obligations; (g) any declared and unpaid dividends of the Company; (h) any payroll, social security or similar Taxes of any Acquired Company for any Pre-Closing Tax Periods that were deferred to a Post-Closing Tax Period pursuant to Section 2302(a)(1) of the CARES Act or any other similar provision of applicable Law and remain unpaid as of the Closing Date; (i) any unpaid management,



monitoring, advisory or other similar fees owed to any Affiliate of any Acquired Company; (j) any guaranty by any Acquired Company of any of the foregoing; (k) any accrued and unpaid interest, fees and other expenses owed by any Acquired Company with respect to the foregoing, including prepayment penalties and premiums; (l) the Income Tax Liability Accrual; (m) \$98,000, which the Parties have agreed shall be the fixed adjustment to the purchase price related to the unpaid sales and use Taxes in jurisdictions in which the Acquired Companies have not historically paid such Taxes; and (n) \$550,000 for capital expenditures relating to leasehold improvements at the Leased Real Property, less actual amounts spent in cash prior to the Closing; provided, however, that in no event shall Indebtedness include any (i) letters of credit, surety bonds and similar instruments, in each case, to the extent undrawn, (ii) obligations from one Acquired Company to another Acquired Company, (iii) obligations incurred by, on behalf of, or at the written direction of, Buyer or any of its Affiliates, (iv) obligations for Taxes other than the Income Tax Liability Accrual or clauses (h) and (m) of this definition or (v) amount included in Transaction Expenses or Net Working Capital.

**“Intellectual Property”** means, collectively, (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all letters patent and pending applications for patents of the United States and all countries foreign thereto and all reissues, reexaminations, divisions, continuations, continuations-in-part and extensions thereof; (b) all trademarks, service marks, trade names, trade dress, and Internet domain names, all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith; (c) all published and unpublished works of authorship (including databases and software), copyrights, whether registered or unregistered, moral rights, and all applications, registrations, renewals, and extensions in connection therewith; (d) all mask works and all applications, registrations, and renewals in connection therewith; (e) all trade secrets and confidential business information (including confidential ideas, research and development, know how, methods, formulas, compositions, manufacturing and production processes and techniques, data, database, compilations, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals); (f) all copies and tangible embodiments of the foregoing (in whatever form or medium); (h) all claims, causes of action and damages arising out of or related to any past, current or future infringement, violation or misappropriation of any of the foregoing; and (i) other similar or equivalent intellectual property rights to any of the foregoing anywhere in the world.

**“ITAR”** has the meaning set forth in Section 7.4.

**“IT Systems”** means all computer hardware and software including computer systems, servers, network equipment, data storage systems, phones, video cameras, videoconferencing units, other communication equipment, communication networks (other than the Internet), architecture interfaces, switches, routers, other apparatus used to create, store, transmit, exchange or receive information, voice or data in any form or by any method, all other computer hardware and all databases, data collections, software, firewalls and any other information technology.

**“Law”** means any statute, law, ordinance, rule, regulation, code or executive order of any Governmental Entity.



“**Lien**” means, with respect to any property or asset, any mortgage, lien, pledge, security interest, hypothecation, charge, right of first refusal or any other similar encumbrance in respect of such property or asset; provided, however, that in any event, “**Lien**” shall exclude any restrictions on transfer under securities Laws.

“**Material Adverse Effect**” means any effect that is materially adverse to the business, financial condition or operations of the Acquired Companies, taken as a whole; provided that none of the following shall be taken into account in determining whether there is a Material Adverse Effect: any adverse effect, change, event, or development directly or indirectly arising from or relating to: (a) general business, industry or economic conditions, (b) local, regional, national or international political, social or health conditions, including any pandemic, epidemic, disease outbreak or other public health emergency (including COVID-19, any Pandemic Measure and/or any commercially reasonable action or omission of Seller or any Acquired Company in response to COVID-19 or any Pandemic Measure), (c) the engagement (whether new or continuing) by the United States or any other country in hostilities, whether or not pursuant to the declaration of a national emergency or war, (d) the occurrence of any military or cyber- attack, any act of terrorism (whether international or domestic) or any response to any of the foregoing, (e) any social unrest, (f) any natural or man-made disaster or acts of God, (g) changes in financial, banking, or securities markets (including any disruption thereof and any decline in the price of any security or any market index), (h) changes in GAAP, (i) changes in Laws (clauses (a) through (i), collectively, “**External Events**”), (j) any failure of any Acquired Company to meet any projections or forecasts (provided, that this clause (j) shall not prevent a determination that any effect, change, event, or development underlying such failure to meet projections or forecasts has resulted in a Material Adverse Effect (provided, further, that any such effect, change, event, or development is not otherwise excluded from determining whether there is a Material Adverse Effect)), (k) any action or omission contemplated by this Agreement or taken or omitted with the written request or consent of Buyer, (l) the announcement or pendency of the transactions contemplated by this Agreement or the identity of the Parties and their respective Affiliates, including any termination of, reduction in or similar negative impact on relationships, contractual or otherwise, with any customers, suppliers, agents, distributors, employees or contractors of the Acquired Companies due to the announcement or pendency of the transactions contemplated by this Agreement or the identity of the Parties and their respective Affiliates or (m) any actions or omissions by any Buyer Related Party; provided, that, in the case of an External Event, such External Event may be taken into account to the extent it adversely affects the Acquired Companies, taken as whole, in a disproportionate manner relative to other similarly situated participants in the industry in which the Acquired Companies operate.

“**Material Contract**” means any of the Contracts listed on Schedule 3.9(a) or Schedule 3.13(c).

“**Net Working Capital**” means, as of the Determination Time, the difference between the book value of the Current Assets and the book value of the Current Liabilities, in each case, as determined in accordance with the Accounting Principles, excluding the effects of transactions on the Closing Date before the Closing outside of the ordinary course of business.

“**Nonparty Affiliate**” means any Seller Related Party other than Seller.



**“Open Source Software”** means all software that is distributed under (a) any license approved by the Open Source Initiative, or (b) any license that meets the Open Source Definition as defined by the Open Source Initiative or the Free Software Definition as defined by the GNU Project (any such licenses referred to in (a) and/or (b), **“Open Source Software Licenses”**).

**“Order”** means any award, injunction, judgment, decree, order, ruling or verdict or other decision issued, promulgated or entered by or with any Governmental Entity of competent jurisdiction with respect to any Acquired Company or the transactions contemplated hereby.

**“Organizational Documents”** means, with respect to any entity, the certificate of incorporation, articles of incorporation, certificate of formation, articles of organization, by-laws, partnership agreement, limited liability company agreement, formation agreement and other similar organizational documents of such entity (in each case, as amended through the date of this Agreement).

**“Pandemic Measures”** shall mean any “shelter-in-place”, “stay at home”, quarantine, workforce reduction, social distancing, shut down, closure, sequester or other conditions or restrictions, or any other Law, directive, pronouncement, guideline or recommendations by a Governmental Entity, the Centers for Disease Control and Prevention, or the World Health Organization in connection with or in respect of COVID-19 or any other pandemic, epidemic, public health emergency or disease outbreak.

**“Party”** means any party to this Agreement.

**“Payoff Indebtedness”** means Indebtedness of the types set forth in subsections (a) and (b) of the definition of Indebtedness.

**“Permit”** means any authorization, approval, consent, certificate, license, registration, permit or franchise of or from any Governmental Entity.

**“Permitted Liens”** means (a) Liens for Taxes that are not yet due and payable or that may hereafter be paid without penalty or that are being contested in good faith through appropriate proceedings for which appropriate reserves have been established in the Financial Statements in accordance with GAAP, (b) statutory or contractual Liens of landlords and workers’, carriers’, materialmen’s, suppliers’ and mechanics’ or other like Liens incurred in the ordinary course of business that are not material to the Acquired Companies, (c) Liens that will be released prior to or as of the Closing, (d) zoning, building and other land use laws imposed by any Governmental Entity having jurisdiction over such parcel that are not violated by existing structures or the ordinary conduct of the business of the Acquired Companies, (e) Liens identified on issued title policies, title surveys or other documents or writings recorded in the public records that do not or would not reasonably be expected to materially impair the use or occupancy of any assets in the operation of the business of the Acquired Companies; (f) Liens created by, through or at the written direction of Buyer or its Affiliates, (g) Liens in respect of any obligations as lessee under capitalized leases, (h) non-exclusive licenses to Intellectual Property granted in the ordinary course of business; and (i) Liens set forth on Schedule 1.1.

**“Person”** means an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated association, a Governmental Entity, or any other entity or body.

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**“Personal Data”** means any and all information that can reasonably be associated with an identified or identifiable natural Person, including information that identifies or could be used to identify an identified or identifiable natural Person, including name, physical address, telephone number, email address, financial account number, government-issued identifier (including Social Security number and driver’s license number), medical, health or insurance information, gender, date of birth, educational or employment information, religious or political views or affiliations, and marital or other status (to the extent any of these data elements can reasonably be associated with an identified or identifiable natural Person, or is linked to any such data element that can reasonably be associated with an identified or identifiable natural Person).

**“Post-Closing Tax Period”** means any Tax period beginning after the Closing Date and the portion of any Straddle Period beginning on the day after the Closing Date.

**“Pre-Closing Tax Period”** means any Tax period that ends on or prior to the Closing Date and the portion of any Straddle Period ending on and including the Closing Date.

**“R&W Policy”** means those certain buyer-side representations and warranties insurance policies purchased by Buyer in connection with this Agreement.

**“Related Person”** means (a) any officer, director, partner, manager (under state Law) of a limited liability company, shareholder or Affiliate of any Acquired Company; and (b) any individual immediately related by blood, marriage or adoption to any natural Person referenced in clause (a).

**“Representatives”** of any Person shall mean the directors, officers, managers, employees, consultants, financial advisors, counsel, accountants and other representatives and agents of such Person.

**“Restricted Cash”** means, without duplication, (a) the amount of any cash held by a third-party escrow agent on behalf of or for the benefit of an Acquired Company, (b) the amount of any cash held by a third-party as cash collateral (including security deposits) securing outstanding leases, letters of credit, performance bonds or other similar obligations of an Acquired Company, (c) the aggregate amount of Taxes (net of any reduction of other Taxes) that would be imposed in connection with the repatriation of cash held outside of the U.S. and (d) cash which is subject to any express restriction in a Contract on the ability to freely transfer or use such cash for any lawful purpose, but, in each case, specifically excluding customer deposits, deferred revenue and obligations with respect thereto.

**“Second ITAR Filing”** has the meaning set forth in Section 7.4.

**“Seller Disclosure Schedules”** means the disclosure schedules delivered by Seller concurrently with the execution and delivery of this Agreement.

**“Seller Party”** means Seller and its Affiliates (other than the Acquired Companies).

**“Seller Related Parties”** means, collectively, Seller, each of the direct and indirect equity holders and Affiliates (including, prior to the Closing, the Acquired Companies) of Seller and each of the incorporators, members, partners, stockholders, Affiliates or current, former or future Representatives of any of the foregoing.



“**Seller’s Knowledge**” or any similar phrase means the actual knowledge of Adam Knudsen, Brandon Sorenson and John Owens, and the knowledge that would have been obtained after reasonable inquiry of their direct reports, whether or not such reasonable inquiry has been made.

“**Sponsor Partners**” means Pfingsten Partners Fund IV, L.P., a Delaware limited partnership, and Pfingsten Partners Co-Investment Fund IV, L.P., a Delaware limited partnership.

“**Straddle Period**” means any Tax period that begins on or before, and ends after, the Closing Date.

“**Subsidiary**” means, with respect to any Person, any corporation, partnership, limited liability company, joint venture or other legal entity of any kind of which such Person (either alone or through or together with one or more of its other Subsidiaries) owns, directly or indirectly, more than 50% of the capital stock or other equity interests the holders of which are (a) generally entitled to vote for the election of the board of directors or other governing body of such legal entity or (b) generally entitled to share in the profits or capital of such legal entity.

“**Suit**” means any charge, suit, dispute, claim (including any cross-claim or counter-claim), complaint, demand, civil, criminal, administrative or regulatory action, hearing, litigation, arbitration or other proceeding, in each case, commenced, brought, conducted or heard by or before, or otherwise involving, any Governmental Entity.

“**Target Net Working Capital**” means \$24,200,000.

“**Tax**” or “**Taxes**” means all U.S. federal, state, provincial, local and foreign income, profits, franchise, gross receipts, environmental, capital stock, severance, stamp, payroll, social security, escheat or unclaimed property, sales, employment, unemployment, disability, use, personal and real property, withholding, excise, production, transfer, alternative minimum, value added, occupancy and other taxes imposed by a Governmental Entity or political subdivision thereof, together with all interest, penalties and additions imposed with respect to such amounts, and any interest in respect of such penalties or additions, in each case, imposed by a Governmental Entity or political subdivision thereof.

“**Tax Returns**” means any return, declaration, report, claim for refund, election, form or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“**Transaction Bonus**” means, to the extent unpaid as of immediately prior to the Closing, any sale, change of control or similar bonus payable pursuant to any obligation created by Seller or an Acquired Company prior to the Closing due to any Person, in each case, as a result of the consummation of the transactions contemplated hereby.

“**Transaction Bonus Recipient**” means each Person entitled to receive a Transaction Bonus.

“**Transaction Bonus Tax Amount**” means, with respect to any Transaction Bonus, any employer portion employment taxes of the Acquired Companies imposed thereon.

“**Transaction Expenses**” means, without duplication, (a) all legal, accounting, financial advisory and other advisory, transaction or consulting fees and expenses incurred by Seller or any Acquired Company prior to the Closing to effect the negotiation, documentation and consummation of the transactions contemplated by this Agreement, in each case, to the extent unpaid as of immediately prior to the Closing (including, for the avoidance of doubt, premiums, fees or expenses related to the D&O Insurance) and (b) the Transaction Bonuses and Transaction Bonus Tax Amount; provided, however, that in no event shall Transaction Expenses include any (i) premiums, fees or expenses related to the R&W Policy or any other representation and warranty insurance policy obtained by or at the written direction of any Buyer Related Party with respect to the transactions contemplated by this Agreement, (ii) obligations incurred by, on behalf of, or at the written direction of, Buyer or any of its Affiliates (including in connection with any financing of the transactions contemplated by this Agreement) or (iii) amount included in Indebtedness or Net Working Capital.

“**Transaction Matters**” means, collectively, the negotiation, preparation, execution, and delivery of this Agreement, the Ancillary Documents, the Seller Disclosure Schedules and related agreements and documents, and the consummation of the transactions contemplated hereby and thereby, and the negotiation and preparation with respect to other potential transactions involving a sale of the Shares or any similar transaction (including any purchase of any of the Acquired Companies’ Equity Securities or any merger, sale of substantially all assets or similar transaction involving any of the Acquired Companies).

“**Transaction Tax Deductions**” means all Income Tax deductions available to any Acquired Company related to repayment of Indebtedness, the payment of Transaction Expenses and payments of amounts that would have been Transaction Expenses but for the fact that they were paid prior to the Closing, and the payment of any fees or other costs and expenses associated with the transactions contemplated by this Agreement, in each case, that are currently deductible by an Acquired Company for U.S. federal (and applicable state and local) income Tax purposes at least at a “more likely than not” level of certainty under the Code.

“**Transfer Taxes**” means sales, use, transfer, real property transfer, recording, documentary, stamp, registration and stock transfer Taxes and any similar Taxes incurred in connection with the purchase and sale of Shares contemplated by this Agreement.

“**Treasury Regulations**” means United States Treasury regulations promulgated under the Code.

“**U.S.**” or “**United States**” means the United States of America.

## **Article II**

### **PURCHASE AND SALE**

2.1 Purchase and Sale. At the Closing, on the terms and subject to the conditions set forth in this Agreement, Seller shall sell, transfer, assign, convey and deliver to Buyer, and Buyer

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shall purchase from Seller, all right, title and interest in and to the Shares free and clear of all Liens.

2.2 Purchase Price. The aggregate consideration to be paid by Buyer to Seller for the Shares (the “**Purchase Price**”) shall be equal to (a) \$580,000,000 (the “**Enterprise Value**”), plus or minus, as applicable, (b) the adjustment pursuant to Section 2.5.

2.3 Closing. Unless this Agreement shall have been terminated in accordance with Section 8.5, Buyer and Seller shall consummate the transactions contemplated by this Agreement by electronic mail (the “**Closing**”), as promptly as practicable but in no event later than two (2) Business Days after the date on which all conditions set forth in Article VIII (except those conditions that are to be satisfied or waived at Closing) have been satisfied or waived by the Party entitled to the benefit of the same, at 9:00 a.m. Central time, or at such other date and time as the Parties shall mutually agree in writing (the date on which the Closing occurs, the “**Closing Date**”).

2.4 Closing Deliveries.

(a) Deliveries by Seller at the Closing. At the Closing, Seller shall deliver, or cause to be delivered, to Buyer the following:

(i) a stock certificate evidencing the Shares, duly endorsed in blank or accompanied by stock powers duly executed in blank;

(ii) a copy of the resolution of Seller’s governing body, certified by an appropriate officer of Seller in his or her capacity as such (and not in his or her individual capacity) as having been duly and validly adopted and being in full force and effect as of the Closing Date, authorizing the execution and delivery of this Agreement and the Ancillary Documents and performance by Seller of the transactions contemplated hereby and thereby;

(iii) duly executed payoff letters (collectively, the “**Payoff Letters**”) with respect to the Payoff Indebtedness, (A) setting forth the amount required to repay in full all such Indebtedness and (B) providing for a release of all Liens granted by the Acquired Companies to the holders of such Indebtedness upon satisfaction of the conditions set forth therein;

(iv) the Escrow Agreement, duly executed by Seller;

(v) an IRS Form W-9 of Seller; provided, however, that the Buyer’s sole remedy for failure to deliver such form shall be the ability to withhold in accordance with Section 2.6;

(vi) evidence that the Management Agreement, dated as of December 28, 2012, by and between Pfungsten and the Company, has been terminated; and

(vii) a certificate dated as of the Closing Date, signed by an appropriate officer of Seller in his or her capacity as such (and not in his or her individual capacity), to the effect that the conditions set forth in Sections 8.1(a), 8.1(b) and 8.1(g) have been satisfied.

(b) Deliveries by Buyer at the Closing. At the Closing, Buyer shall deliver to Seller the following:



(i) an amount equal to the Estimated Closing Amount, by wire transfer of immediately available funds, to the accounts designated in writing at least one (1) Business Day prior to the Closing Date by Seller to Buyer;

(ii) a copy of the resolution of Buyer's or its direct or indirect parent's governing body, certified by an appropriate officer of Buyer or its direct or indirect parent in his or her capacity as such (and not in his or her individual capacity) as having been duly and validly adopted and being in full force and effect as of the Closing Date, authorizing the execution and delivery of this Agreement and the Ancillary Documents and performance by Buyer of the transactions contemplated hereby and thereby;

(iii) the Escrow Agreement, duly executed by Buyer; and

(iv) a certificate dated as of the Closing Date, signed by an appropriate officer of Buyer in his or her capacity as such (and not in his or her individual capacity), to the effect that the conditions set forth in Sections 8.2(a) and 8.2(b) have been satisfied.

(c) Payment of Indebtedness and Transaction Expenses. At the Closing, Buyer shall pay or cause to be paid on behalf of Seller, and the Acquired Companies, (i) the Estimated Indebtedness that is Payoff Indebtedness to the lenders named in the applicable Payoff Letter and (ii) the Estimated Transaction Expenses (other than the Transaction Bonuses and Transaction Bonus Tax Amounts) to the obligees thereof named in the Estimated Closing Statement.

(d) Payment of Transaction Bonuses. At the Closing, Buyer shall, on behalf of Seller and the Acquired Companies, contribute or cause to be contributed the aggregate amount of the Transaction Bonuses and Transaction Bonus Tax Amount to the Acquired Companies and shall cause the Acquired Companies to pay on the Closing Date to each Transaction Bonus Recipient through the applicable Acquired Company's payroll system the amount of the Transaction Bonus designated on the Estimated Closing Schedule for such Transaction Bonus Recipient net of any withholding required with respect to such Transaction Bonus. Following the Closing Date, Buyer shall cause the applicable Acquired Company to timely and properly deposit any withholding or payroll Taxes described above with the appropriate Governmental Entity in accordance with the regular payroll practices of such Acquired Companies. For all purposes under this Agreement, any Tax deduction available in connection with the Transaction Bonuses shall be deducted in Pre-Closing Tax Periods.

(e) Adjustment Escrow Deposit. At the Closing, Buyer shall deposit, or cause to be deposited, with Acquiom Clearinghouse LLC (the "**Escrow Agent**") an amount equal to \$3,000,000 (the "**Adjustment Escrow Deposit**") as part of the consideration for the Shares, to be held in escrow in an account (the "**Adjustment Escrow Account**") and disbursed by the Escrow Agent in accordance with the terms and provisions of an Escrow Agreement substantially in the form attached as Exhibit B hereto (the "**Escrow Agreement**").

## 2.5 Purchase Price Adjustment.

(a) Estimated Closing Schedule. On the date which is at least two (2) Business Days, but not earlier than five (5) Business Days, prior to the Closing Date, Seller shall prepare and deliver to Buyer a schedule



(the “**Estimated Closing Schedule**”), setting forth Seller’s good faith estimate of (i) each item of Indebtedness outstanding as of immediately prior

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to the Closing (“**Estimated Indebtedness**”) including such Indebtedness reflected in the Payoff Letters, if applicable, stating the amount and payee thereof, (ii) each Transaction Expense (“**Estimated Transaction Expenses**”), including the amount and payee thereof, (iii) Net Working Capital (“**Estimated Net Working Capital**”), (iv) Cash (“**Estimated Cash**”), and (v) the Estimated Closing Amount resulting therefrom, in each case, together with reasonably detailed supporting documents for the calculation thereof. From the date of delivery of the Estimated Closing Schedule to Buyer through the Closing Date, Seller shall, and shall cause the Company to, provide reasonable on-site access, during normal business hours, to or copies of (as Buyer shall reasonably request), for the purpose of verifying the Estimated Closing Schedule: (i) all of the Books and Records, work papers, trial balances and other materials, in each case relating to the Estimated Closing Schedule and (ii) Seller’s and the Acquired Companies’ personnel and accountants who were involved in the preparation of the Estimated Closing Schedule. Seller shall, and shall cause the Company to, reasonably cooperate with and assist Buyer and its Representatives in connection with the review of such Books and Records and working papers. Buyer shall have the opportunity to review and propose, in good faith, reasonable revisions to the Estimated Closing Schedule, and Seller shall consider, in good faith, any revisions to the Estimated Closing Schedule timely proposed by Buyer and, to the extent that Seller agrees to any such revisions, Seller shall deliver a revised Estimated Closing Schedule to Buyer reflecting such accepted revisions, which revised Estimated Closing Schedule shall (x) be deemed to have been delivered at the time Seller delivered the initial Estimated Closing Schedule, (y) supersede and replace the prior versions for all purposes hereunder, and (z) be used for purposes of determining the Estimated Closing Amount and the other items set forth therein at the Closing; provided, however, (I) the Closing Date shall not be delayed as a result of the foregoing, and (II) in the event of any dispute as to any matter regarding the Estimated Closing Schedule between Buyer and Seller, Seller shall have the sole discretion to determine the contents of the Estimated Closing Schedule and the components thereof so long as it does so in good faith. For the avoidance of doubt, if Buyer does not make a specific comment or any proposed revision to the Estimated Closing Schedule, in no case will any calculation, balance, comment or other substantive item contained therein be deemed accepted by Buyer for the purposes of determining whether Buyer has a dispute with the Actual Closing Schedule under Section 2.5(d).

(b) Actual Closing Schedule. As soon as practicable, but not later than seventy-five (75) days following the Closing Date, Buyer shall prepare in good faith and deliver to Seller a schedule (the “**Actual Closing Schedule**”) setting forth Buyer’s good faith determination of (i) each item of Indebtedness outstanding as of immediately prior to the Closing including the amount and payee thereof, (ii) each Transaction Expense including the amount and payee thereof, (iii) Net Working Capital, (iv) Cash and (v) the Actual Closing Amount resulting therefrom, in each case, together with reasonably detailed supporting documents for the calculation thereof.

(c) Reasonable Access. Upon receipt of the Actual Closing Schedule, Seller and its Representatives shall be given reasonable on-site access, during normal business hours, to or copies of (as Seller shall reasonably request), for the purpose of verifying the Actual Closing Schedule: (i) all of the Books and Records, work papers, trial balances and other materials relating to the Actual Closing Schedule and (ii) Buyer’s and the Acquired Companies’ personnel and accountants who were involved in the preparation of the Actual Closing Schedule.



(d) Protest Notice. Within forty-five (45) days following delivery of the Actual Closing Schedule, Seller may deliver written notice (the “**Protest Notice**”) to Buyer of any disagreement that Seller may have as to the Actual Closing Schedule setting forth in reasonable detail the amount(s) in dispute. If Seller fails to deliver a Protest Notice on or before the date which is forty-five (45) days following delivery of the Actual Closing Schedule, the Indebtedness outstanding as of immediately prior to the Closing, Transaction Expenses, Net Working Capital, Cash and the Actual Closing Amount resulting therefrom, in each case, as set forth on the Actual Closing Schedule shall be final, binding and non-appealable.

(e) Resolution of Protest. If a Protest Notice is timely delivered in accordance with Section 2.5(d), Seller and Buyer shall promptly endeavor in good faith to resolve any disagreement as to the Actual Closing Schedule. If Buyer and Seller are unable to resolve in writing any disagreement as to the Actual Closing Schedule within thirty (30) days following Buyer’s receipt of the Protest Notice, then the amounts in dispute will be promptly referred to Grant Thornton LLP (the “**Accountants**”) for final determination, which determination shall be completed within thirty (30) days after the matter is submitted to the Accountants, and which determination shall be final, binding and non-appealable. The Accountants shall act as an expert (and not an arbitrator) to determine, based solely on presentations and submissions by Buyer and Seller (which presentations and submissions shall be made to the Accountants no later than fifteen (15) days after the engagement of the Accountants), and not by independent review, only those amounts still in dispute, in each case, in accordance with the definitions of Indebtedness, Transaction Expenses, Net Working Capital, Cash and Actual Closing Amount set forth herein. Buyer and Seller agree to execute, if requested by the Accountants, a reasonable engagement letter. The fees and expenses of the Accountants shall be allocated between Buyer and Seller (as determined by the Accountants) so that Seller’s share of such fees and expenses shall be equal to the product of (i) the aggregate amount of such fees and expenses, and (ii) a fraction, the numerator of which is the amount in dispute that is ultimately unsuccessfully disputed by Seller (as determined by the Accountant) and the denominator of which is the total amount in dispute submitted to arbitration. The balance of such fees and expenses shall be paid by Buyer. Notwithstanding anything herein to the contrary, the Parties acknowledge and agree that the intent of the Parties is to determine Indebtedness, Transaction Expenses, Net Working Capital, Cash and the Actual Closing Amount resulting therefrom, in each case, in accordance with the definitions of Indebtedness, Transaction Expenses, Net Working Capital, Cash and Actual Closing Amount set forth herein, and not to permit the use or introduction of any other accounting principles, practices, policies, procedures, conventions, classifications, estimation techniques, judgments or methodologies. The term “**Final Closing Schedule**,” as used in this Agreement, shall mean the Actual Closing Schedule if deemed final in accordance with Section 2.5(d) or the definitive Final Closing Schedule agreed to in writing by Seller and Buyer or resulting from the determinations made by the Accountants in accordance with this Section 2.5(e).

(f) Payment. Within five (5) days after the determination of the Final Closing Schedule:

(i) if the Estimated Closing Amount is greater than the Actual Closing Amount, then such difference, up to the amount of the Adjustment Escrow Deposit, shall be disbursed from the Adjustment Escrow Account to Buyer; or



(ii) if the Estimated Closing Amount is less than the Actual Closing Amount, then Buyer shall pay to Seller such difference, by wire transfer of immediately available funds to an account designated by Seller provided, however, that in no event will Buyer be obligated to pay to Seller an amount in excess of the amount of the Adjustment Escrow Deposit.

(g) Adjustment Escrow. Within five (5) days after the determination of the Final Closing Schedule, Buyer and Seller shall deliver a joint written instruction to the Escrow Agent instructing it to disburse all of the funds in the Adjustment Escrow Account as follows: (i) to Buyer, the amount (if any) payable to Buyer pursuant to Section 2.5(f)(i) and (ii) to Seller the remaining funds in the Adjustment Escrow Account by wire transfer of immediately available funds to an account designated by Seller.

(h) Exclusive Remedy. Notwithstanding anything to the contrary contained in this Agreement, (i) the process and adjustment set forth in this Section 2.5 shall be the sole and exclusive remedy of the Parties with respect to items required hereunder to be included or reflected in the calculation of the Actual Closing Amount and (ii) without limiting the generality of the foregoing, (A) Buyer's right to receive a disbursement from the Adjustment Escrow Account pursuant to Section 2.5(f)(i) shall be Buyer's sole and exclusive remedy in the event that the Actual Closing Amount is less than the Estimated Closing Amount and (B) Seller's rights to receive a payment from Buyer pursuant to Section 2.5(f)(ii) and a disbursement from the Adjustment Escrow Account pursuant to Section 2.5(g) shall be Seller's exclusive remedies in the event that the Estimated Closing Amount is less than the Actual Closing Amount.

2.6 Tax Withholding. Buyer or any of its Affiliates shall be entitled to deduct and withhold from any portion of any payment payable pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under applicable Tax Law. Buyer shall provide Seller with written notice of any deduction or withholding it believes is applicable to amounts payable by Buyer or any of its Affiliates hereunder (except with respect to withholding of employment and payroll taxes, or withholding arising from a failure to provide the deliverable in Section 2.4(a)(v)) at least five (5) days prior to the date of the applicable payment, and shall reasonably cooperate with Seller to reduce or eliminate any such deduction or withholding (including by providing the applicable payee a reasonable opportunity to provide any applicable certificates, forms or other documentation that would eliminate or reduce the requirement to deduct or withhold under applicable Law). To the extent that amounts are so deducted or withheld by Buyer or any of its Affiliates, such withheld amounts (a) shall be timely remitted by Buyer or its Affiliates to the applicable Governmental Entity and (b) shall be treated for all purposes of this Agreement as having been paid to Seller payee of the payment giving rise to such deduction or withholding.

### **Article III**

### **REPRESENTATIONS AND WARRANTIES OF SELLER**

Except as set forth in the Seller Disclosure Schedules, Seller hereby represents and warrants to Buyer as follows:

#### 3.1 Existence and Power.

(a) Seller is a limited liability company duly formed, validly existing and in good standing under the Laws of the State of Delaware.



(b) Each Acquired Company is an entity duly formed, validly existing and in good standing under the Laws of its jurisdiction of incorporation or formation (as applicable), has all requisite corporate or limited liability company, as applicable, power and authority required to own and lease its property and to carry on its business as presently conducted, and is duly qualified to transact business as a foreign entity and is in good standing as a foreign entity authorized to transact business in each jurisdiction in which the nature of the business conducted by it requires such qualification, except where the failure to be so qualified or in good standing would not, reasonably be expected to have a Material Adverse Effect.

(c) Schedule 3.1(c) sets forth a list of all jurisdictions in which each Acquired Company is duly qualified or authorized to do business as a foreign corporation or like entity. Seller has made available to Buyer true, correct and complete copies of the Organizational Documents of each Acquired Company, including all amendments or modifications thereto. Such Organizational Documents are in full force and effect and no Acquired Company is in violation of any provision of its Organizational Documents.

(d) The Foreign Entities do not have, and have never had, any assets or liabilities and have never conducted any business activities.

3.2 Authorization. The execution, delivery, and performance by Seller of this Agreement, each Ancillary Document to which Seller is a party and the consummation of the transactions contemplated hereby and thereby (a) are within Seller's limited liability company powers and (b) have been duly authorized by all necessary limited liability company action on the part of Seller.

3.3 Enforceability. This Agreement has been duly executed and delivered by Seller and constitutes a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally and except insofar as the availability of equitable remedies may be limited by applicable Law.

3.4 Governmental and Third Party Authorizations. Except as set forth on Schedule 3.4, and except for applicable requirements under "blue sky" laws of various states and assuming all filings required under (a) the HSR Act are made and any waiting periods thereunder have expired or been terminated, (b) the First ITAR filing (or any extension thereof) is made and (i) any waiting period has expired and (ii) the Company has satisfied any obligations imposed on it by the DDTC in connection with the First ITAR Filing, and (c) the regulations of CFIUS at 31 C.F.R. Part 800 of a filing regarding the transactions contemplated by the Agreement and the receipt of CFIUS Approval, no material consent, approval or authorization of, declaration or notice to or filing or registration with, any Governmental Entity or any party to a Material Contract is required to be made or obtained by Seller in connection with the execution, delivery and performance by Seller of this Agreement or the consummation by Seller of the transactions contemplated hereby, except in each case for such consents or approvals (y) the failure of which to obtain would not, individually or in the aggregate, reasonably be expected to be material to the Acquired Companies or (z) that would arise as a result of the business or activities in which Buyer is or proposes to be engaged or as a result of any acts or omissions by, or any facts pertaining to, Buyer.





3.5 Noncontravention. Except as set forth on Schedule 3.5 and except for applicable requirements under “blue sky” laws of various states and assuming all filings required under the HSR Act are made and any waiting periods thereunder have expired or been terminated, the execution, delivery and performance by Seller of this Agreement or any Ancillary Document to which it is a party and the consummation of the transactions contemplated hereby and thereby, will not (a) conflict with or violate the Organizational Documents of Seller or any Acquired Company, (b) conflict with or violate any Law applicable to Seller or any Acquired Company, (c) constitute (with or without due notice or lapse of time or both) a default or breach by an Acquired Company or give rise to any right of termination, modification, payment or acceleration under any Material Contract or material Permit of any Acquired Company, or (d) result in the creation or imposition of any Lien (other than Permitted Liens) on any asset of any Acquired Company, except in the case of clauses (b) and (c) such conflicts, violations, defaults or breaches that would not, individually or in the aggregate, reasonably be expected to be material to the Acquired Companies.

3.6 Capitalization; Subsidiaries.

(a) Schedule 3.6(a) sets forth the entire authorized Equity Securities of each Acquired Company and a complete and correct list as of the date hereof of the issued and outstanding Equity Securities of each Acquired Company, including the name of the record owner thereof and the number of Equity Securities held thereby. All of the outstanding Equity Securities of each Acquired Company (i) have been duly authorized and validly issued and, if applicable, are fully paid and non-assessable, (ii) are free of any Liens, and (iii) were not issued in violation of any preemptive rights or rights of first refusal, the Organization Documents of such Acquired Company or any Contract to which such Acquired Company is a party of by which it is bound. Except as set forth on Schedule 3.6(a), there are no pre-emptive-rights, tag-along, drag-along, rights of first refusal or other rights or Contracts (including any options, warrants or similar agreements) obligating any Acquired Company to issue, sell, or accelerate the vesting of, any Equity Securities. Except as set forth on Schedule 3.6(a), no Acquired Company has any Subsidiaries.

(b) Except as set forth on Schedule 3.6(b), there are no restrictions upon, any voting trusts or proxies or any Contracts or other arrangements with respect the voting, purchase, redemption, acquisition, registration, governance, transfer or the declaration of any payment of any distribution in respect of, any of the Equity Securities of each Acquired Company.

3.7 Financial Statements.

(a) Schedule 3.7(a) contains true, correct and complete copies of the following financial statements (collectively, the “**Financial Statements**”):

(i) The audited consolidated balance sheet of Seller as of December 31, 2019 and December 31, 2020, and the related consolidated statements of operations, members’ equity and cash flows for the periods then ended (collectively, the “**Audited Financial Statements**”); and



(ii) The unaudited consolidated balance sheet of Seller as of December 31, 2021 (the “**Most Recent Balance Sheet**”) and the related consolidated statement of income and cash flows for the twelve-month period then ended (collectively, the “**Unaudited Financial Statements**”).

(b) The Financial Statements are the same as the consolidated financial statements of the Company, except in each case as set forth on Schedule 3.7(b).

(c) Each of the Financial Statements presents fairly, in all material respects, the financial position of Seller and the Acquired Companies, at the dates thereof and the results of operations of Seller and the Acquired Companies, for the periods then ended, as applicable, in accordance with GAAP, except (i) as may be stated in the notes thereto, (ii) that the Unaudited Financial Statements are subject to year-end adjustments (none of which would be material, individually or in the aggregate) and lack the footnote disclosure otherwise required by GAAP and (iii) as set forth on Schedule 3.7(c).

(d) The Acquired Companies and Seller, as applicable, maintain, or cause to be maintained, a system of internal accounting controls reasonably sufficient to (i) comply with all material legal and accounting requirements applicable to the business conducted by the Acquired Companies or Seller, as applicable, and (ii) provide reasonable assurance that (1) transactions are executed in accordance with management’s general or specific authorizations, (2) transactions are recorded as necessary to permit accurate preparation of financial statements in conformity with the Acquired Companies’ or Seller’s, as applicable, historical practices and to maintain reasonable asset accountability, (3) access to Books and Records is permitted only in accordance with management’s general or specific authorization and (4) reasonable reconciliations are being prepared on a consistent basis. During the past three (3) years, the Acquired Companies have not identified or been made aware of (i) any significant deficiency or material weakness in the internal accounting controls utilized by any Acquired Company, (ii) any actual or intentional fraud that involves management or any other current or former employee, consultant, contractor or manager of any member of any Acquired Company who has a role in the preparation of financial statements or the internal accounting controls utilized by any Acquired Company or (iii) any written or, to Seller’s Knowledge, oral claim or allegation regarding any of the foregoing.

(e) Except as set forth on Schedule 3.7(e), the Acquired Companies have no material debts, liabilities or obligations of any kind, whether accrued or fixed, absolute or contingent, or matured or unmatured, required to be disclosed on a consolidated balance sheet of the Acquired Companies prepared in accordance with GAAP, consistently applied, except for: (i) liabilities or obligations reflected or reserved against in the Most Recent Balance Sheet, (ii) liabilities incurred in the ordinary course of business of the Acquired Companies since the date of the Most Recent Balance Sheet (none of which relates to a breach of contract, breach of warranty, tort, infringement or violation of Law); (iii) contractual liabilities arising under Contracts, letters of credit, purchase orders, Permits and other business arrangements and commitments listed in the Seller Disclosure Schedules or otherwise entered into in the ordinary course of business of the Acquired Companies; (iv) Permitted Liens; (v) Indebtedness and Transaction Expenses; and (vi) other liabilities set forth in this Agreement, any Ancillary Document or the Seller Disclosure Schedules.



(f) All accounts receivable and notes receivable of the Acquired Companies reflected on the Most Recent Balance Sheet, and all accounts receivable and notes receivable of the Acquired Companies that have arisen from the Company Balance Sheet Date until the date hereof, (i) arose from bona fide and arm's-length transactions entered into by the Acquired Companies involving the sale of goods or the rendering of services in the ordinary course of business; (ii) to Seller's Knowledge, are the valid and legally binding obligations of the Persons obligated to pay such amounts (except to the extent of any accruals for promotional discounts); and (iii) are not subject to any defenses, counterclaims, rights of setoff or disputes that have been communicated to the Acquired Companies in writing.

(g) All accounts payable and accrued expenses of the Acquired Companies reflected on the Most Recent Balance Sheet, and all accounts payable and accrued expenses of the Acquired Companies that have arisen from the Most Recent Balance Sheet until the date hereof arose from bona fide and arm's-length transactions in the ordinary course of business. No material accounts payable or accrued expense of any Acquired Company is delinquent by more than thirty (30) days in its payment.

(h) Schedule 3.7(h) sets forth a list of the Indebtedness as of the date hereof. No material default or event of default exists under any Contract, instrument or terms governing such Indebtedness, and during the past three (3) years, no Acquired Company has received any written or, to Seller's Knowledge, oral notice or other written or, to Seller's Knowledge, oral communication by any creditor or counterparty in respect of such Indebtedness alleging any actual or potential default or event of default under any Contract, instrument or terms governing such Indebtedness. No Acquired Company has received any Indebtedness or grant pursuant to the CARES Act.

(i) Other than as would not be material to the Acquired Companies, all inventory of the Acquired Companies consists of a quality and quantity usable and salable in the ordinary course of business and fit for the purpose for which they were manufactured or procured, except for obsolete items and items of below-standard quality, which have been written off or written down to net realizable value on the Most Recent Balance Sheet.

3.8 Absence of Certain Changes. As of the date hereof, except as disclosed in Schedule 3.8, since the date of the Most Recent Balance Sheet:

(a) the Acquired Companies have conducted their business only in the ordinary course of business consistent with past practice;

(b) there has not been any change, event, violation or development that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect;

(c) no Acquired Company has sold, leased, transferred, or assigned any of its material assets, other than in the ordinary course of business consistent with past practice;

(d) no Acquired Company has cancelled, compromised, waived, or released any material right or claim outside of the ordinary course of business consistent with past practice;



(e) no Acquired Company has granted any license or sublicense of any rights under or with respect to any Intellectual Property other than in the ordinary course of business consistent with past practice;

(f) no Acquired Company has made or authorized any material change in any Organizational Document of any Acquired Company;

(g) no Acquired Company has issued, sold, or otherwise disposed of any of its Equity Securities, or granted any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any of its Equity Securities;

(h) no Acquired Company has experienced any material damage, destruction, or loss (whether or not covered by insurance) to any of its property outside of the ordinary course of business consistent with past practice;

(i) other than with respect to any Transaction Bonuses, no Acquired Company has (i) made any material increase in the base compensation of any of its directors, officers or Employees, except in the ordinary course of business consistent with past practice, or (ii) adopted any material Benefit Plan or modified any material Benefit Plan in any material respect, in each case, except as may be required by any Law or Contract;

(j) no Acquired Company has (1) made or changed any material Tax election, outside the ordinary course of business, (2) changed any material method of accounting for Tax purposes, (3) incurred any material liability for Taxes other than in the ordinary course of business or as a result of the transactions contemplated by this Agreement, (4) filed any material amended Tax Return or a claim for refund of Taxes, (5) settled any material claim relating to Taxes or (6) consented to any extension or waiver of the statute of limitations applicable to any Tax Return or agree to any extension of time with respect to a Tax assessment or deficiency (other than as the result of extending the due date of a Tax Return); and

(k) no Acquired Company has legally obligated itself to do any of the actions described in the foregoing clauses (c) through (j);

### 3.9 Material Contracts.

(a) Schedule 3.9(a) contains a list as of the date hereof of each Contract pursuant to which any Acquired Company has any executory rights or obligations that:

(i) involves or provides for a committed payment by or to any of the Acquired Companies of consideration of more than \$250,000, individually, or \$500,000, in the aggregate, in the current or any future calendar year and cannot be cancelled by any Acquired Company without penalty or further payment without more than 90 days' notice, in each case, other than (A) any employment letter or other employment or consulting agreements, (B) a Benefit Plan or (C) a Real Property Lease;

(ii) is an agreement with (i) any of the ten (10) largest customers by revenue received by the Acquired Companies in the aggregate (consolidating into a single customer all affiliated customers) (A) during the twelve (12) months ended December 31, 2021 and (B) during the twelve (12) months ended December



31, 2020 (each, a “**Large Customer**”), excluding any purchase orders for which the goods and services have been delivered by the

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Acquired Companies or (ii) any of the largest suppliers or vendors by amounts paid by the Acquired Companies in the aggregate (A) in the twelve (12) months ended December 31, 2021 and (B) during the twelve (12) months ended December 31, 2020 (each, a “**Large Supplier**”), excluding any purchase orders involving consideration less than \$100,000;

(iii) is an agreement pursuant to which any Acquired Company leases, subleases, occupies or otherwise uses any real property (the “**Real Property Leases**”);

(iv) creates a partnership, joint development or joint venture;

(v) is an agreement with any Related Person or, to Seller’s Knowledge, any employee of any Acquired Company, other than (A) any employment letter that sets forth the terms of an at will employment arrangement or (B) a Benefit Plan;

(vi) restricts any Acquired Company from engaging, or competing with any Person, in any line of business or in any geographic area;

(vii) grants most favored nation pricing or contains any right of first refusal, right of first negotiation, right of first offer or exclusivity in favor of any Person other than an Acquired Company;

(viii) is with an Affiliate of any Acquired Company (other than another Acquired Company);

(ix) is directly or indirectly with a Governmental Entity, including, to the Seller’s Knowledge, where any Acquired Company is acting as a lower-tier subcontractor in support of an agreement with a Governmental Entity;

(x) relates to the purchase or sale of any business (whether by merger, sale of capital stock, sale of assets or otherwise), which such acquisition was consummated during the past three (3) years or otherwise has continuing material obligations;

(xi) provides for capital expenditures following the date hereof in excess of \$100,000;

(xii) relates to any equity appreciation, phantom equity or similar arrangements;

(xiii) involves any resolution or settlement of any Suit, threatened Suit or other dispute that contain (A) any outstanding monetary obligations, individually or in the aggregate, in excess of \$50,000, or (B) any future non-monetary obligations that would be material the Acquired Companies;

(xiv) any agreement that involves indemnification obligations to any other Person, other than, those entered into in the ordinary course of business;



(xv) creates or grants a Lien (other than a Permitted Lien) on the properties or assets of any Acquired Company;

(xvi) relates to Payoff Indebtedness;

(xvii) is with a contract manufacturer or relates to the contract manufacturing of any product of any Acquired Company, involving consideration in excess of \$500,000; or

(xviii) is a collective bargaining agreement (or similar labor contract) covering any Employee.

(b) Except as disclosed in Schedule 3.9(b), as of the date hereof, each Material Contract is in full force and effect and is binding and enforceable against the applicable Acquired Company and to Seller's Knowledge, any other party to such Material Contract. Except as set forth in Schedule 3.9(b), none of the Acquired Companies is in breach or default in any material respect, or in receipt as of the date hereof of any written or, to Seller's Knowledge, oral notice of any breach or default in any material respect of any Material Contract and to Seller's Knowledge, no event has occurred that with notice or lapse of time would constitute a material breach or material default thereunder by the Acquired Companies or any other party to such Material Contract. Except as set forth in Schedule 3.9(b), to Seller's Knowledge, as of the date hereof, no counterparty to any Material Contract is in breach or default in any material respect of such Material Contract. No party to any Material Contract has exercised any termination rights with respect thereto or has delivered written or, to Seller's Knowledge, oral notice of termination or material modification of any Material Contract.

(c) Seller has made available to Buyer a true, correct and complete copy of each written Material Contract (or, with respect to any oral Material Contract, a summary) as of the date hereof, including all amendments or modifications thereto.

3.10 Suits. Except as set forth on Schedule 3.10, there are no, and during the previous three (3) years there have been no, (i) Suits pending or, to Seller's Knowledge, threatened against any Acquired Company or (ii) to Seller's Knowledge, investigations or audits by any Governmental Entity of any Acquired Company or involving any of the assets owned by any Acquired Company, or written or, to Seller's Knowledge, oral notice of the foregoing. Except as disclosed on Schedule 3.10, as of the date hereof, there are no material Orders in effect with respect to any Acquired Company or involving any of the assets owned by any Acquired Company.

3.11 Compliance with Laws; Permits. None of the Acquired Companies is, or during the past five (5) years has been, in violation in any material respect of any Law to which it, its assets and properties or the operation of its business is subject or any material Permit necessary for the ownership of its assets or the operation of its business. Except as set forth on Schedule 3.11, none of the Acquired Companies has received in the three (3) years preceding the date hereof, written notice from any Governmental Entity of any material violation or alleged violation by it of any Law to which it is subject or any material Permit necessary for the ownership of its assets or the operation of its business which remains unresolved. Each Acquired Company holds, to the extent legally required, all material Permits necessary to operate its business as currently conducted. No suspension or cancellation of any of the material Permits of the Acquired Companies is pending or, to Seller's Knowledge, threatened. Schedule 3.11 contains a list as of the date hereof of all material Permits held by any Acquired Company.



3.12 Tangible Personal Property. An Acquired Company has good and marketable title to or, in the case of leased property other than the Leased Real Property, has valid leasehold interests in, all tangible personal property (including all fixtures, leasehold improvements, equipment, office, operating and other supplies and furniture) material to their business as presently conducted, free and clear of all Liens other than Permitted Liens. Such tangible personal property is in good operating condition (normal wear and tear expected), and fit, in all material respects, for use in the ordinary course of business.

3.13 Intellectual Property.

(a) The Acquired Companies solely own, free and clear of all Liens other than Permitted Liens, all Company Intellectual Property. The Company Intellectual Property is fully transferable, alienable and licensable, in each case, without payment of or compensation due to any Person other than the Acquired Companies. The Registered Intellectual Property (as defined below) is valid, subsisting and enforceable.

(b) Schedule 3.13(b) contains a list as of the date hereof (specifying the owner thereof and the registration or application number if applicable) of all Intellectual Property registered with, and/or applied for with, a Governmental Entity or other administrative, public or quasi-public authority and owned by any Acquired Company (collectively, “**Registered Intellectual Property**”). Except as otherwise set forth on Schedule 3.13(a), none of the Registered Intellectual Property has been cancelled, abandoned or adjudicated invalid or unenforceable, excluding, for the avoidance of doubt, ordinary course office actions and like matters issued by the U.S. Patent and Trademark Office or any other similar Governmental Entity any where in the world. All required registration, maintenance and renewal fees for each item of Registered Intellectual Property have been made, and except as would not reasonably be expected to have an effect on the validity or enforceability of any item of Registered Intellectual Property, all required documents, recordations and certifications in connection with such Registered Intellectual Property have been filed with the relevant Governmental Entity or other administrative authority for the purposes of prosecuting, maintaining or perfecting such Registered Intellectual Property.

(c) Schedule 3.13(c) contains a list as of the date hereof of all Contracts pursuant to which Intellectual Property is (i) licensed to any Acquired Company (excluding generally commercially available, off the shelf software programs licensed pursuant to shrink-wrap or “click to accept” agreements), or (ii) licensed by any Acquired Company to any third party (excluding non-exclusive licenses granted to (1) customers of an Acquired Company’s products or services in the ordinary course of business or (2) contractors, consultants, or service providers of an Acquired Company solely for purposes of the performance of services for or on behalf of an Acquired Company).

(d) Except as set forth on Schedule 3.13(d)(i), (i) none of the Acquired Companies are infringing, misappropriating or otherwise violating, or have infringed, misappropriated or otherwise violated in the six (6) year period immediately preceding the date of this Agreement, the Intellectual Property of any other Person, and (ii) none of the products or services of the Acquired Companies infringe, misappropriate or otherwise violate, and in the six (6) year period immediately preceding the date of this Agreement have not infringed, misappropriated or otherwise violated, the Intellectual Property of any Person. Except as set forth on Schedule 3.13(d)(iii), no Person is infringing, misappropriating or otherwise violating, or has infringed, misappropriated or otherwise violated in the two (2) year period immediately preceding the date of this Agreement, the Intellectual Property owned by any Acquired Company.



(e) All current and former employees of the Acquired Companies who are or have been involved in the creation or development of material Company Intellectual Property have executed and delivered to the Acquired Companies an agreement regarding the protection of proprietary information and providing for the assignment to the Acquired Companies of all Intellectual Property made in the course of services performed by such employee for the Acquired Companies by such persons, the current form(s) of which has been delivered or made available to Buyer or its counsel. All current and former individual consultants to the Acquired Companies who are or have been involved in the creation or development of Company Intellectual Property material to the business of the Acquired Companies have executed and delivered to the Acquired Companies an agreement with terms regarding the protection of proprietary information and providing for the assignment to the Acquired Companies of all Intellectual Property made by such consultant in the course of services performed for the Acquired Companies by such persons that are substantially consistent with, and different in no material respect from, such terms in the form(s) delivered or made available to Buyer or its counsel. To Seller's Knowledge, no current or former employee or consultant of the Acquired Companies is in material violation of any term of any such proprietary information and assignment agreement or consulting agreement between such person and the Acquired Companies. Each Acquired Companies has taken commercially reasonable measures to protect the confidentiality of confidential information and trade secrets of the Acquired Companies or of any third party that has provided any confidential information or trade secrets to the Acquired Companies.

(f) No Acquired Company has licensed, disclosed or delivered, agreed to license, disclose or deliver, or permitted the disclosure or delivery to any escrow agent or other Person, of any source code that constitutes Company Owned Technology, except for disclosures to employees, contractors or consultants under written agreements that contain reasonable prohibitions on the use or disclosure except in the performance of services for the relevant Acquired Company.

(g) No Acquired Company has used Open Source Software in any manner that would, with respect to any software that constitutes Company Owned Technology, (i) require its disclosure or distribution in source code form, (ii) require the licensing thereof for the purpose of making derivative works, or (iii) impose any material restriction on the consideration to be charged for the distribution thereof. No Acquired Company is in breach of any material terms or conditions of any Open Source Software License.

(h) No government funding, facilities or resources of a university, college, other educational institution was used in the development of the Company Intellectual Property.



(i) No Acquired Company is, nor has ever been, a member of or a contributor to any industry standards organization, body, working group, patent pool, trade association or similar organization. Neither any Acquired Company nor any Company Intellectual Property are subject to any binding licensing, assignment, contribution, disclosure, or other requirements or restrictions of any industry standards organization, body, working group, patent pool, trade association or similar organization.

(j) The Company IT Systems include all of the IT Systems used by the Acquired Companies and are adequate and sufficient (including with respect to working condition and capacity) for the operation of the Acquired Companies' businesses as currently operated in all material respects. All Company IT Systems are owned, controlled and operated by the Acquired Companies, except for equipment, hardware, or software validly leased or licensed to any of the Acquired Companies. The Acquired Companies have taken reasonable measures designed to (i) preserve and maintain the performance, security and integrity of the Company IT Systems (and all software, information or data stored thereon) and protect the Company IT Systems (and all software, information or data stored thereon) from unauthorized access and/or use and (ii) maintain reasonable documentation regarding all Company IT Systems owned, controlled, used, and/or operated by the Acquired Companies, it being understood that it would not be reasonable to maintain documentation with respect to generally commercially available IT Systems that are leased or licensed to any of the Acquired Companies. During the three-year period prior to the Agreement Date: (A) there has been no material failure of any Company IT Systems owned, controlled and operated by the Acquired Companies, and (B) to Seller's Knowledge there has been no unauthorized access to, intrusions of, breaches of the security of, or use of, the Company IT Systems owned, controlled, used and/or operated by the Acquired Companies. To Seller's Knowledge, the Company IT Systems and any software included in Company Owned Technology do not contain any malware or any virus, worm, trap door, back door, trojan horse, time bomb, drop dead device or other software that would erase data or programming, compromise security or otherwise cause any of the Company IT Systems or software included in the Company Owned Technology to become inoperable, inaccessible or incapable of being used.

3.14 Insurance. Schedule 3.14 sets forth a list, as of the date hereof, of each insurance policy currently in effect to which any Acquired Company is a party or a named insured, excluding any insurance associated with any Benefit Plan. With respect to each such insurance policy, except as set forth on Schedule 3.14, as of the date hereof: (a) all premiums with respect thereto covering all current periods have been paid to the extent due; (b) no written or, to Seller's Knowledge, oral notice of cancellation or premium increase has been received with respect to such policy as of the date hereof; (c) the Acquired Companies are in compliance in all material respects with the terms of such policy. There are no material claims of any Acquired Company that are currently pending with any insurance carrier. For the last three (3) years, no Acquired Company has (a) had a claim rejected or payment with respect thereto denied by its insurance provider for such claim, (b) had a claim in which there is an outstanding reservation of rights (other than standard reservation of rights letters) or (c) had the policy limit under any insurance policy exhausted or materially reduced.

3.15 Real Property.



(a) No Acquired Company currently owns, or has ever owned, or has any obligation to purchase any real property.

(b) Schedule 3.15 contains a list of each parcel of real property leased under the Real Property Leases (the “**Leased Real Property**”), including, with respect to each Leased real Property, the street address of such Leased Real Property and the current use of such Leased Real Property by the applicable Acquired Company.

(c) The Leased Real Property constitutes all of the real property occupied or operated by any Acquired Company in connection with its business. To Seller’s Knowledge, no portion of the Leased Real Property is subject to any pending or threatened condemnation or other similar proceeding by any Governmental Entity. Except as disclosed in Schedule 3.15, there are no Contracts to which any Acquired Company is a party granting to any third party the right of use or occupancy of any portion of the parcels of the Leased Real Property.

### 3.16 Employees.

(a) Seller has provided to Buyer a true and correct list of all Employees as of the date hereof, including for each Employee, as applicable: job title, date of hire, work location (including city and state), employing entity, exempt/non-exempt status, base salary or hourly rate, annual target cash incentive compensation opportunities, and whether working on a visa or pursuant to other work authorizations.

(b) Except as set forth on Schedule 3.16(b), as of the date hereof and in the past three (3) years, none of the Acquired Companies has had (i) any labor strike, slowdown or stoppage pending or, to Seller’s Knowledge, threatened against such Acquired Company, (ii) any collective bargaining negotiations or material written or, to Seller’s Knowledge, oral grievances relating to any current or former Employees, or (iii) to Seller’s Knowledge, any organizing activity, representation petition, or other request for recognition by a labor union or other employee representative.

(c) During the past three (3) years, (i) there have been no written or, to Seller’s Knowledge, oral allegations of sexual harassment, sexual abuse, or other sexual misconduct against any officer, director, or supervisor of any Acquired Company, (ii) there have been no Suits pending or, to Seller’s Knowledge, threatened in writing or, to Seller’s Knowledge, orally related to any allegations of sexual harassment, sexual abuse, or other sexual misconduct by any officer, director, or managerial employee of any Acquired Company, and (iii) none of the Acquired Companies have entered into any settlement agreements related to allegations of sexual harassment, sexual abuse, or other sexual misconduct by any officer, director or managerial employee of any Acquired Company.

(d) Each of the Acquired Companies is, and has been in the past three (3) years, in compliance with the Worker Adjustment Retraining and Notification Act, and any similar state or local Law (collectively, “**WARN**”), and has no liabilities or other obligations thereunder. None of the Acquired Companies has taken any action during the 90-day period prior to the date hereof that would reasonably be expected to cause any Acquired Company to have any liability or other obligation following the Closing Date under WARN.



(e) Except as set forth on Schedule 3.16(e), to Seller's Knowledge, no current or former Employee of any Acquired Company is in material breach of any employment agreement, nondisclosure agreement, or other nondisclosure obligation, non-competition agreement, or other restrictive covenant or related obligation: (i) to any Acquired Company, or (ii) to a former employer of any such employee relating (A) to the right of any such employee to be employed by any Acquired Company, or (B) to the knowledge or use of trade secrets or other proprietary information.

### 3.17 Benefit Matters.

(a) Schedule 3.17(a) attached hereto contains a list as of the date hereof of all material Benefit Plans.

(b) None of the Acquired Companies currently has, and at no time in the past six (6) years has had, an obligation to contribute to any "multiemployer plan" (within the meaning of Section 3(37) of ERISA or Section 414(f) of the Code), "multiple employer plan" (within the meaning of Section 413 of the Code or Section 210(a) of ERISA, "multiple employer welfare arrangement" (within the meaning of Section 3(40) of ERISA), "defined benefit plan" as defined in Section 3(35) of ERISA, or pension plan subject to Title IV of ERISA or the funding standards of Section 302 of ERISA or Section 412 of the Code. No Acquired Company has incurred any liability (including without limitation any liability through any member of the Controlled Group) under Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code and nothing has occurred that would result in any such liability.

(c) With respect to each Benefit Plan intended to qualify under Section 401(a) of the Code, such Benefit Plan has received a determination letter or opinion letter from the Internal Revenue Service (the "IRS") stating that the form of such plan is so qualified, and, to Seller's Knowledge, nothing has occurred since the date of any such determination that could reasonably be expected to give the IRS grounds to revoke such determination.

(d) Except as set forth on Schedule 3.17(d), each Benefit Plan has been administered and maintained, in all material respects, with its terms and all applicable Laws, including ERISA and the Code, as applicable. There is no pending or threatened assessment, complaint, proceeding, or investigation or any kind in any court or government agency with respect to any Benefit Plan (other than routine claims for benefits), nor, to Seller's Knowledge is there any basis for one.

(e) Except as set forth on Schedule 3.17(e), an Acquired Company has in all material respects made or properly accrued all insurance premiums required to be paid with respect to, benefits, expenses, or other amounts due and payable under, and payments, transfers and contributions required to be made to all Benefit Plans on a timely basis as required by the terms of each such Benefit Plan (and any insurance contract funding such plan) and any applicable Law.

(f) Except as set forth on Schedule 3.17(f), there have been no nonexempt "prohibited transactions" as such term is defined in Section 406 of ERISA or Section 4975 of the Code with respect to any Benefit Plan, except as have not and would not result in material liability to any Acquired Company, and none of the Acquired Companies has material Tax liability under Section 4975 of the Code. Except as required by applicable Law, and except as would not be material, no Benefit Plan, nor any trust which serves as a funding medium for any such Benefit Plan is, to Seller's Knowledge, currently under examination by the IRS, the United



States Department of Labor, the Pension Benefit Guaranty Corporation or any court, other than applications for determinations pending with the IRS.

(g) Seller has made available to Buyer correct and complete copies of the following documents: to the extent applicable, all plan documents, amendments and trust agreements relating to each Benefit Plan, including any insurance contracts under which benefits are provided and other documents relating to the funding or payment of benefits under any Benefit Plan, as currently in effect; to the extent applicable, the most recent Internal Revenue Service notification, opinion or determination letter relating to any Benefit Plan that is a pension plan (as defined in Section 3(2) of ERISA) which is intended to be qualified under Section 401(a) of the Code, to the extent such reports were required, all annual reports filed on Form 5500 or 5500C/R, as applicable, for the most recent plan year for which such form is currently required; and the current summary plan description, if any is required by ERISA to be prepared and distributed to participants, for each Benefit Plan.

(h) Except as set forth on Schedule 3.17(h), no Benefit Plan provides post-retirement medical benefits, post-retirement death benefits or other post-retirement welfare benefits, except to the extent of the continuation coverage rules as provided under Sections 601 through 608 of ERISA (“**COBRA**”) or any other similar applicable Law. No Benefit Plan provides benefits to any individual who is not a current or former employee of any Acquired Company, or the dependents or other beneficiaries of any such current or former employee.

(i) The execution and performance of this Agreement will not constitute a stated triggering event under any Benefit Plan that will result in any payment (whether of severance pay or otherwise) becoming due from any Acquired Company to any current or former officer, employee, director or consultant (or dependents of such Persons), or accelerate the time of payment or vesting, or increase the amount of compensation due to any current or former officer, employee, director or consultant (or dependents of such Persons) of any Acquired Company; however, none of this paragraph shall apply to (i) any payment or benefit provided by Buyer or Affiliate of Buyer (other than the Acquired Companies), or (ii) any payment or benefit provided by any Acquired Company at Buyer’s direction or pursuant to an agreement entered into by a Acquired Company at the Buyer’s direction (clauses (i) and (ii) are collectively defined as “**Buyer Arrangements**”).

(j) No amount that could be received (whether in cash or property or the vesting of property) as a result of any of the transactions contemplated by this Agreement by any employee, officer or director of any Acquired Company or any of its affiliates who is a “disqualified individual” (as such term is defined in Treasury Regulation Section 1.280G-1) under any employment, severance or termination agreement, other compensation agreement or Benefit Plan would be characterized as an “excess parachute payment” (as such term is defined in Section 280G(b)(1) of the Code); however, this paragraph shall not apply to any Buyer Arrangements.

(k) Each Benefit Plan and any other payment or arrangement for which any Acquired Company has liability that is subject to Section 409A of the Code is in all material respects in documentary compliance with and has been operated in compliance with Section 409A of the Code, and no individual has a right to any gross up or indemnification from any Acquired Company with respect to any such Benefit Plan, payment or arrangement subject to Section 409A of the Code.

3.18 Environmental Matters. Except as set forth on Schedule 3.18, (i) no Acquired Company has received in the three (3) years preceding the date hereof any written notice with respect to its business or Leased Real Property from any Governmental Entity or other third party alleging that such Acquired Company is not in compliance in all material respects with any Environmental Law which remains unresolved, (ii) no Acquired Company has caused, or contracted with any party for, the generation, use, treatment, storage or disposal of any Hazardous Materials on or at the Leased Real Property, except in the ordinary course of business and in compliance in all material respects with all applicable Environmental Laws, (iii) to Seller's Knowledge, except in compliance with Environmental Laws, no Acquired Company has transported or arranged for transport of any Hazardous Substances for disposal at any off-site property, (iv) to Seller's Knowledge, during the three (3) years preceding the date hereof, there has been no "release" of a "hazardous substance," as those terms are defined in the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 *et seq.*, at, on, under, or from the Leased Real Property in excess of a reportable quantity in violation of any Environmental Law or that could reasonably be expected to result in a violation of any Environmental Law, any environmental liabilities, or a liability or obligation to perform material remediation, removal, response, restoration, abatement, investigation, or monitoring pursuant to Environmental Law, and (v) the Seller has made available to Buyer complete and accurate copies of all material, non-privileged documents in their possession identifying recognized environmental conditions or non-compliance with or liability or obligations under Environmental Laws including environmental assessment and audit reports and studies.

### 3.19 Taxes.

(a) All material Tax Returns required to be filed by each Acquired Company have been filed with the appropriate taxing authorities, and all such Tax Returns are true, complete and correct in all material respects. Each Acquired Company has paid all material Taxes shown as due and payable by it (regardless of whether reflected on such Tax Returns).

(b) Each Acquired Company has withheld and paid over all material Taxes required to have been withheld and paid over by such Acquired Company in connection with amounts paid or owing to any employee, independent contractor, or other third party to the extent due and payable.

(c) No notice of deficiency, proposed deficiency or assessment with respect to Taxes has been asserted in writing against any of the Acquired Companies regarding any Liability for Taxes in respect of which has not been resolved. There are no in progress, pending or, to the knowledge of the Company, threatened audits or examinations by a Governmental Entity with respect to Taxes of any of the Acquired Companies.





(d) There are no Liens (other than Permitted Liens) for Taxes on the assets of any of the Acquired Companies.

(e) None of the Acquired Companies has participated in any “listed transaction” within the meaning of Section 6707A(c)(2) of the Code.

(f) None of the Acquired Companies (i) is a party to any Tax sharing, allocation, indemnity or similar agreement or arrangement pursuant to which it will have any obligation to make any payments after the Closing, other than any customary agreement or obligation entered into in the ordinary course of business, the primary purpose of which is not related to Taxes, (ii) has been a member of any consolidated, combined, affiliated or unitary group of corporations for any Tax purposes other than a group of which the Company is the common parent, or (iii) has any liability for Taxes of any Person (other than an Acquired Company) under U.S. Treasury Regulations Section 1.1502-6 (or similar or comparable provision of applicable state, local or foreign Law), as a transferee or successor, by contract, or otherwise (other than pursuant to commercial contracts entered into in the ordinary course of business, the primary purpose of which is not related to Taxes).

(g) No written claim has been made by a Governmental Entity in a jurisdiction where an Acquired Company does not file Tax Returns or pay Taxes that such entity is or may be subject to taxation or to a requirement to file Tax Returns or pay Taxes in that jurisdiction that remains unresolved.

(h) None of the Acquired Companies will be required to include any item of income in, or exclude any item of deduction from, taxable income for any period (or portion thereof) beginning after the Closing Date as a result of (i) an adjustment made by an Acquired Company before the Closing Date under Section 481(a) of the Code (or any corresponding or similar provision of state, local or non-U.S. Law), (ii) any installment sale or open transaction made by an Acquired Company on or prior to the Closing, or (iii) the discharge of any Indebtedness of an Acquired Company on or prior to the Closing.

(i) In the last three (3) years, none of the Acquired Companies has distributed the stock of, or has not had its stock distributed by, another Person in a transaction that was purported or intended to be governed in whole or in part by a tax-free distribution under Section 355 of the Code or a tax-free exchange pursuant to a corporate reorganization under Section 361 of the Code.

(j) None of the Acquired Companies is a party to any joint venture, partnership or other contract that is treated as a partnership for income Tax purposes (other than a joint venture or partnership with any of the Acquired Companies).

(k) None of the Acquired Companies has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to an assessment or deficiency of Taxes (other than as the result of a routine extension of the due date of a Tax Return), which waiver or extension is still in effect.



(l) Schedule 3.19(l) sets forth the entity classification of each of the Acquired Companies for U.S. federal income Tax purposes. None of the Acquired Companies is a “controlled foreign corporation” within the meaning of Section 957 of the Code.

(m) Notwithstanding anything contained in this Agreement to the contrary, Seller makes no representations or warranties with respect to the existence, availability, amount, usability or limitations (or lack thereof) of any net operating loss, net operating loss carryforward, capital loss carry forward, basis amount, or other Tax attributes of the Acquired Companies after the Closing Date.

3.20 Brokers. Except for Cowen Inc., no investment banker, broker, finder or similar intermediary has been retained by or is authorized to act on behalf of Seller or any Acquired Company who is entitled to any fee, commission or other similar charges from any Acquired Company in connection with the transactions contemplated by this Agreement or the Ancillary Documents.

3.21 Affiliate Transactions. Except as set forth on Schedule 3.21, (a) no Seller Party or Related Person or, to Seller’s Knowledge, any employee of any Acquired Company is party to any Contract with any Acquired Company (other than any Contract entered into in the ordinary course of business in connection with such Related Person’s or employee’s capacity as a director, manager, officer or employee of any Acquired Company); (b) no Seller Party, Related Person or, to Seller’s Knowledge, employee of any Acquired Company is currently engaged in or has engaged in the twelve (12) months preceding the date hereof in any transaction with any Acquired Company (other than ordinary course transactions in connection with a Seller Related Party’s capacity as a director, manager, officer or employee of any Acquired Company); and (c) no Seller Party, Related Person or, to Seller’s Knowledge, employee of any Acquired Company has any material interest in any asset owned or leased by any Acquired Company or used in connection with its business or provides any material service, property, assets or loan to any Acquired Company.

### 3.22 Customers; Suppliers.

(a) Schedule 3.22(a) sets forth a true, correct and complete list of the Large Customers.

(b) Schedule 3.22(b) sets forth a true, correct and complete list of the Large Suppliers.

(c) To Seller’s Knowledge, (i) the transactions contemplated by this Agreement and the Ancillary Documents will not adversely affect the relationship of the Acquired Companies with any Large Customer or Large Supplier, and (ii) no Large Supplier has notified any Acquired Company that it expects in the foreseeable future any material difficulty in obtaining, in the quantity and quality consistent with past practices, the raw materials, supplies or component parts required for the manufacture, assembly or production of any product of any Acquired Company, other than in the ordinary course of business consistent with past practice.

### 3.23 Privacy and Information Security



(a) Other than as would not reasonably be likely to be material to the Acquired Companies, the Acquired Companies are, and at all times in the past three (3) years have been in compliance with the following, as applicable: (i) all public-facing privacy policies, privacy notices and privacy statements published on its websites, products and services (collectively, the “**Privacy Policies**”); and (ii) any published statements of the Acquired Companies or authorized representatives of the Acquired Companies regarding the Acquired Companies’ privacy, data protection, or information security practices with regard to the Acquired Companies’ collection, storage, use, transfer, disclosure, or other processing of Personal Data.

(b) In the past three (3) years, there have been no unauthorized intrusions or breaches of the security of any Acquired Company’s information technology systems it uses to use, store, or maintain Personal Data, except as would not reasonably be expected to be material to the Acquired Companies.

(c) Each Acquired Company has at all times in the past three (3) years complied with all Laws designed to protect Personal Data in its possession or control against unauthorized access, use, acquisition, and disclosure, except as would not reasonably be expected to be material to the Acquired Companies. In the past three (3) years, there has been no unauthorized access to or other unauthorized use, acquisition, or disclosure of Personal Data in the possession or control of any Acquired Company, except in each case as would not reasonably be expected to be material to the Acquired Companies.

### 3.24 Warranty and Related Matters.

(a) No Acquired Company has, during the past three (3) years, incurred any material liability as a result of, and to Seller’s Knowledge there is not any material defect or other material deficiency (whether of design, materials, workmanship, labeling, instructions, or otherwise) with respect to, any product designed, manufactured, sold, leased, licensed, or delivered, or any service provided by any Acquired Company, whether such liability is incurred by reason of any express or warranty (including any warranty of merchantability or fitness), any doctrine of common law (tort, contract, or other), any other legal requirement or otherwise. During the past three (3) years, no Governmental Entity has alleged in writing or, to Seller’s Knowledge, orally to an Acquired Company that any product designed, manufactured, sold, leased, licensed, or delivered by any Acquired Company is defective or unsafe or fails to meet any product warranty or any standards promulgated by any such Governmental Entity. During the past three (3) years, no product designed, manufactured, sold, leased, licensed, or delivered by any Acquired Company has been recalled, and no Acquired Company has received any written or, to Seller’s Knowledge, oral notice of recall of any such product from any Governmental Entity.

(b) Seller has made available the standard form of product or service warranty that the Acquired Companies provide in their Contracts with customers. During the past three (3) years, no Acquired Company has given to any Person any product or service guaranty or warranty, right of return or other indemnity relating to the products manufactured, sold, leased, licensed, or delivered, or services performed, that contains terms that are materially different from such standard form of warranty. The Acquired Companies’ reserve for warranty claims has been prepared in accordance with, and is consistent in all respects, with GAAP.



**Article IV**  
**REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer hereby represents and warrants to Seller as follows:

4.1 Existence and Power. Buyer is a corporation duly organized, validly existing, and in good standing under the Laws of the State of Delaware.

4.2 Authorization. The execution, delivery, and performance by Buyer of this Agreement, each Ancillary Document and the consummation of the transactions contemplated hereby and thereby (a) are within Buyer's corporate powers and (b) have been duly authorized by all necessary corporate action on the part of Buyer.

4.3 Enforceability. This Agreement has been duly executed and delivered by Buyer and constitutes a valid and legally binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally and except insofar as the availability of equitable remedies may be limited by applicable Law.

4.4 Governmental and Third Party Authorizations. Except for applicable requirements under "blue sky" laws of various states and assuming all filings required under (a) the HSR Act are made and any waiting periods thereunder have expired or been terminated, (b) the First ITAR filing (or any extension thereof) is made and (i) any waiting period has expired and (ii) the Company has satisfied any obligations imposed on it by the DDTC in connection with the First ITAR Filing, and (c) the regulations of CFIUS at 31 C.F.R. Part 800 of a filing regarding the transactions contemplated by the Agreement and the receipt of CFIUS Approval, no material consent, approval or authorization of, declaration or notice to or filing or registration with, any Governmental Entity or any other party to a Contract to which Buyer is a party is required to be made or obtained by Buyer in connection with the execution, delivery and performance by Buyer of this Agreement or the consummation by Buyer of the transactions contemplated hereby, except for such consents or approvals the failure of which to obtain would not, individually or in the aggregate, adversely affect or delay the ability of Buyer to consummate the transactions contemplated by this Agreement in any material respect.

4.5 Noncontravention. Except for applicable requirements under "blue sky" laws of various states and assuming all filings required under the HSR Act are made and any waiting periods thereunder have expired or been terminated, the execution, delivery and performance by Buyer of this Agreement, and the consummation of the transactions contemplated hereby, will not (a) conflict with or violate the Organizational Documents of Buyer, (b) conflict with or violate any Law applicable to Buyer, or (c) constitute (with or without due notice or lapse of time or both) a default or breach by Buyer under any material Contract to which Buyer is a party, except in each case for such violations, defaults or impositions that would not, individually or in the aggregate, reasonably be expected to be material to or delay the ability of Buyer to consummate the transactions contemplated by this Agreement.

4.6 Brokers. No investment banker, broker, finder or similar intermediary has been retained by or is authorized to act on behalf of Buyer who is entitled to any fee, commission or similar charges from Buyer in connection with the transactions contemplated by this Agreement or the Ancillary Documents.





4.7 Investment Representations. Buyer is acquiring the Shares for its own account and not with a view to distribution within the meaning of Section 2(a)(11) of the Securities Act of 1933, as amended. Buyer acknowledges that it is relying solely on its own investigation and analysis in entering into the transactions contemplated hereby. Buyer is knowledgeable about the industries in which the Acquired Companies operate and is capable of evaluating the merits and risks of the transactions contemplated by this Agreement and is able to bear the substantial economic risk of such investment. Buyer has been afforded access to the Books and Records, facilities and personnel of the Acquired Companies for purposes of conducting a due diligence investigation and has conducted a due diligence investigation of the Acquired Companies.

4.8 Capacity to Close; Solvency. Buyer, directly and through its unrestricted ability to obtain funds from its Subsidiaries, has and at all times until Closing will have, immediately available funds which are in the aggregate sufficient to make payment of the Purchase Price on the Closing Date and all other payments required hereunder and to consummate the transactions contemplated hereby, in each case, without any third-party consent or approval required. Upon consummation of the transactions contemplated hereby, assuming the satisfaction of the conditions set forth in Article VIII and the accuracy of the representations contained in Article III, (a) Buyer and the Acquired Companies, on a consolidated basis, will not be insolvent as defined in Section 101 of Title 11 of the United States Code, (b) Buyer and each of the Acquired Companies will not be left with insufficient capital, (c) neither Buyer nor any Acquired Company will have incurred debts beyond its ability to pay such debts as they become absolute and mature and (d) the capital of Buyer and each of the Acquired Companies will not be impaired. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of Buyer or its Subsidiaries (including, following the Closing, each Acquired Company).

## **Article V**

### **COVENANTS AND AGREEMENTS OF SELLER**

5.1 Conduct of Business. Except (i) as set forth on Schedule 5.1, (ii) as required by Law, (iii) as may be commercially reasonable in response to the COVID-19 pandemic and reasonably consistent with (x) the actions taken by the Acquired Companies in response to the COVID-19 pandemic prior to the date hereof, (y) the applicable health and safety policies, procedures and protocols in effect at such date recommended by any Governmental Entity, the World Health Organization or any similar organization or (z) the then-current operations of similarly situated Persons operating in the same industries, markets or geographies in which the Acquired Companies operate, (iv) as contemplated by this Agreement, to the extent necessary to comply with Seller's obligations hereunder, or (v) as Buyer may otherwise consent to in writing (which consent shall not be unreasonably withheld, conditioned or delayed), from the date hereof until the earlier of the Closing or valid termination of this Agreement in accordance with its terms (the "**Pre-Closing Period**"), Seller shall cause each Acquired Company to:

(a) (i) conduct its business in the ordinary course of business consistent with past practice in all material respects (except as otherwise provided in this Section 5.1), and (ii) use commercially reasonable efforts to substantially preserve intact its present business organization and goodwill and substantially preserve the current business relationships with Persons with whom such Acquired Company has material business dealings, including its customers, suppliers, contractors, licensors, employees, vendors and distributors;



(b) not sell, lease, transfer, or assign any of its material assets, other than (i) sales of inventory, (ii) sales or other dispositions of obsolete property or equipment, or (iii) sales or other dispositions in the aggregate of less than \$100,000 of property or equipment, in each case in the ordinary course of business consistent with past practice;

(c) not initiate, settle, cancel, compromise, waive, or release any Suit or other material right or claim, other than any settlement, cancellation, compromise, waiver or release without liability after the Closing to any Acquired Company;

(d) (i) not grant any covenant, license or sublicense of any rights under or with respect to any Company Intellectual Property, other than non-exclusive licenses to Intellectual Property granted in the ordinary course of business consistent with past practice; (ii) not enter into any material inbound license or sublicense of any rights under or with respect to any Intellectual Property other than in the ordinary course of business consistent with past practice; and (iii) not sell, transfer, convey, assign, abandon or otherwise dispose of any Company Intellectual Property, or allow any material Company Intellectual Property to lapse;

(e) (i) not incur, assume, secure, provide credit support in respect of, or guaranty any Indebtedness, or (ii) not mortgage, pledge or subject to any Lien (other than a Permitted Lien) any portion of its assets (in each case of (i) and (ii), other than to the extent such item will be discharged or released at the Closing without liability after the Closing to any Acquired Company);

(f) not make or authorize any material change in any of its Organizational Documents;

(g) not split, combine, reclassify, issue, sell or otherwise dispose of any of its Equity Securities, or grant any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any of its Equity Securities or effect any dissolution, liquidation or like change;

(h) not merge or consolidate with or into any Person or otherwise acquire any Person (whether by merger, equity acquisition, asset purchase, or otherwise);

(i) not declare, set aside or pay any non-cash dividend or distribution in any property or in respect of any Equity Interest;

(j) not (i) increase the compensation of any of its directors, officers or Employees, except in the ordinary course of business consistent with past practice, (ii) adopt, modify or terminate any Benefit Plan, in each case, except in the ordinary course of business or as may be required by the terms of any Contract or Benefit Plan in effect as of the date hereof, (iii) enter into any new employment agreement other than offer letters for at will employment in the ordinary course of business consistent with past practices that includes only terms for position, annual salary of no more than \$137,500, the Acquired Company's standard benefits offering, and vacation, or (iv) enter into any new severance, retention, post-employment compensation, change in control or similar agreement with, or grant any new incentive award to, any Person other than Transaction Bonuses that, in each case, are not greater than \$50,000;



(k) not (i) terminate the employment of any Employee with an annual salary or base pay (x) in excess of \$100,000 (except for cause) or (y) equal to or under \$100,000 (except for cause or in the ordinary course of business) or (ii) hire any Employee (except as permitted under Section 5.1(j)(iii));

(l) not (i) make or change any material Tax election outside of the ordinary course of business, (ii) change any material method of accounting for Tax purposes, (iii) incur any material liability for Taxes other than in the ordinary course of business or as contemplated by this Agreement, (iv) file a material amended Tax Return or a claim for refund of Taxes, (v) settle any material claim relating to Taxes or (vi) consent to any extension or waiver of the statute of limitations applicable to any Tax Return or agree to any extension of time with respect to a Tax assessment or deficiency (in each case, other than as the result of extending the due date of a Tax Return);

(m) not make or incur any material capital expenditures, other than those less than \$250,000 in the aggregate in the ordinary course of business;

(n) not make any material change in accounting policies or procedures, except as required by GAAP or by applicable Law or a Governmental Entity;

(o) not terminate, materially amend or waive, in writing, any term of any Material Contract (other than upon any expiration of the term of any Material Contract) or enter into any Contract that would be a Material Contract pursuant to Sections 3.9(a)(iii), (iv), (v), (vi), (vii), (viii), (x), (xi), (xii), (xiii), (xiv), (xv) (other than the Mitsubishi Financing), (xvi) or (xviii) if entered into prior to the date hereof, other than purchase orders or term Contracts with customers, suppliers or sales representatives, in each case in the ordinary course of business consistent with past practice;

(p) not enter into any Contract that (i) involves or provides for a committed payment by any of the Acquired Companies of more than \$500,000, individually, or \$1,000,000, in the aggregate, (ii) is with a customer and has a contract value of more than \$5,000,000, or (iii) is with a contract manufacturer that, as of the date hereof, is not party to any Contract with any Acquired Company, in each case, other than purchase orders or term Contracts with customers, suppliers or sales representatives, in each case in the ordinary course of business consistent with past practice; and

(q) not legally obligate itself to do any of the actions described in the foregoing clauses (b) through (p).

Notwithstanding the foregoing or anything else in this Agreement to the contrary, prior to the Closing, the Acquired Companies shall be permitted to pay any Indebtedness or Transaction Expense and/or make any cash distribution, cash dividend or other transfer of cash to Seller. For the avoidance of doubt, Cash shall be determined after giving effect to any payments, distributions, dividends or other transfers (or commitments to make any of the foregoing) referred to in the preceding sentence.



5.2 COVID-19; Access to Books and Records. During the Pre-Closing Period, Seller shall cause the Acquired Companies to provide Buyer with written (including e-mail) notice, of any actions in response to the COVID-19 pandemic, the effect of which would reasonably be expected to be materially adverse to the Acquired Companies. Such notice shall be given, to the extent reasonably practical, prior to the taking of such action and in all other cases promptly following the taking of such action. During the Pre-Closing Period, Seller shall cause each of the Acquired Companies to provide Buyer and its Representatives with reasonable access, upon prior reasonable written request, during regular business hours, to (a) the officers and employees of the Acquired Companies, (b) the Books and Records, and (c) the properties of the Acquired Companies, but, in each case, only to the extent relating to the assets, liabilities or business of any Acquired Company; provided, that (i) Buyer and its Representatives shall conduct any such activities in such a manner as not to interfere unreasonably with the business or operations of the Acquired Companies, (ii) the Acquired Companies shall not be obligated to provide such access or information (A) if doing so would violate any applicable Law or expose such Person to any liability for disclosure of any personal information, personally identifiable information or protected health information or (B) with respect to any information, documents or materials that are subject to an attorney-client, attorney work product or other evidentiary privilege or protection and (iii) such access shall not extend to any sampling or analysis of soil, groundwater, building materials or other environmental media; provided, that (X) all such access shall be coordinated through Adam Knudsen, Brandon Sorenson or John Owens and (Y) in the event information is not provided to Buyer or its Representatives pursuant to the foregoing clause (ii), Seller shall use commercially reasonable efforts to provide a summary of such information that does not result in a waiver of its legal privilege, applicable Law or any personal information, personally identifiable information or protected health information, as the case may be. During the Pre-Closing Period, Seller shall timely (within thirty (30) days following the end of each month, extended to forty-five (45) days in the case of a month that is also the end of a fiscal quarter) furnish to Buyer and its Representatives with monthly and/or internal financial statements for the Acquired Companies, including providing access to management for explanations. Prior to the Closing, the information provided pursuant to this Section 5.2 will be used solely for the purpose of consummating the transactions contemplated by this Agreement and the Ancillary Documents and will be Confidential Information (as defined in the Confidentiality Agreement) subject to the terms and conditions of the Confidentiality Agreement. No information or knowledge obtained in any investigation conducted pursuant to this Section 5.2 or otherwise shall affect or be deemed to qualify, limit, waive, modify, amend or supplement any representation or warranty contained herein or in the Seller Disclosure Schedules, the conditions to the obligations of the parties to consummate the transactions contemplated hereby in accordance with the terms and provisions of this Agreement, or the rights of any Party under or arising out of a breach of this Agreement.

5.3 Exclusivity. During the Pre-Closing Period, Seller shall not take, or permit any of the Acquired Companies to take, directly or indirectly, any action to solicit, encourage, initiate or engage in discussions or negotiations with, or enter into any agreement with any Person (other than Buyer and its Affiliates) concerning any purchase of any of the Acquired Companies' Equity Securities or any merger, sale of substantially all assets or similar transaction involving any of the Acquired Companies. Seller shall, and shall cause the Acquired Companies to, immediately cease any and all existing activities, discussions or negotiations with any third parties conducted heretofore with respect to any such alternative transaction and request that such third parties return or destroy any information provided to them with respect to such alternative transaction. Seller shall promptly notify Buyer of any bona-fide written offer or proposal by any Person (other than Buyer and its Affiliates) following the date hereof with respect to any such alternative transaction.





5.4 Seller Release. Effective as of the Closing, Seller, on behalf of itself, its controlled Affiliates and its and their successors and assigns, hereby (i) waives, releases and forever discharges any and all liabilities, rights, claims, causes of action, obligations and losses of any type that it has had, now has or might now have against any Acquired Company and each of their respective successors and assigns (each, a “**Seller Releasee**”), in each case, in respect of, relating to or arising in connection with Seller’s ownership and disposition of the Shares and the operations of the Acquired Companies prior to the Closing (each, a “**Seller Released Claim**”) and (ii) unconditionally and irrevocably agrees and covenants, not to sue or prosecute any Seller Released Claim against any Seller Releasee; provided, however, that this Section 5.4 shall not apply to (a) this Agreement, the Escrow Agreement or any other Ancillary Document, (b) any payables or receivables to the extent taken into account in the calculation of Net Working Capital as finally determined in accordance with Section 2.5, (c) any rights, claims or remedies with respect to exculpation, indemnification, contribution, advancement of expenses or reimbursement against or from any Acquired Company by reason of the fact that any such Person or any of its equity holders, directors, managers, officers, or employees is or was an equity holder, employee, officer, director, manager or other agent of an Acquired Company pursuant to (i) any Organizational Document, or (ii) any directors’ and officers’, fiduciary, employment practices and/or similar insurance policies, or (d) Fraud.

5.5 Resignations. Seller shall use commercially reasonable efforts to obtain the resignation of each director, manager and officer of any Acquired Company from his or her respective capacity or capacities as a director, manager or officer of the Acquired Companies, prior to, and effective as of, the Closing.

5.6 Section 280G. Prior to the Closing Date, for each “disqualified individual” (as defined in Section 280G(c) of the Code) who signs the written waiver described below the Company shall submit to a stockholder vote, in a manner that satisfies the stockholder vote requirements under Section 280G(b)(5)(B) of the Code and regulations promulgated thereunder (a “**Stockholder Vote**”), the right of such disqualified individual to receive, subject to the Buyer’s timely disclosure of the Buyer Arrangements as provided below, any and all payments (or other benefits) contingent on the consummation of the transactions contemplated by this Agreement (within the meaning of Section 280G(b)(2)(A)(i) of the Code) to the extent necessary so that no payment received by, or benefit provided to, such “disqualified individual” would be a “parachute payment” under Section 280G(b) of the Code. The Company shall: (a) at least seven (7) days prior to providing: (i) the applicable disqualified individuals with any required waivers described below and (ii) the applicable stockholders with any materials necessary to comply with the Stockholder Vote, provide a draft of the applicable materials (as well as any related calculations underlying such materials) to Buyer and incorporate into such materials any reasonable comments that are timely provided by Buyer; and (b) use commercially reasonable measures to obtain any required waiver from each disqualified individual at least one day prior to conducting the Stockholder Vote. Prior to the Closing, the Company shall provide Buyer and its counsel with copies of all documents executed by the stockholders and disqualified individuals in connection with the Stockholder Vote. Not less than three (3) days after the Company has provided a draft of the applicable materials necessary to comply with the Stockholder Vote to Buyer, Buyer shall disclose to Company in writing all material terms including dollar values regarding each Buyer Arrangement. If Buyer fails to comply with the immediately preceding sentence, the Company may solicit the Stockholder Vote without including or disclosing the Buyer Arrangements, the Company’s failure to include or disclose the Buyer Arrangements shall not be a violation of this paragraph.



## 5.7 Foreign Entities.

(a) During the Pre-Closing Period, Seller shall use commercially reasonable efforts, with respect to each entity listed on Schedule 5.7 (each, a “**Foreign Entity**” and collectively, “**Foreign Entities**”), to either (i) dissolve such Foreign Entity, or (ii) transfer 100% of the equity of such Foreign Entity to a Person other than the Company or Dynapower Company LLC (collectively, the “**Dissolution or Transfer**”).

(b) If Seller has not completed the Dissolution or Transfer of all Foreign Entities prior to the Closing, then Seller shall indemnify and hold harmless the Buyer Related Parties from and against, any and all Suits, investigations, injunctions, judgments, orders, decrees, rulings, verdicts, damages, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, Taxes, liens, losses, diminution in value, expenses, and fees, including court costs and reasonable attorneys’ fees and expenses (collectively, “**Losses**”), incurred by any of the Buyer Related Parties following the Closing, arising from or relating to any Foreign Entity for which the Dissolution or Transfer has not been completed by Seller prior to the Closing, including, for the avoidance of doubt, any and all costs and expenses incurred by the Buyer Related Parties following the Closing to complete the Dissolution or Transfer of such Foreign Entities; provided, that (i) the Buyer Related Parties shall take commercially reasonable efforts to mitigate all Losses and (ii) no Buyer Related Party may settle or resolve any claim without the written consent of Seller (not to be unreasonably conditioned, withheld or delayed). From the Closing until six months following the Dissolution or Transfer of all Foreign Entities (if such Dissolution or Transfer was not completed prior to the Closing), Seller agrees to maintain net assets and cash in an amount sufficient to satisfy the Losses, if any, for which Seller is required to indemnify the Buyer Related Parties under this Section 5.7(b). For the avoidance of doubt, if the Dissolution or Transfer of all Foreign Entities has been completed by Seller prior to the Closing, the obligations of this Section 5.7(b) shall be null and void.

## **Article VI** **COVENANTS AND AGREEMENTS OF BUYER**

6.1 Access to Books and Records. Buyer shall maintain until the sixth (6th) anniversary of the Closing Date all Books and Records to the extent relating to the business of any Acquired Company or any asset or liability of any Acquired Company prior to the Closing; provided, that nothing herein shall prohibit Buyer or any Acquired Company from disposing of any Books and Records in the ordinary course of business consistent with past practice. After the Closing, Buyer shall provide Seller and its Representatives with reasonable access, upon prior reasonable written request, during regular business hours, to (a) the officers and employees of the Acquired Companies and (b) the Books and Records (and Seller and its Representatives shall have the right to make copies of such Books and Records at its sole cost), but, in each case, (x) only to the extent relating to the assets, liabilities or business of any Acquired Company prior to the Closing, and (y) as is reasonably necessary (i) for Seller’s financial reporting and accounting matters, or (ii) in connection with any audit, investigation, dispute or litigation; provided, that (i) Seller and its Representatives shall conduct any such activities in such a manner as not to interfere unreasonably with the business or operations of Buyer or the Acquired Companies, and (ii) Buyer shall not be obligated to provide such access or information (A) if doing so would violate any applicable Law or expose such Person to any liability for disclosure of any personal information, personally identifiable information or protected health information or (B) with respect to any information, documents or materials that are subject to an attorney-client, attorney work product or other evidentiary privilege or protection; provided, that in the event information is not provided to Seller or its Representatives pursuant to the foregoing clause (ii), Buyer shall use commercially reasonable efforts to provide a summary of such information that does not



violate its legal privilege, applicable Law or any personal information, personally identifiable information or protected health information, as the case may be.

## 6.2 Indemnification; Directors and Officers Insurance.

(a) For a period of not less than six (6) years from and after the Closing Date, Buyer shall provide, or cause to be provided, indemnification, advancement of expenses and exculpation to current or former directors, managers and officers of any Acquired Company (each, a “**Covered Party**”) on terms that are no less favorable than those set forth in the Acquired Companies’ respective Organizational Documents as of the date hereof. Any indemnification agreements with Covered Parties in existence on, and made available to Buyer prior to, the date of this Agreement shall remain effective, without any further action, and shall survive the Closing and continue in full force and effect in accordance with their terms.

(b) On or prior to the Closing Date, Seller and the Acquired Companies shall obtain, as a Transaction Expense, a non-cancelable run-off insurance policy for directors’ and officers’ liability for a period of six (6) years after the Closing Date to provide insurance coverage for events, acts or omissions occurring on or prior to the Closing Date, including in connection with this Agreement and the transactions contemplated hereby, for all persons who were directors, managers or officers of Seller or any Acquired Company, as applicable, on or prior to the Closing Date (the “**D&O Insurance**”). Buyer shall cause any Acquired Company, as applicable, to maintain the D&O Insurance in full force and effect, and continue to honor the obligations thereunder.

(c) In the event Buyer or any Acquired Company (i) consolidates with or merges into any other Person and shall not be the continuing entity after such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any Person, then, and in each such case, to the extent necessary, proper provision shall be made so that such continuing entity or transferee of such assets, as the case may be, shall assume the obligations set forth in this Section 6.2.

6.3 Investigation; No Additional Representations. Buyer, on its own behalf and on behalf of the other Buyer Related Parties, acknowledges and agrees that, in connection with the decision to enter into this Agreement and consummate the transactions contemplated hereby, each such Person has inspected and conducted an independent review, investigation and analysis (financial, tax, legal and otherwise) of the Acquired Companies and their respective businesses. Buyer, on its own behalf and on behalf of the other Buyer Related Parties, further acknowledges and agrees that, notwithstanding anything to the contrary contained herein, except for the specific representations and warranties expressly made by Seller in Article III (as qualified or modified by the Seller Disclosure Schedules) and any certificate or other Ancillary Document delivered by Seller in connection with the transactions contemplated hereby, none of the Seller Related Parties or any other Person has made, is making or will make, or will have any liability, except in the case of Fraud, with respect to, and the Buyer Related Parties have not relied, are not relying and will not rely on, any representation or warranty, express or implied, at law or in equity, with respect to (a) Seller or any Acquired Company, (b) the Shares or any other Equity Securities of the Acquired Companies, (c) the structure, businesses, assets, liabilities, operations, prospects, or condition (financial or otherwise) of the Acquired Companies, (d) the transactions contemplated hereby, (e) the accuracy or completeness of any information regarding any of the foregoing, including any confidential information memorandum, management presentation, quality of earnings report, market study or other due diligence report or memorandum, projections, budgets or any other information, document or material made available to any Buyer Related Party in “data rooms” and online “data sites,” management presentations or any in any other form, or (f)



any other matter whatsoever. Without limiting the generality of the foregoing, Buyer, on its own behalf and on behalf of the other Buyer Related Parties, further acknowledges and agrees that, with respect to any estimate, projection, forecast or other forward looking statement delivered or made available to any Buyer Related Party, (i) there are uncertainties inherent in attempting to make such estimates, projections, forecasts and forward looking statements, (ii) the Buyer Related Parties are aware that actual results may differ materially, (iii) no Person shall have any claim against any Seller Related Party or any other Person with respect to any such estimate, projection, forecast or forward looking statement, (iv) none of Seller Related Parties or any other Person has made, is making or will make, or will have any liability with respect to, any representations or warranties regarding the probable success or profitability of the Acquired Companies or their respective businesses.

6.4 Communications Prior to Closing. During the Pre-Closing Period, the Buyer and the Buyer's Representatives may not contact or communicate with any Representative (other than Adam Knudsen, Brandon Sorenson and John Owens) lender, customer, service provider or supplier of any Acquired Company in connection with the transactions contemplated hereby without the prior written approval of Seller, it being understood that, subject to applicable Law, Seller shall reasonably cooperate with Buyer in good faith with respect to potential joint discussions with customers, service providers or suppliers in respect of the announcement of the transactions contemplated by this Agreement and the potential implications thereof.

6.5 Buyer Release. Effective as of the Closing, Buyer, on its own behalf and on behalf of the Acquired Companies and their respective successors and assigns, hereby (i) waives, releases and forever discharges any and all liabilities, rights, claims, causes of action, obligations and losses of any type that the Acquired Companies have had, now have or might now have against any Seller Related Party and each of their respective successors and assigns (each, a "**Buyer Releasee**" and, together with the Seller Releasees, the "**Releasees**"), in each case, in respect of, relating to or arising in connection with Seller's ownership and disposition of the Shares and the operations of the Acquired Companies prior to the Closing (each, a "**Buyer Released Claim**") and (ii) unconditionally and irrevocably agrees and covenants, not to sue or prosecute any Buyer Released Claim against any Buyer Releasee; provided, however, that this Section 6.5 shall not apply to (a) this Agreement, the Escrow Agreement or any other Ancillary Document, (b) any payables or receivables to the extent taken into account in the calculation of Net Working Capital as finally determined in accordance with Section 2.5, or (c) Fraud.



**Article VII**  
**COVENANTS OF BUYER AND SELLER**

7.1 Public Announcements. Each of Buyer and Seller agrees that neither it nor any of its Affiliates will, without the written approval of the other Party, issue any press release or otherwise make any public statement with respect to this Agreement or the transactions contemplated by this Agreement, except as may be required by applicable Law or by the rules of any national securities exchange or stock market, in which case, to the extent permissible, the Party required to make the release or announcement shall allow the other Party reasonable time to review and comment on such release or announcement in advance of such issuance; provided that (a) each of the Parties may make internal announcements to their respective employees regarding the transactions contemplated by this Agreement and (b) nothing herein shall prohibit or prevent Pfingsten, any Sponsor Partner or any of their respective Affiliates from disclosing any information of a nature that would typically be provided by such Persons in the ordinary course of business to their investors, prospective investors, financing sources and/or prospective financing sources.

7.2 Antitrust Approvals.

(a) Seller and Buyer shall, (i) as promptly as practicable and before the expiration of any relevant legal deadline, but in no event later than five (5) Business Days following the execution and delivery of this Agreement, file, or cause to be filed, with the United States Federal Trade Commission and the United States Department of Justice the notification and report form required for the transactions contemplated by this Agreement and any supplemental information requested in connection therewith pursuant to the HSR Act, which forms shall specifically request early termination of the waiting period prescribed by the HSR Act and (ii) as promptly as practicable, file any other Governmental Entity, any other filings, reports, information and documentation required for the transactions contemplated hereby pursuant to any Laws relating to antitrust and competition applicable to any Acquired Company, if any (“**Other Antitrust Laws**”). Each of the Parties shall furnish, or cause to be furnished, to each other’s counsel such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission that is necessary under the HSR Act and any Other Antitrust Laws. Buyer shall be responsible for all filing fees payable in connection with such filings and the Parties shall be responsible for their respective counsel fees.

(b) Seller and Buyer shall use their respective commercially reasonable efforts to promptly obtain any clearance required under the HSR Act and any Other Antitrust Laws for the consummation of the transactions contemplated by this Agreement and shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, any Governmental Entity and shall comply promptly with any such inquiry or request. In furtherance of the foregoing, Buyer agrees to promptly take, and to use commercially reasonable efforts to cause its Affiliates to take, any and all steps reasonably necessary to obtain any clearance required under the HSR Act and any Other Antitrust Laws as to enable the Parties to expeditiously close the transactions contemplated by this Agreement; provided, however, that notwithstanding any other provision in this Agreement, Buyer shall have no obligation to accept any remedy measures proposed or imposed by any Governmental Entity as a condition to consummation of the transactions contemplated by this Agreement, in each case that would (i) reasonably be expected to, individually or in the aggregate, have a material adverse impact on the business of the Buyer, its Affiliates and the Acquired Companies, taken as a whole, from and after the Closing (including a hold separate requirement) or (ii) require divestitures of

any business, legal entity or assets of the Buyer, its Affiliates or the Acquired Companies. Buyer and its Affiliates shall be obligated to promptly contest, administratively or in court, any ruling, order

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or other action of any Governmental Entity or any other Person respecting the transactions contemplated by this Agreement.

(c) Each of the Parties agrees to instruct their respective counsel to cooperate with the other and use commercially reasonable efforts to facilitate and expedite the identification and resolution of any issues arising under the HSR Act and any Other Antitrust Laws at the earliest practicable dates. Such commercially reasonable efforts and cooperation include counsel's undertaking (i) to promptly inform the other Party's counsel of any oral communication with, and provide copies of written communications with, any Governmental Entity regarding any such filings or applications or any such transaction, and (ii) to confer with each other regarding appropriate contacts with and response to personnel of such Governmental Entity. No Party shall independently participate in any meeting or discussion with any Governmental Entity in respect of any such filings, applications, investigation or other inquiry without giving the other Party prior written notice of the meeting and, to the extent permitted by the relevant Governmental Entity, the opportunity to attend and participate (which, at the request of any of the Parties, shall be limited to outside antitrust counsel only with respect to any HSR Act and/or Other Antitrust Law filings).

### 7.3 CFIUS Approval.

(a) Seller and Buyer shall, as promptly as commercially practicable and in any case no later than ten (10) Business Days following the date of this Agreement, prepare and file a draft voluntary notice to CFIUS in accordance with 31 C.F.R. Part 800 Subpart E of the CFIUS regulations (the "**Draft Voluntary Notice**") and, promptly after receipt of comments from CFIUS on the Draft Voluntary Notice (or as soon as possible after CFIUS confirms it has no comments on the Draft Voluntary Notice), prepare and submit a final joint voluntary notice to CFIUS in accordance with 31 C.F.R. Part 800 Subpart E of the CFIUS regulations (the "**Final Voluntary Notice**"). Each of the Parties shall furnish, or cause to be furnished, to each other's counsel such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission that is necessary to obtain CFIUS Approval. Buyer shall be responsible for all filing fees payable in connection with such filings.

(b) Seller and Buyer shall use their respective best efforts to promptly obtain CFIUS Approval and shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, any Governmental Entity with respect to the CFIUS process and shall comply promptly with any such inquiry or request. Buyer and Seller agree to promptly take, Buyer shall cause the other Buyer Related Parties to take, any and all steps which are requested by any Governmental Entity so as to obtain CFIUS Approval; provided, however, that neither Buyer nor any other Buyer Related Party shall be required to take any steps which would have a material adverse effect on the business and operations of Buyer or the Acquired Companies. For the avoidance of doubt, the term "material adverse effect" as used in this Section 7.3(b) shall encompass any mitigation measures proposed by CFIUS as a condition of receiving CFIUS Approval that would unduly burden or frustrate Buyer's ability to manage the Acquired Companies, or that would require divestiture of any business line, legal entity, or material assets of Buyer or its Affiliates.



(c) Each of the Parties agrees to instruct their respective counsel to cooperate with the other and use their best efforts to facilitate and expedite the identification and resolution of any issues arising in connection with the seeking of CFIUS Approval at the earliest practicable dates. Such best efforts and cooperation include counsel's undertaking (i) to promptly inform the other Party's counsel of any oral communication with, and provide copies of written communications with, any Governmental Entity regarding the CFIUS process, and (ii) to confer with each other regarding appropriate contacts with and response to any Governmental Entity regarding the CFIUS process. No Party shall independently participate in any meeting or discussion with any Governmental Entity in respect of any such filings, applications, investigation or other inquiry without giving the other Party prior written notice of the meeting, if possible, and, to the extent permitted by the relevant Governmental Entity, the opportunity to attend and participate.

7.4 DDTC Filing. Seller and Buyer shall, no later than three (3) Business Days following the date of this Agreement, prepare and file a written notification to the U.S. Department of State, Directorate of Defense Trade Controls (“**DDTC**”) under 22 C.F.R. 122.4(b) of the International Traffic in Arms Regulations (“**ITAR**”) (the “**First ITAR Filing**”). The Acquired Companies and Buyer shall, no later than five (5) Business Days following the Closing, prepare and file a written notification to DDTC under 22 C.F.R. 122.4(a) of ITAR (the “**Second ITAR Filing**”). Each of the Parties shall furnish, or cause to be furnished, to each other's counsel such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission that is necessary to make the First ITAR Filing and the Second ITAR Filing. Each of the Parties agrees to instruct their respective counsel to cooperate with the other and use best efforts to facilitate and expedite the identification and resolution of any issues arising in connection with the First ITAR Filing or the Second ITAR Filing at the earliest practicable dates. Such best efforts and cooperation include, prior to Closing, counsel's undertaking (i) to promptly inform the other Party's counsel of any oral communication with, and provide copies of written communications with, any Governmental Entity regarding any such filings or applications or any such transaction, and (ii) to confer with each other regarding appropriate contacts with and response to personnel of such Governmental Entity. Prior to Closing, no Party shall independently participate in any meeting or discussion with any Governmental Entity in respect of any such filings, applications, investigation or other inquiry without giving the other Party prior written notice of the meeting and, to the extent permitted by the relevant Governmental Entity, the opportunity to attend and participate..

7.5 Efforts to Close. Subject to the terms of this Agreement, each of Buyer and Seller shall use their respective commercially reasonable efforts to promptly cause the conditions to Closing to be satisfied and for the Closing to promptly occur. The “commercially reasonable efforts” of Seller shall not require any Seller Related Party to provide financing to Buyer for the consummation of the transactions contemplated hereby.

## 7.6 Tax Matters.

(a) Allocation of Straddle Period Tax Liability. For all purposes under this Agreement, in the case of any Straddle Period, the portion of Taxes (or any Tax refund and amount credited against any Tax) that are allocable to the portion of the Straddle Period ending on the Closing Date will be: (i) in the case of property Taxes and other Taxes imposed on a periodic basis without regard to income, payroll, gross receipts or sales, deemed to be the amount of such Taxes (or Tax refund or amount credited against Tax) for such entire Straddle Period multiplied by a fraction, the numerator of which is the number of calendar days in the portion of such Straddle Period ending on the end of the Closing Date and the denominator of which is the entire number of calendar days in such entire Straddle Period, and (ii) in the case of all other Taxes, determined as though the Tax period of the Acquired Companies terminated at the end of the Closing Date.

(b) Tax Refunds. Any refunds of Taxes of any Acquired Company for a Pre-Closing Tax Period that are received (or, in the case of any Straddle Period, that would have been received if the Straddle Period ended on the end of the Closing Date) by Buyer or any of its Affiliates (including, following the Closing, for the avoidance of doubt, the Acquired Companies) after the Closing Date, and any amounts credited against any Tax in lieu thereof to which Buyer or any of its Affiliates (including, following the Closing, for the avoidance of doubt, the Acquired Companies) become entitled, in each case, except to the extent taken into account to reduce the Income Tax Liability Accrual or as a Current Liability in Net Working Capital, each as finally determined pursuant to Section 2.5, or attributable to the carryback of any attribute generated in a Post-Closing Tax Period, shall be for the account of Seller, and Buyer shall pay over to Seller, as additional consideration for the Shares, the amount of such Tax refund or the amount of any such Tax credit, reduced by any reasonable third-party costs or expenses (including Income Tax) incurred by Buyer or any of its Affiliates (including, following the Closing, for the avoidance of doubt, the Acquired Companies) in connection with the receipt or application thereof, within twenty (20) days after receipt or application thereof. Buyer shall claim any overpayment of Taxes on the Acquired Companies' Income Tax Returns for Pre-Closing Tax Periods to the maximum extent permitted by Law and at Seller's reasonable written request until thirty (30) days following the last due date (taking into account any applicable extensions) of any such Tax Return, Buyer shall timely and properly prepare, or cause to be prepared, and file, or cause to be filed, any claim for refund, amended Tax Return, or other Tax Return required to obtain any available Tax Refunds from any Pre-Closing Tax Period. In the event that any such refund or credit is later disallowed by a Governmental Authority, Seller shall reimburse Buyer for the amount paid to Seller with respect to such refund or credit pursuant to this Section 7.6(b) within twenty (20) days after written notice to Seller of such disallowance.

(c) Transaction Tax Deductions. Without duplication of any amount payable to Seller pursuant to Section 7.6(b), Seller shall be entitled, as additional consideration for the Shares, to the amount equal to the reduction in the cash Income Taxes payable by the Buyer and any of its Affiliates (including following the Closing, the Acquired Companies) in the Taxable period ending or before December 31, 2022 resulting from the Transaction Tax Deductions (including for the avoidance of doubt, as the result of, any net operating losses resulting from the Transaction Tax Deductions) that are available to offset income of Buyer or any of its Affiliates (including, following the Closing, the Acquired Companies) for any Post-Closing Tax Period as and when such Transaction Tax Deductions are first used to offset income. The amount of any such reduction in cash Income Taxes payable for such Post-Closing Taxable Period shall equal the excess, if any, of (i) the Tax liability of the Buyer and its Affiliates for such Post-Closing Tax Period computed without taking into account the Transaction

Tax Deductions and (ii) the Tax liability of the Buyer and its Affiliates for such Post-Closing Tax Period computed by taking into

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account the Transaction Tax Deductions. Promptly upon (and no later than ten (10) days after) the filing of any such Tax Return on which any Transaction Tax Deductions are taken into account to offset income of Buyer or any of its Affiliates, Buyer shall pay over to Seller, as additional purchase price for the Shares, an amount equal to the reduction in the Tax liability of the Buyer and any of its Affiliates (including, following the Closing, the Acquired Companies) reflected on such Tax Return attributable to such Transaction Tax Deductions.

(d) Agreed Income Tax Treatment. Buyer shall be a “C-corporation”, or an entity treated as disregarded from a “C corporation”, for U.S. federal income tax purposes. Buyer shall cause the Company and each other Acquired Company eligible to do so to (i) join Buyer’s “consolidated group” (within the meaning of Treasury Regulation Section 1.1502-1(h)) effective as of the beginning of the date following the Closing Date, (ii) to the extent permitted by applicable Law, treat the Closing Date as the last date of a Tax period of such Acquired Company and (iii) reflect all Transaction Tax Deductions in the Pre-Closing Tax Periods of the Acquired Companies (the “**Agreed Tax Treatment**”). Each Party shall file all Tax Returns consistently with the Agreed Tax Treatment and shall not take any position inconsistent therewith, except as otherwise required by a “determination” (as defined in Section 1313(a) of the Code).

(e) Transfer Taxes. Buyer shall pay 100% of all Transfer Taxes arising out of or in connection with the transactions contemplated by this Agreement. Buyer and Seller shall reasonably cooperate to prepare and timely file any Tax Returns with respect to such Transfer Taxes.

(f) Post-Closing Actions. Buyer shall not, and shall not permit any of its Affiliates (including, after the Closing for the avoidance of doubt, the Acquired Companies) without the prior written consent of the Seller, which consent will not be unreasonably withheld, conditioned or delayed, to, (i) except for Tax Returns filed pursuant to Section 7.6(b), file, re-file, supplement, or amend any Tax Return of any Acquired Company for any Pre-Closing Tax Period that was originally due on or before the Closing Date (taking into account any applicable extensions), (ii) voluntarily approach any taxing authority regarding any Taxes or Tax Returns of any Acquired Company for any Pre-Closing Tax Period that were originally due on or before the Closing Date (taking into account any applicable extensions), (iii) make an election under Section 338 of the Code (or any comparable applicable provision of state, local or foreign Tax law) with respect to the transactions contemplated by this Agreement, (iv) make any Tax election with respect to any Acquired Company that is retroactively effective on or before the Closing Date, (v) except for net operating losses from Pre-Closing Tax Periods, carryback any net operating losses of any Acquired Company to a Tax period (or portion thereof) ending on or before the Closing Date, or (vi) take any action on the Closing Date (other than as contemplated by this Agreement) that would create a Tax liability of Seller on the Closing Date, in each case, to the extent such action could reasonably be expected to result in a reduction in the Purchase Price or could reasonably be expected to be adverse to Seller or any of its direct or indirect owners. For purposes of computing (x) Indebtedness, (y) the amount of any Tax refund or credit pursuant to Section 7.6(b), or (z) the amount of any payment pursuant to Section 7.6(c), any item of income or gain recognized on the Closing Date resulting from any transaction that is outside the ordinary course of business that is effected by the Buyer on the Closing Date following the Closing shall be ignored.





(g) During the Pre-Closing Period, Seller shall use commercially reasonable efforts to cause the Acquired Companies to secure (with no further obligations with respect to this Section 7.6(g) after the Closing) duly executed certificates of exemption or any other customary documentation from its material customers in the states set forth on Schedule 7.6(g), which have not previously provided such certificates or other documentation that establishes that no material sales Taxes are due from the Acquired Companies in such jurisdictions for the Pre-Closing Tax Period for sales made by the Acquired Companies to such customers on or after January 1, 2018.

## **Article VIII**

### **CONDITIONS TO CLOSING; TERMINATION**

8.1 Conditions to Obligation of Buyer. The obligation of Buyer to consummate the transactions contemplated by this Agreement is subject to the satisfaction (or waiver by Buyer) of the following conditions:

(a) Each of (i) the representations and warranties of Seller set forth in Article III (other than the representations and warranties of Seller set forth in Sections 3.1(a), 3.1(b), 3.2, 3.3, 3.6, 3.20 and 3.21 (collectively, the “**Seller Fundamental Representations**”)) shall be true and correct (without giving effect to any “material”, “materiality”, or “Material Adverse Effect” qualification contained in such representations and warranties) at and as of the Closing (other than such representations and warranties that refer specifically to an earlier date, which representations and warranties shall have been true and correct as of such earlier date), in each case, except where the failure of any such representation or warranty to be so true and correct has not had, and would not reasonably be expected to have, a Material Adverse Effect, and (ii) the Seller Fundamental Representations shall be true and correct in all but *de minimis* respects at and as of the Closing (other than such representations and warranties that refer specifically to an earlier date, which representations and warranties shall have been true and correct in all material respects as of such earlier date).

(b) Seller shall have performed in all material respects or complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Seller at or prior to the Closing.

(c) All applicable waiting periods under the HSR Act and Other Antitrust Laws shall have expired or been terminated.

(d) CFIUS Approval shall have been obtained.

(e) At least 60 days shall have passed since the First ITAR Filing was made.

(f) No Order or applicable Law restraining, enjoining or prohibiting any of the Parties from consummating the transactions contemplated hereby shall be in effect.

(g) No change, event or development that has had, and would not reasonably be expected to have, a Material Adverse Effect shall have occurred since the date of this Agreement.

8.2 Conditions to Obligation of Seller. The obligation of Seller to consummate the transactions contemplated by this Agreement is subject to the satisfaction (or waiver by Seller) of the following conditions:

(a) Each of (i) the representations and warranties of Buyer set forth in Article IV (other than the representations and warranties of Buyer set forth in Sections 4.1, 4.2, and 4.6 (collectively, the “**Buyer Fundamental Representations**”)) shall be true and correct at and as of the Closing (other than such representations and warranties that refer specifically to an earlier date, which representations and warranties shall have been true and correct as of such earlier date), in each case, except where the failure of any such representation or warranty to be so true and correct has not had, and would not reasonably be expected to have, a material adverse effect on the ability of Buyer to consummate the transactions contemplated by this Agreement and (ii) the Buyer Fundamental Representations shall be true and correct in all but *de minimis* respects at and as of the Closing (other than such representations and warranties that refer specifically to an earlier date, which representations and warranties shall have been true and correct in all material respects as of such earlier date).

(b) Buyer shall have performed in all material respects or complied in all material respects with all covenants and agreements required by this Agreement to be performed or complied with by Buyer at or prior to the Closing.

(c) All applicable waiting periods under the HSR Act and Other Antitrust Laws shall have expired or been terminated.

(d) No Order enjoining or prohibiting any of the Parties from consummating the transactions contemplated hereby shall be in effect.

8.3 Frustration of Closing Conditions. Neither Seller nor Buyer may rely on or assert the failure of any condition set forth in this Article VIII if such failure results from or was caused by such Party’s failure to comply with any provision of this Agreement.

8.4 Waiver of Conditions. All conditions set forth in this Article VIII will be deemed to have been satisfied or waived from and after the Closing.

8.5 Termination. This Agreement may be terminated, and the transactions contemplated herein may be abandoned, prior to the Closing solely:

(a) by the mutual written agreement of Seller and Buyer;

(b) by either Seller or Buyer upon written notice to the other Party if there shall have been a CFIUS Turndown;



(c) by either Seller or Buyer, if (i) an Order restraining, enjoining or prohibiting any of the Parties from consummating the transactions contemplated hereby is in effect and such Order has become final and non-appealable and (ii) the terminating Party has not materially breached any provision of this Agreement;

(d) by Buyer, if (i) a breach or failure to perform any representation, warranty, covenant or agreement on the part of Seller set forth in this Agreement shall have occurred which (A) would give rise to the failure of a condition specified in Sections 8.1(a) or 8.1(b) to be satisfied and (B) is incapable of being cured by the Outside Date or, if capable of being cured, shall not have been cured prior to the earlier of (x) thirty (30) days after receipt by Seller of written notice from Buyer stating Buyer's intention to terminate this Agreement pursuant to this Section 8.5(d) and (y) the Outside Date and (ii) Buyer has not materially breached any provision of this Agreement;

(e) by Seller, if (i) a breach or failure to perform any representation, warranty, covenant or agreement on the part of Buyer set forth in this Agreement shall have occurred which (A) would give rise to the failure of a condition specified in Sections 8.2(a) or 8.2(b) to be satisfied and (B) is incapable of being cured by the Outside Date or, if capable of being cured, shall not have been cured prior to the earlier of (x) thirty (30) days after receipt by Buyer of written notice from Seller stating Seller's intention to terminate this Agreement pursuant to this Section 8.5(e) and (y) the Outside Date and (ii) Seller has not materially breached any provision of this Agreement; or

(f) by Buyer or Seller if (i) the Closing shall not have occurred on or before August 20, 2022 (the "**Outside Date**"; provided, however, that if the non-terminating Party is in material compliance with its covenants set forth in Section 7.2 and either or both of (A) the conditions set forth in Sections 8.1(c) or 8.2(c) (as applicable) have not been satisfied or (B) any other condition set forth in Sections 8.1 or 8.2 (as applicable) has not been satisfied as a result of the effectiveness of a temporary restraining order, preliminary or permanent injunction or other Order or Law preventing the consummation of the transactions contemplated by this Agreement arising with respect to CFIUS Approval, the First ITAR Filing, the Second ITAR Filing or the HSR Act or any Other Antitrust Laws, then the Outside Date shall be extended to October 19, 2022), and (ii) the terminating Party has not materially breached any provision of this Agreement; or

(g) by Seller, if (i) all of the conditions to Closing set forth in Section 8.1 have been and continue to be satisfied (other than those conditions that by their nature are to be satisfied at the Closing (and which are capable of being satisfied if the Closing were to occur at such time) or have been waived), (ii) Seller has irrecoverably confirmed to Buyer in writing that (A) all conditions in Section 8.1 have been and continue to be satisfied (other than those conditions that by their nature are to be satisfied at the Closing (and which are capable of being satisfied if the Closing were to occur at such time) or have been waived), (B) Seller is ready, willing and able to effect the Closing at such time, and (C) Seller would take such actions to cause the Closing to occur, and (iii) Buyer fails to consummate the Closing on or before the second (2<sup>nd</sup>) Business Day following the date of delivery of the written notification by Seller contemplated in clause (ii).



8.6 Effect of Termination. The valid termination of this Agreement in accordance with Section 8.5 shall terminate all rights and obligations of the Parties hereunder and none of the Parties shall have any liability to any other Party hereunder, except that (a), Section 7.1, this Section 8.6 and Article IX and, in each case, the definition of any defined terms used therein, shall survive any such termination and (b) nothing in this Agreement shall relieve any party from liability for Fraud or any willful breach of any covenant or agreement in this Agreement prior to such termination. A failure by Buyer to consummate the transactions contemplated by this Agreement, if all conditions to Closing in Section 8.1 have been satisfied, will be deemed to be a willful breach by Buyer. In the event of termination of this Agreement, and regardless of the reason for the termination, the Confidentiality Agreement shall continue in full force and effect in accordance with its terms and any such termination shall not amend, modify, release, waive or otherwise limit any rights or obligations under the Confidentiality Agreement.

## **Article IX** **MISCELLANEOUS**

9.1 No Survival of Representations, Warranties and Pre-Closing Covenants; No Liability. Notwithstanding anything to the contrary in this Agreement, any Ancillary Document or in any certificate or schedule (including the Seller Disclosure Schedules) delivered pursuant hereto or thereto, the Parties, intending to contractually shorten any otherwise applicable statute of limitations, hereby agree that (a) none of the (i) representations and warranties or (ii) covenants or agreements to the extent that they require performance at or prior to the Closing (“**Pre-Closing Covenants**”), in each case, contained in this Agreement, any Ancillary Document or in any certificate or schedule (including the Seller Disclosure Schedules) delivered pursuant hereto or thereto or otherwise in connection herewith or therewith, shall survive the Closing, (b) the representations and warranties herein are intended solely to facilitate disclosure and to give effect to the Closing conditions set forth in Article VIII and (c) from and after the Closing, no Person will have any remedy, recourse or entitlement whatsoever against any Buyer Related Party or Seller Related Party, as applicable, whether at law or in equity, in contract, tort or otherwise, with respect to this Agreement, any Ancillary Document or any certificate or schedule (including the Seller Disclosure Schedules) delivered pursuant hereto or thereto or otherwise in connection herewith or therewith, or the transactions contemplated hereby or thereby, it being agreed that all such remedies, recourse and entitlements are hereby expressly waived and released to the fullest extent permitted by Law, except for (i) the right to specifically enforce, or to recover any damages (other than punitive and exemplary damages, which are hereby expressly waived and released) with respect to the breach of, any covenant or agreement solely to the extent such covenant or agreement is to be performed or complied with after the Closing, and (ii) the right to assert a common law claim for Fraud against any Party to the extent such Party committed Fraud. For the sake of clarity, the covenants and agreements contained in Sections 5.4, 6.2, 6.3 and 6.5 and this Article IX shall not be deemed to be “**Pre-Closing Covenants**” for purposes of this Section 9.1 and shall survive the Closing.

9.2 Notices. Any notice, request, demand, waiver, consent, approval or other communication which is required or permitted hereunder shall be in writing and shall be deemed given: (a) on the date established by the sender as having been delivered personally, (b) on the date delivered by a private courier as established by the sender by evidence obtained from the courier, (c) on the date sent by electronic mail, with confirmation of receipt, if sent prior to 5:00 p.m. Central time, or if sent later, then on the next Business Day, or (d) on the fifth (5th) Business Day after the date mailed, by certified or registered mail, return receipt requested, postage prepaid. Such communications, to be valid, must be addressed as follows:





If to Buyer, to:

Sensata Technologies, Inc.  
529 Pleasant Street  
Attleboro, Massachusetts 02703  
Attn: Chief Legal Officer  
Email: chieflegalofficer@sensata.com

With a required copy (which shall not constitute notice) to:

Jones Day  
250 Vesey Street  
New York, NY  
Attn: Randi Lesnick and Evan Kanter  
Email: rclesnick@jonesday.com  
ekanter@jonesday.com

If to Seller, to:

Dynapower Holdings, LLC  
c/o Pfingsten Partners, L.L.C.  
151 North Franklin Street, Suite 2150  
Chicago, Illinois 60606  
Attention: John Underwood and Ryan Lavelle  
Email: junderwood@pfingsten.com  
rlavelle@pfingsten.com

With a required copy (which shall not constitute notice) to:

Paul Hastings LLP  
71 South Wacker Drive, 45th Floor  
Chicago, Illinois 60606  
Attn: Brian F. Richards  
Email: brianrichards@paulhastings.com

or to such other address or to the attention of such Person or Persons as the recipient Party has specified by prior written notice to the sending Party (or in the case of counsel, to such other readily ascertainable business address as such counsel may hereafter maintain).

9.3 Amendments and Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each Party, or in the case of a waiver, by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.



9.4 Expenses. Except as otherwise provided in this Agreement, each Party shall bear its own costs and expenses in connection with the negotiation, documentation and consummation of the transactions contemplated by this Agreement, including all legal, accounting, financial advisory, consulting and all other fees and expenses of third parties, whether or not the transactions contemplated by this Agreement are consummated.

9.5 Successors and Assigns. This Agreement may not be assigned by any Party without the prior written consent of the other Parties; provided that (a) Buyer may assign its rights under this Agreement to any Subsidiary of Buyer, but no such assignment will relieve Buyer of any of its obligations hereunder and (b) in any event in which written consent to an assignment is granted hereunder, no such assignment will relieve the assignor of any of its obligations hereunder. Subject to the foregoing, all of the terms and provisions of this Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

9.6 Governing Law. This Agreement, the Ancillary Documents, any Schedules hereto and the other documents, instruments and agreements specifically referred to herein or therein or delivered pursuant hereto or thereto, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate hereto or thereto, or the negotiation, execution or performance of hereof or thereof (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement or as an inducement to enter into this Agreement), shall be governed by the internal Laws of the State of Delaware, without giving effect to any choice of Law or conflict of Laws rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

9.7 Exclusive Jurisdiction; Service of Process; MUTUAL WAIVER OF JURY TRIAL. Any Suit arising out of or relating to this Agreement, any Ancillary Document or any transaction contemplated hereby or thereby shall be brought exclusively in the Delaware Court of Chancery in New Castle County, or in the event (but only in the event) that such court does not have subject matter jurisdiction over such Suit, the United States District Court for the District of Delaware, or to the extent neither of such courts has subject matter jurisdiction over such Suit, the Superior Court of the State of Delaware, and in each case, the appellate courts having jurisdiction of appeals in such courts (collectively, the “**Specified Courts**”), and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the Specified Courts for itself and with respect to its property, generally and unconditionally, for the purpose of any such Suit. Each Party irrevocably and unconditionally waives any objection to the laying of venue of any Suit arising out of or relating to this Agreement, any Ancillary Document or the transactions contemplated hereby or thereby in the Specified Courts, and hereby irrevocably and unconditionally waives and agrees not to plead or claim in any Specified Court that any such Suit brought in any Specified Court has been brought in an inconvenient forum. The choice of venue set forth in this Section 9.7 is intended by the Parties to be mandatory and not permissive in nature, thereby precluding the possibility of litigation between the Parties with respect to or arising out of this Agreement, any Ancillary Document or the transactions contemplated hereby or thereby in any jurisdiction other than those specified in this Section 9.7. A final judgment in any such Suit may be enforced in other jurisdictions by Suit on the judgment or in any other manner provided by Law. Each Party further agrees that service of any process, summons, notice or document by U.S. registered mail to such Party’s respective address set forth herein shall be effective service of process for any such Suit. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY ANCILLARY



DOCUMENT, THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY OR THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF OR THEREOF. EACH PARTY FURTHER WAIVES ANY RIGHT TO SEEK TO CONSOLIDATE ANY SUCH SUIT OR OTHER LEGAL PROCEEDING IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER SUIT OR OTHER LEGAL PROCEEDING IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

9.8 Counterparts. This Agreement may be executed in counterparts, and any Party may execute any such counterpart, each of which when executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. This Agreement shall become effective when each Party shall have received a counterpart hereof signed by the other Party. The Parties agree that the delivery of this Agreement, the Ancillary Documents and any other agreements and documents executed and delivered concurrently with the execution and delivery of this Agreement or executed and delivered at the Closing, may be effected by means of an exchange of facsimile signatures or other electronic delivery.

9.9 No Third Party Beneficiaries. Other than Sections 5.4, 6.2, 6.3 and 6.5 and this Article IX (other than Sections 9.2, 9.3 and 9.4) and the definitions of the terms used in any of the foregoing, which are intended to benefit and may also be enforced directly by the Covered Parties, the Releasees, the Seller Related Parties, the Buyer Related Parties, Paul Hastings and the Nonparty Affiliates, as applicable, no provision of this Agreement is intended to confer upon any Person other than the Parties any rights or remedies hereunder.

9.10 Entire Agreement. This Agreement, the Ancillary Documents and any Schedules hereto and the other documents, instruments and agreements specifically referred to herein or therein or delivered pursuant hereto or thereto set forth the entire understanding of the Parties with respect to the transactions contemplated by this Agreement. All Schedules, including any Seller Disclosure Schedule, referred to herein are intended to be and hereby are specifically made a part of this Agreement and incorporated by reference herein. Any and all previous agreements and understandings between or among the Parties regarding the subject matter of this Agreement, the Ancillary Documents and any Schedules hereto, whether written or oral, are superseded by this Agreement, the Ancillary Documents and the Schedules hereto, except for the Confidentiality Agreement which shall continue in full force and effect in accordance with its terms.

9.11 Seller Disclosure Schedules. Except as otherwise provided in the Seller Disclosure Schedules, all capitalized terms used therein shall have the meanings assigned to them in this Agreement. Matters reflected in the Seller Disclosure Schedules are not necessarily limited to matters required by this Agreement to be disclosed. No disclosure made in the Seller Disclosure Schedules shall constitute an admission or determination that any fact or matter so disclosed is material, meets a dollar or other threshold set forth in this Agreement or would otherwise be required to be disclosed, and no Person shall use the fact of the setting of a threshold or the inclusion of such facts or matters in any dispute or controversy as to whether any obligation, amount, fact or matter is or is not material, is or is not in excess of a dollar or other threshold or would otherwise be required to be disclosed, for purposes of this Agreement. Information disclosed in any Seller Disclosure Schedule will be deemed to be disclosed and incorporated into any other Seller Disclosure Schedule to the extent that the information is disclosed with such specificity that its applicability to such other Seller Disclosure Schedule is reasonably apparent on the face of the disclosure without review of any additional materials. No disclosure in the Seller Disclosure Schedules relating to any possible breach or violation of any



agreement or Law shall be construed as an admission or indication that any such breach or violation exists or has actually occurred. Summaries or descriptions of Contracts or other documents contained in the Seller Disclosure Schedules are qualified in their entirety by such Contracts or other documents themselves. The matters reflected in the Seller Disclosure Schedules are solely intended to qualify the representations and warranties contained in this Agreement and nothing contained in the Seller Disclosure Schedules shall in any event expand the scope of any representation or warranty, contained in this Agreement or constitute or be deemed to constitute a representation or warranty.

9.12 Captions. All captions contained in this Agreement are for convenience of reference only, do not form a part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

9.13 Remedies.

(a) The Parties agree that irreparable damage would occur (for which monetary relief, even if available, would not be an adequate remedy) in the event that any of the provisions of this Agreement were not performed by any Party, as applicable, in accordance with their specific terms or were otherwise breached by any Party, as applicable, including if the Parties fail to take any action required of them hereunder to consummate the transactions contemplated by this Agreement (including the obligation to consummate the Closing). It is accordingly agreed that (i) the Parties shall be entitled to an injunction or injunctions, specific performance, or other equitable relief to prevent breaches of this Agreement by any Party, as applicable, and to enforce specifically the terms and provisions hereof against each Party, as applicable, without proof of damages or otherwise, this being in addition to any other remedy to which the Parties are entitled at law or in equity and (ii) the right of specific performance and other equitable relief is an integral part of the transactions contemplated by this Agreement and without that right, none of the Parties would have entered into this Agreement. The Parties agree not to assert that a remedy of specific performance or other equitable relief is unenforceable, invalid, contrary to law or inequitable for any reason, and agree not to assert that a remedy of monetary damages would provide an adequate remedy or that the Parties otherwise have an adequate remedy at law; provided, that nothing shall preclude any Party from objecting as to the substantive basis on which such equitable remedies are being sought. The Parties acknowledge and agree that any Party seeking an injunction or injunctions to prevent breaches of this Agreement and/or to enforce specifically the terms and provisions of this Agreement in accordance with this Section 9.13 shall not be required to provide any bond or other security in connection with any such order or injunction.

(b) Notwithstanding anything to the contrary contained in this Agreement (including Section 9.13(a)), from and after the Closing, no Party shall have, and to the fullest extent permitted by Law each Party hereby expressly, irrevocably and unconditionally waives and releases, any right of rescission or any similar equitable right or remedy.

9.14 Severability. Any provision of this Agreement which is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.15 Interpretation. The following rules of construction shall govern the interpretation of this Agreement: (a) all references to Articles, Sections, Exhibits or Schedules are to Articles, Sections, Exhibits or Schedules in this Agreement; (b) each accounting term not otherwise defined in this Agreement has the meaning assigned to it in accordance with GAAP; (c) unless the context otherwise requires, words in the singular or plural include the singular and plural, and pronouns stated in either the masculine, the feminine or neuter gender shall include the masculine, feminine and neuter; (d) whenever the words “include,” “includes” or “including” are used in this Agreement they shall be deemed to be followed by the words “but not limited to”; (e) the word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not simply mean “if”; (f) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is referenced in beginning the calculation of such period will be excluded (for example, if an action is to be taken within two days after a triggering event and such event occurs on a Tuesday, then the action must be taken on or prior to Thursday); (g) time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement, (h) whenever this Agreement states that any document or information has been “made available” or “provided” (or words of similar import) to Buyer that means (unless expressly stated otherwise in this Agreement) such document or information has been uploaded in the electronic data room hosted by Intralinks (under the name “Project Alpine”) prior to the execution and delivery hereof, (i) the subject headings of Articles and Sections of this Agreement are included for purposes of convenience of reference only and shall not affect the construction or interpretation of any of its provisions; (j) the terms “hereof”, “herein”, “hereby”, “hereto”, and derivative or similar words refer to this entire Agreement, including the Schedules and Exhibits hereto, (k) the term “any” means “any and all”, (l) the term “or” shall not be exclusive and shall mean “and/or”; (m) references to “days” means calendar days unless Business Days are expressly specified, (n) references to “\$” mean U.S. dollars; (o) any drafts of this Agreement, the Ancillary Documents and any Schedules or Exhibits circulated by or among the Parties prior to the final fully executed drafts shall not be used for purposes of interpreting any provision of this Agreement, the Ancillary Documents or any Schedules or Exhibits, and each of the Parties agrees that such Party and its Affiliates shall not make any claim, assert any defense or otherwise take any position inconsistent with the foregoing in connection with any Suit among any of the foregoing; (p) the Parties have participated jointly in the negotiation and drafting of this Agreement, the Ancillary Documents and the Schedules and Exhibits, in the event an ambiguity or question of intent or interpretation arises, this Agreement, the Ancillary Documents and the Schedules and Exhibits shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of Agreement, the Ancillary Documents and the Schedules and Exhibits and the language used in it will be deemed to be the language chosen by the Parties to express their mutual intent; and (q) whenever the term “ordinary course of business” is used in this Agreement



it shall be deemed to be followed by the words “consistent with past custom and practice” and, for the avoidance of doubt, with respect to Article III, shall include any commercially reasonable

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action taken, or omitted to be taken, in good faith that relates to, or arises out of, COVID-19 or any Pandemic Measure. Consent by email pursuant to Section 9.2 will satisfy any requirement of consent in writing pursuant to this Agreement.

#### 9.16 Legal Representation.

(a) Each Party acknowledges that (i) each of the Sponsor Partners, Seller and the Acquired Companies have retained Paul Hastings LLP (“**Paul Hastings**”) to act as its counsel in connection with the Transaction Matters as well as other past and ongoing matters, (ii) Paul Hastings has not acted as counsel for any other Person in connection with the Transaction Matters, and (iii) no Person other than the Sponsor Partners, Seller and the Acquired Companies has the status of a Paul Hastings client for conflict of interest or any other purpose as a result thereof. Buyer (i) waives and will not assert, and will cause each of its Subsidiaries (including, after Closing, the Acquired Companies) to waive and not assert, any conflict of interest relating to Paul Hastings’s representation after the Closing of the Sponsor Partners, Seller or any of their respective Affiliates in any matter, whether involving the Transaction Matters (including any litigation, arbitration, mediation, dispute resolution procedure or other proceeding) or otherwise, and (ii) consents to, and will cause each of its Subsidiaries (including, after Closing, the Acquired Companies) to consent to, any such representation, even though in each case (x) the interests of the Sponsor Partners, Seller and/or their respective Affiliates may be directly adverse to Buyer or the Acquired Companies, (y) Paul Hastings may have represented any Acquired Company in a substantially related matter, and/or (z) Paul Hastings may be handling other ongoing matters for Buyer or any of the Acquired Companies.

(b) Buyer agrees that, after the Closing, neither Buyer nor any of its Subsidiaries (including, after Closing, the Acquired Companies) will have any right to access or control any of Paul Hastings’ records relating to or affecting any Transaction Matter, which will be the property of (and be controlled by) the Sponsor Partners and Seller. In addition, Buyer agrees that it would be impractical to remove all Attorney-Client Communications from the records (including e-mails and other electronic files) of the Acquired Companies. Accordingly, Buyer will not, and will cause each of its Subsidiaries (including, after Closing, the Acquired Companies) not to, use any Attorney-Client Communication remaining in the records of any Acquired Company after Closing in a manner that may be adverse to the Sponsor Partners, Seller or any of their respective Affiliates.

(c) Buyer agrees, on its own behalf and on behalf of its Subsidiaries (including, after Closing, the Acquired Companies), that from and after Closing (i) the attorney-client privilege, all other evidentiary privileges, and the expectation of client confidence as to all Attorney-Client Communications are hereby assigned to and shall belong to the Sponsor Partners and Seller and will not pass to or be claimed by Buyer or any of its Subsidiaries (including, after Closing, the Acquired Companies) and (ii) the Sponsor Partners and Seller, together, will have the exclusive right to control, assert, or waive the attorney-client privilege, any other evidentiary privilege, and the expectation of client confidence with respect to such Attorney-Client Communications. Accordingly, Buyer will not, and will cause each of its Subsidiaries (including, after Closing, the Acquired Companies) not to, (x) assert any attorney-client privilege, other evidentiary privilege, or expectation of client confidence with respect to any Attorney-Client Communication, except in the event of a post-Closing dispute with a Person that is not the Sponsor Partners, Seller or any of their respective Affiliates; or (y) take any action which could cause any Attorney-Client Communication to cease being a confidential communication or to otherwise lose protection under the attorney-client privilege or any other evidentiary privilege, including waiving such

protection in any dispute with a Person that is not the Sponsor Partners, Seller or any of their respective Affiliates. Furthermore, Buyer agrees, on its own behalf and on

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behalf of each of its Subsidiaries (including, after Closing, the Acquired Companies), that in the event of a dispute between the Sponsor Partners, Seller or any of their respective Affiliates on the one hand and Buyer or any of the Acquired Companies on the other hand arising out of or relating to any matter in which Paul Hastings jointly represented both parties, neither the attorney-client privilege, the expectation of client confidence, nor any right to any other evidentiary privilege will protect from disclosure to the Sponsor Partners, Seller or any of their respective Affiliates any information or documents developed or shared during the course of Paul Hastings's joint representation.

9.17 No Recourse Against Nonparty Affiliates. Notwithstanding anything to the contrary contained herein and except in the case of Fraud, (a) all claims, obligations, liabilities, or causes of action (whether in contract or in tort, in law or in equity, granted by statute or otherwise) of any Buyer Related Party that may be based upon, in respect of, arise under, out or by reason of, be connected with, or relate in any manner to this Agreement or the transactions contemplated hereby, or the negotiation, execution, or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement), may be made only against (and are those solely of) Seller; (b) other than Seller, no Person, including any Nonparty Affiliate, shall have any liability or obligation (whether in contract or in tort, in law or in equity, granted by statute or otherwise) to any Buyer Related Party for any Suits, claims, causes of action, obligations, or liabilities arising under, out of, in connection with, or related in any manner to this Agreement or the transactions contemplated hereby or based on, in respect of, or by reason of this Agreement or its negotiation, execution, performance, or breach or the transactions contemplated hereby; (c) to the maximum extent permitted by law, Buyer, on behalf of itself and all other Buyer Related Parties, hereby waives and releases all such liabilities, Suits, claims, causes of action, and obligations against any such Nonparty Affiliates; and (d) without limiting the foregoing, to the maximum extent permitted by law, Buyer, on behalf of itself and all other Buyer Related Parties, (i) hereby waives and releases any and all rights, Suits, claims, demands, or causes of action that may otherwise be available at law or in equity, in contract, in tort, granted by statute or otherwise, to avoid or disregard the entity form of Seller or otherwise impose liability of Seller on any Nonparty Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise, and (ii) disclaims any reliance upon any Nonparty Affiliates with respect to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to enter into, this Agreement. For the avoidance of doubt, nothing in this Section 9.17 absolves or relieves any Person, including any Nonparty Affiliate, from any obligations or liabilities under any Contract to which such Person is a party, whether or not such Contract relates to this Agreement.

9.18 Prevailing Party. In the event of any Suit in connection with this Agreement or any Ancillary Document, the prevailing Party in any such Suit shall be entitled to recover from the other Party its reasonable and documented third-party costs and expenses incurred in connection with investigating, preparing, prosecuting, determining and/or settling such Suit, including reasonable and documented third-party legal fees and expenses.

[Signature page follows]

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IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed by their respective authorized officers as of the date first above written.

**SELLER:**

DYNAPOWER HOLDINGS, LLC

By: /s/ John H. Underwood  
Name: John H. Underwood  
Title: Vice President and Secretary

**BUYER:**

SENSATA TECHNOLOGIES, INC

By: /s/ Hans Lidfors  
Name: Hans Lidfors  
Title: Senior Vice President, Chief Strategy &  
Corporate Development Officer

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AWARD AGREEMENT

SENSATA TECHNOLOGIES HOLDING PLC  
(the "Company")

**RESTRICTED STOCK UNITS**

Date: \_\_\_\_\_ ("Grant Date")

Issue to:

\_\_\_\_\_ ("Participant")

\_\_\_\_\_ Restricted Stock Units of the Company (the "Units"). Each Unit represents the right to receive one ordinary Share, par value €0.01 per ordinary Share ("Share").

The Units are "Restricted Stock Units" as such term is defined in the Company's 2021 Equity Incentive Plan, as may be amended from time to time (the "Plan"), and such Units are subject to all of the terms and conditions set forth below and in the Plan in effect from time to time. Any capitalized term used herein and not otherwise defined shall have the meaning ascribed to such term in the Plan. For valuable consideration, receipt of which is acknowledged, Participant agrees to the following additional terms and conditions.

**Unit Terms and Conditions**

1. Plan Incorporated by Reference. This Award Agreement (this "Agreement") is issued pursuant to the terms of the Plan and may be amended as provided in the Plan. This Award Agreement does not set forth all of the terms and conditions of the Plan, which are incorporated herein by reference. The Committee administers the Plan and its determinations regarding the operation of the Plan are final and binding. Copies of the Plan may be obtained upon written request without charge from the Legal Department of the Company.
2. Restricted Stock Unit. Each Unit represents the right to receive one Share, subject to the fulfillment of the vesting conditions.
3. Vesting of Units; Issuance of Shares. Subject to Section 4 below, the Units shall vest in three equal installments on the first, second, and third anniversary of the Grant Date as follows (each a "Vesting Date").

Vesting Dates

Cumulative  
Percentage of  
Units Vested

%%VEST\_DATE\_PERIOD1,'Month DD, YYYY'-%-

1/3 or 33.3%

%%VEST\_DATE\_PERIOD2,'Month DD, YYYY'-%-

1/3 or 33.3%

%%VEST\_DATE\_PERIOD3,'Month DD, YYYY'-%-

1/3 or 33.4%

4. Vesting on Termination of Employment, Death, Disability, Retirement and Change in Control.

- a. General. Unless otherwise provided in this Section 4, any unvested Units shall be forfeited immediately upon the date that Participant terminates his or her service with the Company or any Subsidiary or Affiliate or otherwise ceases to be an Eligible Person (each referred to as the "Termination Date"). Unless otherwise expressly provided in this Agreement or determined by the Committee or its designee, Participant's right to vest in the Units under the Plan, if any, will terminate as of such Termination Date and will not be extended by any notice period.
  - b. Participant's Death. Notwithstanding any provision in the Plan to the contrary, if a Participant dies while providing service to the Company or any Subsidiary or Affiliate, any unvested Units shall
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immediately vest in full. The then vested portion of the Units shall be delivered to the executor or administrator of Participant's estate or, if none, to the person(s) entitled to receive the vested Units under Participant's will or the laws of descent or distribution.

- c. Participant's Disability. Notwithstanding any provision in the Plan to the contrary, if a Participant terminates service from the Company or any Subsidiary or Affiliate due to Disability, any unvested Units shall immediately vest in full. "Disability" shall mean that the Participant, due to physical or mental illness, is considered disabled under the Company's long-term disability insurance plan.
- d. Participant's Retirement. If the Participant's status as an employee of the Company or any Subsidiary or Affiliate terminates by reason of a Covered Retirement, as defined below, unvested Units will remain outstanding and continue to vest and be settled on each remaining Vesting Date without regard to the requirement that the Participant be employed by the Company or any Subsidiary or Affiliate. For purposes hereof, a "Covered Retirement" is the voluntary termination of a Retirement Eligible Individual who has provided the Company not less than six months' prior notice of such employee's intent to retire from the Company or any Subsidiary or Affiliate; provided, however, the Compensation Committee may waive the six-month notice period or allow an earlier retirement date with the consent of the Participant. A "Retirement Eligible Individual" means an employee of the Company or any Subsidiary or Affiliate who has attained at least 55 years of age and who has a combined age and years of credited employment service with the Company and/or any Subsidiary or Affiliate of 65 years. Notwithstanding the foregoing, the definition of a Covered Retirement shall not include any retirement of service that occurs prior to the first Vesting Date.
- e. Qualifying Termination. Upon a Qualifying Termination, unvested Units that otherwise would have vested within six months of the Participant's Termination Date shall vest in full on the Participant's Termination Date. "Qualifying Termination" shall mean, with respect to the Participant, an involuntary termination of employment without Cause by the Company or any Subsidiary or Affiliate other than a termination by reason of death, Disability, Covered Retirement, or related to a Change-in-Control (and covered by Section 4(f) below). Cause as a reason for a Participant's termination of employment as an employee shall have the meaning assigned such term in the employment agreement, if any, between such Participant and the Company or any Subsidiary or Affiliate; provided, however, that if there is no such employment agreement in which such term is defined, "Cause" shall mean (i) the Participant's willful and continued failure to perform his or her duties with the Company or any Subsidiary or Affiliate (other than any such failure resulting from incapacity due to physical or mental illness, and specifically excluding any failure by the Participant, after reasonable efforts, to meet performance expectations), or (ii) the willful engaging by the Participant in illegal conduct, gross misconduct, or conduct in violation of Company policies. For purposes of this provision, no act or failure to act, on the part of the Participant, shall be considered "willful" unless it is done, or omitted to be done, by the Participant in bad faith or without reasonable belief that his or her action or omission was in the best interests of the Company.
- f. Change-in-Control. In the event of a Change-in-Control, the Units will convert to Units of the acquiring entity or continuing entity, as applicable, and vest in accordance with the schedule set forth above; provided, however, that the Units:
  - (i) Will automatically accelerate and vest in full if within the 24-month period following the Change-in-Control, if the Participant is terminated by the Company or the acquiring or continuing entity or any Subsidiary or Affiliates without Cause; or

(ii) Will automatically accelerate and vest in full at the Change-in-Control if this Award Agreement is not assumed or replaced by the acquiring or continuing entity.

5. Restrictive Covenants and Remedies. Participant agrees to the restrictive covenants contained in this Section 5 (the "Restrictive Covenants") and agrees that the Restrictive Covenants and the remedies described herein are reasonable and necessary to protect the legitimate interests of the Company. The Participant acknowledges the uncertainty of the law with respect to Restrictive Covenants and expressly stipulates that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

a. Confidentiality. The Participant agrees, during their employment with the Company and thereafter, to maintain the confidentiality of the Company's Confidential Information and to use

such Confidential Information for the exclusive benefit of the Company. “Confidential Information” will be interpreted as broadly as possible to include all information of any sort (whether merely remembered or embodied in a tangible or intangible form) that is (1) related to Company’s or any Subsidiary’s or Affiliate’s current or potential business and (2) is not generally or publicly known.

- b. Competing Activity. During the Participant’s employment with the Company or for one (1) year following the later of (i) termination of the Participant’s employment with the Company for any reason whatsoever or (ii) the last scheduled vesting date of this award, the Participant shall not compete, directly or indirectly, in any manner or capacity, with the Company. Competing activity shall include any business engaged (whether directly or indirectly) in the design, manufacture, marketing, or sale of products or services competitive with those designed, manufactured, marketed, or sold by the Company or any Subsidiary or Affiliate.
  - c. Non-Solicitation of Employees. During the Participant’s employment with the Company or for two (2) years following the later of (i) termination of the Participant’s employment with the Company for any reason whatsoever or (ii) the last scheduled Vesting Date of this award, the Participant shall not, directly or indirectly, solicit or encourage any person who was an employee of the Company or any Subsidiary or Affiliate during Participant’s employment, to leave employment with the Company or in any way interfere adversely with the relationship between any such employee and the Company.
  - d. Non-Solicitation of Customers or Vendors. During the Participant’s employment with the Company or for two (2) years following the later of (i) termination of the Participant’s employment with the Company for any reason whatsoever or (ii) the last scheduled Vesting Date of this award, the Participant shall not, directly or indirectly, solicit or divert the business of the Company’s customers or vendors who were customers or vendors to the Company during Participant’s employment or in any way interfere adversely with the business relationship between any such customer or vendor and the Company.
  - e. Partial Invalidity. If any portion of this Section 5 is determined to be unenforceable in any respect, it shall be interpreted to be valid to the maximum extent for which it reasonably may be enforced. The Participant acknowledges the uncertainty of the law in this respect and expressly stipulate that this Award Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.
  - f. Remedy for Breach. The Participant agrees that a breach of any of the Restrictive Covenants would cause material and irreparable harm to the Company that would be difficult or impossible to measure, and that monetary damages for any such harm would, therefore, be an inadequate remedy. Accordingly, Participant agrees that if they breach any Restrictive Covenant, the Company shall be entitled, in addition to and without limitation upon all other remedies the Company may have under this Award Agreement, at law or otherwise, to obtain injunctive or other appropriate equitable relief.
  - g. Clawback. The Participant acknowledges that the award is subject to the Company’s clawback policy, as in effect from time to time. The Committee may, in accordance with the Plan and any applicable clawback policy and in its sole discretion, provide for cancellation of any or all of the Participant’s outstanding awards or forfeiture by the Participant of any gain realized in respect of awards, and repayment of any such gain promptly to the Company.
6. Non-Transferability. This Agreement or the rights hereunder may not be transferred.

7. No Security Holder Rights. Participant shall have no rights as a security holder with respect to the unvested Ordinary Shares covered by the Units.
8. No Dividends. Participant shall not be entitled to receive dividends or dividend equivalents with respect to the number of unvested Ordinary Shares covered by the Units.
9. Taxes. Participant acknowledges that the Company has the right to require Participant to remit to the Company an amount sufficient to satisfy his or her minimum federal, state, local and foreign withholding tax requirements, or to deduct from all payments under the Plan amounts sufficient to satisfy such withholding tax requirements. Participant further acknowledges that the ultimate liability

for all federal, state, local and foreign income taxes, social insurance, payroll tax, or other tax-related items related to the Participant's participation in the Plan is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. Participant authorizes the Company and/or its Subsidiaries or Affiliates, or their respective agents, at their discretion, to satisfy the Participant's tax obligations that must be withheld by the Company and/or its Subsidiaries or Affiliates by withholding in Ordinary Shares to be issued upon vesting of the Units, or in the sole discretion of the Company, by any other appropriate method.

With respect to a Retirement Eligible Individual, the Company may, in its discretion, accelerate the vesting and settlement of a portion of the Units to the extent necessary to pay the Federal Insurance Contributions Act (FICA) tax imposed under Sections 3101, 3121(a) and 3121(v)(2) of the Code and to pay the income tax at source on wages imposed under Section 3401 of the Code or the corresponding withholding provisions of applicable state, local or foreign tax laws as a result of the payment of the FICA tax, and to pay the additional income tax at source on wages attributable to the pyramiding section 3401 wages and taxes; provided that the total payment under this acceleration provision cannot exceed the aggregate of the FICA tax amount, and the income tax withholding related to such FICA amount (as permitted under Treasury Regulation Section 1.409A-3(j)(4)(vi); and provided further that any Units vested and settled in accordance with this Section will reduce, share-for-share, that portion of the Award that would vest on the immediately following Vesting Date. Participant authorizes the Company and/or any Subsidiary or Affiliate, or their respective agents, at their discretion, to satisfy the Participant's tax obligations that must be withheld by the Company and/or any Subsidiary or Affiliate by withholding in Shares to be issued upon vesting of the Units, or in the sole discretion of the Company, by any other appropriate method. The Company shall delay the issuance of any Shares upon any Vesting Date to the extent necessary to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to "specified employees" as a result of their separation from service) to the date that is six months and one day following the date of the Participant's separation from service (or shorter period ending on the date of the Participant's death following such separation).

10. Data Protection. Participant consents to the collection and processing of Personal data relating to the Participant so that the Company and its Affiliates can fulfill their obligations and exercise their rights under the Plan and generally administer and manage the Plan. "Personal data" shall include but may not be limited to, data about participation in the Plan and securities offered or received, purchased or sold under the Plan from time to time and other appropriate financial and other data (such as the date on which the Units were granted, Participant's name and address) about the Participant and his or her participation in the Plan. Participant accepts that the Personal data will be administered and processed by the Company or any other agent or person designated by the Company. Participant is entitled to request access to the data referring to the Participant and held by the Company and to request the amendment or deletion of such data. Participant also gives express consent to the Company to transfer and process his/her Personal data to the United States in accordance with the applicable laws and regulations of the United States even if the level of Personal data protection in the United States may be lower than in the Participant's country. Participant acknowledges that he/she is free to withdraw his/her consent at any time.

For the purposes of compliance with the General Data Protection Regulation (EU) 2016/679, Participant acknowledges that the Company will separately provide information on the collection, processing, and transfer of Personal Data.

11. Language. Participant acknowledges that the Plan and this Agreement are provided in English only and waives his/her right to translated Plan documentation.

12. Discretionary Nature of Benefit; No Right to Continued Employment; No Entitlement to Future Awards. Participant understands that under this Agreement, grants of Units are made at the complete discretion of the Company pursuant to the Plan. The offer to participate in the Plan does not constitute an acquired right. Nothing in this Agreement shall confer on any Participant any right to continue in the employment of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries to terminate such Participant's employment at any time for any reason or to continue such Participant's present (or any other) rate of compensation. The grant of the Units under any award to any Participant is a one-time benefit and shall not create any rights in such Participant to any subsequent awards by the Company, no award hereunder shall be considered a

condition of such Participant's employment, and no profit with respect to an award shall be considered part of such Participant's salary or compensation under any severance statute or other applicable law.

This Agreement may be executed in one or more counterparts (including by means of electronically signed or submitted signature pages), all of which taken together shall constitute one and the same Agreement.

\* \* \* \*

IN WITNESS WHEREOF, the Company, acting by and through its duly authorized officers, has executed this Award Agreement effective as of the date first above written.

SENSATA TECHNOLOGIES HOLDING PLC

By:

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Name: Jeff Cote  
Title: CEO & President

Accepted and Agreed:

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## AWARD AGREEMENT

SENSATA TECHNOLOGIES HOLDING PLC  
(the "Company")

### PERFORMANCE RESTRICTED STOCK UNITS

Date: \_\_\_\_\_ ("Grant Date")

Issue to:

\_\_\_\_\_ ("Participant")

\_\_\_\_\_ Performance Restricted Stock Units of the Company (the "PRSUs"). Each PRSU represents the right to potentially receive one Ordinary Share, par value €0.01 per Ordinary Share.

The foregoing PRSUs are "Performance Awards" as such term is in the Company's 2021 Equity Incentive Plan, as may be amended from time to time (the "Plan"), and such Performance Awards are subject to all of the terms and conditions of the Plan in effect from time to time, except as otherwise provided herein. Any capitalized term used herein and not otherwise defined shall have the meaning ascribed to such term in the Plan. For valuable consideration, receipt of which is acknowledged, Participant agrees to the following additional terms and conditions.

#### PRSU Terms and Conditions

1. Plan Incorporated by Reference. This Award Agreement (this "Agreement") is issued pursuant to the terms of the Plan and may be amended as provided in the Plan. This Agreement does not set forth all of the terms and conditions of the Plan, which are incorporated herein by reference. The Committee administers the Plan and its determinations regarding the operation of the Plan are final and binding. Copies of the Plan may be obtained upon written request without charge from the Legal Department of the Company.
2. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:
  - a. "Adjusted EPS" means the annual adjusted earnings per share during the Performance Year, which for the Company shall be calculated in accordance with Annex B attached hereto, and for each company in the Peer Group, shall be the annual adjusted earnings per share publicly disclosed by such company for the Performance Year (or calculated using publicly disclosed information). Adjusted EPS for the Company includes share repurchases during the Performance Year, but excludes the results of any acquisitions that close after the second quarter of the applicable company's fiscal year (only for the first year of such acquisition) and shall be adjusted for any stock splits, reverse stock splits or the like.
  - b. "Banked Shares Modifier" means the percent of PRSUs to be banked in each Performance Year based upon the Company's Relative Adjusted EPS Growth Performance during the Performance Year in accordance with Table 1 below.

- c. "Peer Company" shall mean each of the companies listed on Annex A.
  - d. "Peer Group" means the companies listed on Annex A attached hereto, which will be amended to remove any Peer Company that is acquired (whether through merger, stock purchase or purchase of substantially all the assets of the company) or ceases to operate (whether through bankruptcy, insolvency or sale) during the Performance Period.
  - e. "Performance Period" means January 1, 2022 through December 31, 2024.
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- f. "Performance Year" means each fiscal year for the Company beginning on January 1 and ending December 31 of each year during the Performance Period, and a similar 12-month fiscal period for each Peer Company that occurs in each of Year 1, Year 2 and Year 3.
  - g. "Relative Adjusted EPS Performance" means the Company's Adjusted EPS Growth Performance when ranked among the Adjusted EPS Growth Performance of the Peer Group during the applicable Performance Year (e.g. the Company's Adjusted EPS ranks 8th out of 20 Peer Companies during a Performance Year, the Relative Adjusted EPS Growth Performance will be the 60<sup>th</sup> percentile).
  - h. "ROIC" means Return on Invested Capital and is a percentage calculated in accordance with Annex C.
  - i. "ROIC Performance Modifier" means the modifier of the PRSUs that may vest under this Agreement as set forth in Table 2 below that will depend on the ROIC for the applicable Performance Year.
  - j. "Target" means 100% of 1/3 of the PRSUs granted under this Agreement per Performance Year.
  - k. "Three-Year CAGR Relative Performance" means the Company's three-year compound annual growth rate of Adjusted EPS Growth Performance during the Performance Period as compared to the three-year compound annual growth rate of Adjusted EPS Growth Performance of the Peer Group during the Performance Period.
  - l. "Three-Year CAGR Modifier" shall equal the corresponding Banked Shares Modifier for Year 3 applied across the entire Performance Period if the Company's Three-Year CAGR Relative Performance exceeds the 50<sup>th</sup> percentile of the Peer Group.
  - m. "Vesting Date" means the third anniversary of the Grant Date.
  - n. "Year 1" means the Company or the Peer Company's fiscal year end during 2022.
  - o. "Year 2" means the Company or the Peer Company's fiscal year end during 2023.
  - p. "Year 3" means the Company or the Peer Company's fiscal year end during 2024.
3. Vesting of PRSUs: Issuance of Ordinary Shares. Except as may be set forth in Section 4 below, the PRSUs (or a portion thereof) shall vest upon meeting the performance criteria described in this Agreement on the Vesting Date, provided the Participant remains employed by the Company or one of its Subsidiaries continuously through the Vesting Date. The number of PRSUs that will vest and the number of Ordinary Shares to be issued to the Participant on the Vesting Date will be determined based upon the Company's achievement of the performance goals, inclusive of Relative Adjusted EPS Growth Performance, together with the Company's ROIC Performance Modifier, to be determined as follows:
- a. The PRSUs will bank, or accrue, in each Performance Year during the Performance Period as follows:
    - i. Year 1: On the first anniversary of the Grant Date, between 0% and 100% of 1/3 of the PRSUs will be banked, or accrued, based upon the Company's Relative Adjusted EPS Growth Performance during Year 1 set forth in Table 1 below, adjusted by the ROIC Performance Modifier for Year 1 set forth in Table 2 below.

- ii. Year 2: On the second anniversary of the Grant Date, between 0% and 125% of 1/3 of the PRSUs will be banked, or accrued, based upon the Company's Relative Adjusted EPS Growth Performance during Year 2 set forth in Table 1 below, adjusted by the ROIC Performance Modifier for Year 2 set forth in Table 2 below.
- iii. Year 3: On the third anniversary of the Grant Date, between 0% and 150% of 1/3 of the PRSUs will be banked, or accrued, based upon the Company's Relative Adjusted EPS

Growth Performance during Year 3 set forth in Table 1 below, adjusted by the ROIC Performance Modifier for Year 3 set forth in Table 2 below.

- b. On the Vesting Date, the number of PRSUs that shall vest will be equal to the greater of:
- i. The cumulative number of PRSUs banked, or accrued, in accordance with Section 3(a) above; or
  - ii. If the Company's Three-Year CAGR Relative Performance exceeds the 50<sup>th</sup> percentile of the Peer Group and the Company's Year 3 ROIC is 10% or greater, then the product of the total PRSUs granted in this Agreement multiplied by the Three-Year CAGR Modifier multiplied by the Year 3 ROIC Modifier.
- c. If by seven (7) business days prior to the first, second, or third anniversary of the Grant Date, a Peer Company has not reported its financial performance for a Performance Year, the Compensation Committee may decide to either (i) exclude the Peer Company for that Performance Year or (ii) calculate the Peer Company's performance based on projections using the most recently disclosed financial results.

**TABLE 1: RELATIVE ADJUSTED EPS GROWTH AND CAGR PERFORMANCE**

Relative Adjusted EPS (annual periods)						3-Year CAGR	
Year 1 (2022) Relative Growth Performance of Adj. EPS	Year 1 Banked Shares Modifier	Year 2 (2023) Relative Growth Performance of Adj. EPS	Year 2 Banked Shares Modifier	Year 3 (2024) Relative Growth Performance of Adj. EPS	Year 3 Banked Shares Modifier	3 Yr. CAGR Relative Performance	3-Year CAGR Modifier
< 25 <sup>th</sup> %tile	0%	< 25 <sup>th</sup> %tile	0%	< 25 <sup>th</sup> %tile	0%	N/A	N/A
25 <sup>th</sup> %tile	50%	25 <sup>th</sup> %tile	50%	25 <sup>th</sup> %tile	50%	N/A	N/A
50 <sup>th</sup> %tile	100%	50 <sup>th</sup> %tile	100%	50 <sup>th</sup> %tile	100%	≥ 50 <sup>th</sup> %tile	100%
75 <sup>th</sup> %tile	100%	75 <sup>th</sup> %tile	125%	75 <sup>th</sup> %tile	150%	≥ 75 <sup>th</sup> %tile	150%

**TABLE 2: ROIC PERFORMANCE MODIFIER**

2021 ROIC	ROIC Performance Modifier	2022 ROIC	ROIC Performance Modifier	2023 ROIC	ROIC Performance Modifier
<10%	0.85	<10%	0.85	<10%	0.85
10% - 15%	1.00	10% - 15%	1.00	10% - 15%	1.00
>15%	1.15	>15%	1.15	>15%	1.15

**EXAMPLE**

- Vesting will be determined as follows:
  - PRsUs Granted – **2,400 Units**
  - 1/3 of PRsUs granted (i.e. 800) are used as the basis for determining the banking in years 1, 2, and 3
  - Number of PRsUs banked each year = 1/3 PRsUs granted multiplied by the applicable banked shares modifier
  - Number of PRsUs Vesting on Vesting Date is greater of:
    - Year 1 banked PRsUs + Year 2 banked PRsUs + Year 3 banked PRsUs **OR**
    - If Three-Year CAGR Relative Performance is greater than 50<sup>th</sup> percentile and Year 3 ROIC is 10% or greater, than = Total PRsUs granted \* Three-Year CAGR Modifier \* Year 3 ROIC Modifier

	Year 1		Year 2		Year 3	
	Actual	Modifier	Actual	Modifier	Actual	Modifier
RELATIVE GROWTH PERFORMANCE OF ADJ EPS GROWTH PERFORMANCE	25 <sup>th</sup> percentile	50%	50 <sup>th</sup> percentile	100%	60 <sup>th</sup> percentile	120%
ROIC	9%	0.85	15%	1.00	16%	1.15

**Formula A** = (2,400/3\*50%\*.85) + (2,400/3\*100%\*1.00) + (2,400/3\*120%\*1.15)  
 = 340 + 800 + 1,104 = **2,244 PRsUs**

**Formula B** = 2,400 \* 120% \* 1.15 = **3,312 PRsUs**

Formula B > Formula A so,

Total PRsUs vested = **3,312 PRsUs**

4. Vesting on Termination of Employment, Death, Disability, Retirement and Change in Control.

- a. General. Unless otherwise provided in this Section 4, any unvested PRSUs shall be forfeited immediately upon the date that Participant terminates his or her service with the Company or any Subsidiary or Affiliate or otherwise ceases to be a Participant Eligible to Vest ("Termination Date"). Unless otherwise expressly provided in this Agreement or determined by the Committee or its designee, Participant's right to vest in the PRSUs under the Plan, if any, will terminate as of such Termination Date and will not be extended by any notice period.

- b. Participant's Death. Notwithstanding any provision in the Plan to the contrary, if a Participant dies while providing service to the Company or any Subsidiary or Affiliate, the PRSUs shall immediately vest based on the banked amounts for those Performance Year(s) completed and vest at Target for any uncompleted Performance Year. The vested portion of the PRSUs shall be delivered to the executor or administrator of Participant's estate or, if none, to the person(s) entitled to receive the vested PRSUs under Participant's will or the laws of descent or distribution, and the unvested portion of the PRSUs shall be forfeited.
- c. Participant's Disability. Notwithstanding any provision in the Plan to the contrary, if a Participant terminates service from the Company or any Subsidiary or Affiliate due to Disability, the PRSUs shall vest in full based on the banked amounts for those Performance Year(s) completed and vest at Target for any uncompleted Performance Year. "Disability" shall mean that the Participant, due to physical or mental illness, is considered disabled under the Company's long-term disability insurance plan.
- d. Participant's Retirement. If the Participant's status as an employee of the Company any Subsidiary or Affiliates terminates by reason of a Covered Retirement, as defined below, the PRSUs shall immediately vest based on the banked amounts for those Performance Year(s) completed prior to the Participant's date of retirement plus the pro-rata of the Target for any uncompleted Performance Year (number of days employed during the Performance Year divided 365 multiplied by the Target for the uncompleted Performance Year). For purposes hereof, a "Covered Retirement" is the voluntary termination of a Retirement Eligible Individual who has provided the Company not less than six months' prior notice of such employee's intent to retire from the Company or any Subsidiary or Affiliate; provided, however, the Compensation Committee may waive the six-month notice period or allow an earlier retirement date with the consent of the Participant. A "Retirement Eligible Individual" means an employee of the Company or an Affiliate who has attained at least 55 years of age and who has a combined age and years of credited employment service with the Company and/or all Affiliates of 65 years. Notwithstanding the foregoing, the definition of a Covered Retirement shall not include any retirement of service that occurs prior to the first Vesting Event.
- e. Qualifying Termination. Upon a Qualifying Termination, unvested PRSUs that otherwise would have vested within six months of the Participant's Termination Date shall vest on the Participant's Termination Date in full at the sum of the banked amounts for those Performance Year(s) completed (if any) plus Target for any uncompleted Performance Year(s). "Qualifying Termination" shall mean, with respect to the Participant, an involuntary termination of employment without Cause by the Company or any Subsidiary or Affiliate other than a termination by reason of death, Disability, Covered Retirement, or related to a Change-in-Control (and covered by Section 4(f) below). Cause as a reason for a Participant's termination of employment as an employee shall have the meaning assigned such term in the employment agreement, if any, between such Participant and the Company or any Subsidiary or Affiliate; provided, however, that if there is no such employment agreement in which such term is defined, "Cause" shall mean (i) the Participant's willful and continued failure to perform his or her duties with the Company or any Subsidiary or Affiliate (other than any such failure resulting from incapacity due to physical or mental illness, and specifically excluding any failure by the Participant, after reasonable efforts, to meet performance expectations), or (ii) the willful engaging by the Participant in illegal conduct, gross misconduct, or conduct in violation of Company policies. For purposes of this provision, no act or failure to act, on the part of the Participant, shall be considered "willful" unless it is done, or omitted to be done, by the Participant in bad faith or without reasonable belief that his or her action or omission was in the best interests of the Company.



- f. Change in Control. In the event of a Change in Control, the PRSUs will convert to time-based RSUs based on the greater of (i) the sum of the Target for each Performance Year or (ii) the sum of the banked amounts plus Target for uncompleted Performance Year(s). Vesting of the time-based RSUs will assume the vesting schedule of the original PRSU award. The time-based RSUs as so converted:
- i. Will automatically accelerate and vest in full if within the 24-month period following the Change in Control, if the Participant is terminated by the Company or the continuing entity or any of its Affiliates without Cause;
  - ii. Will automatically accelerate and vest in full at the Change in Control if this Agreement is not assumed or replaced by the acquirer/continuing entity or replaced

by other terms or awards deemed by the Compensation Committee to be appropriate; or

- iii. Will vest on the third anniversary of the Grant Date, if vesting has not otherwise been accelerated as provided above.

5. Restrictive Covenants and Remedies. Participant agrees to the restrictive covenants contained in this Section 5 (the “Restrictive Covenants”) and agrees that the Restrictive Covenants and the remedies described herein are reasonable and necessary to protect the legitimate interests of the Company. The Participant acknowledges the uncertainty of the law with respect to Restrictive Covenants and expressly stipulates that this Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.
- a. Confidentiality. The Participant agrees, during their employment with the Company and thereafter, to maintain the confidentiality of the Company’s Confidential Information and to use such Confidential Information for the exclusive benefit of the Company. “Confidential Information” will be interpreted as broadly as possible to include all information of any sort (whether merely remembered or embodied in a tangible or intangible form) that is (1) related to Company’s or any Subsidiary’s or Affiliate’s current or potential business and (2) is not generally or publicly known.
  - b. Competing Activity. During the Participant’s employment with the Company or for one (1) year following the later of (i) termination of the Participant’s employment with the Company for any reason whatsoever or (ii) the last scheduled vesting date of this award, the Participant shall not compete, directly or indirectly, in any manner or capacity, with the Company. Competing activity shall include any business engaged (whether directly or indirectly) in the design, manufacture, marketing, or sale of products or services competitive with those designed, manufactured, marketed, or sold by the Company or any Subsidiary or Affiliate.
  - c. Non-Solicitation of Employees. During the Participant’s employment with the Company or for two (2) years following the later of (i) termination of the Participant’s employment with the Company for any reason whatsoever or (ii) the last scheduled Vesting Date of this award, the Participant shall not, directly or indirectly, solicit or encourage any person who was an employee of the Company or any Subsidiary or Affiliate during Participant’s employment, to leave employment with the Company or in any way interfere adversely with the relationship between any such employee and the Company.
  - d. Non-Solicitation of Customers or Vendors. During the Participant’s employment with the Company or for two (2) years following the later of (i) termination of the Participant’s employment with the Company for any reason whatsoever or (ii) the last scheduled Vesting Date of this award, the Participant shall not, directly or indirectly, solicit or divert the business of the Company’s customers or vendors who were customers or vendors to the Company during Participant’s employment or in any way interfere adversely with the business relationship between any such customer or vendor and the Company.
  - e. Partial Invalidity. If any portion of this Section 5 is determined to be unenforceable in any respect, it shall be interpreted to be valid to the maximum extent for which it reasonably may be enforced. The Participant acknowledges the uncertainty of the law in this respect and expressly stipulate that this Award Agreement is to be given the construction that renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

- f. Remedy for Breach. The Participant agrees that a breach of any of the Restrictive Covenants would cause material and irreparable harm to the Company that would be difficult or impossible to measure, and that monetary damages for any such harm would, therefore, be an inadequate remedy. Accordingly, Participant agrees that if they breach any Restrictive Covenant, the Company shall be entitled, in addition to and without limitation upon all other remedies the Company may have under this Award Agreement, at law or otherwise, to obtain injunctive or other appropriate equitable relief.
  
- g. Clawback. The Participant acknowledges that the award is subject to the Company's clawback policy, as in effect from time to time. The Committee may, in accordance with the

Plan and any applicable clawback policy and in its sole discretion, provide for cancellation of any or all of the Participant's outstanding awards or forfeiture by the Participant of any gain realized in respect of awards, and repayment of any such gain promptly to the Company.

6. Non-Transferability. This Agreement or the rights hereunder may not be transferred.
7. No Dividends. Participant shall not be entitled to receive dividends or dividend equivalents with respect to the number of unvested Ordinary Shares covered by the PRSUs.
8. No Security Holder Rights. Participant shall have no rights as a security holder with respect to the unvested Ordinary Shares covered by the PRSUs.
9. Taxes. Participant acknowledges that the Company has the right to require Participant to remit to the Company an amount sufficient to satisfy his or her minimum federal, state, local and foreign withholding tax requirements, or to deduct from all payments under the Plan amounts sufficient to satisfy such minimum withholding tax requirements. Participant further acknowledges that the ultimate liability for all federal, state, local and foreign income taxes, social insurance, payroll tax, or other tax-related items related to the Participant's participation in the Plan is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company. Participant authorizes the Company and/or its Subsidiaries, or their respective agents, at their discretion, to satisfy the Participant's tax obligations that must be withheld by the Company and/or its Subsidiaries by withholding in Ordinary Shares to be issued upon vesting of the PRSUs, or in the sole discretion of the Company, by any other appropriate method.

With respect to a Retirement Eligible Individual, the Company may, in its discretion, accelerate the vesting and settlement of a portion of the Units to the extent necessary to pay the Federal Insurance Contributions Act (FICA) tax imposed under Sections 3101, 3121(a) and 3121(v)(2) of the Code and to pay the income tax at source on wages imposed under Section 3401 of the Code or the corresponding withholding provisions of applicable state, local or foreign tax laws as a result of the payment of the FICA tax, and to pay the additional income tax at source on wages attributable to the pyramiding section 3401 wages and taxes; provided that the total payment under this acceleration provision cannot exceed the aggregate of the FICA tax amount, and the income tax withholding related to such FICA amount (as permitted under Treasury Regulation Section 1.409A-3(j)(4)(vi); and provided further that any Units vested and settled in accordance with this Section will reduce, share-for-share, that portion of the Award that would vest on the immediately following Vesting Date. Participant authorizes the Company and/or any Subsidiary or Affiliate, or their respective agents, at their discretion, to satisfy the Participant's tax obligations that must be withheld by the Company and/or any Subsidiary or Affiliate by withholding in Shares to be issued upon vesting of the Units, or in the sole discretion of the Company, by any other appropriate method. The Company shall delay the issuance of any Shares upon any Vesting Date to the extent necessary to comply with Section 409A(a)(2)(B)(i) of the Code (relating to payments made to "specified employees" as a result of their separation from service) to the date that is six months and one day following the date of the Participant's separation from service (or shorter period ending on the date of the Participant's death following such separation).

10. Data Protection. Participant consents to the collection and processing of Personal data relating to the Participant so that the Company and its Affiliates can fulfill their obligations and exercise their rights under the Plan and generally administer and manage the Plan. "Personal data" shall include but may not be limited to, data about participation in the Plan and securities offered or received, purchased or sold under the Plan from time to time and other appropriate financial and other data (such as the date on which the PRSUs were granted, Participant's name and address) about

the Participant and his or her participation in the Plan. Participant accepts that the Personal data will be administered and processed by the Company or any other agent or person designated by the Company. Participant is entitled to request access to the data referring to the Participant and held by the Company and to request the amendment or deletion of such data. Participant also gives express consent to the Company to transfer and process his/her Personal data to the United States in accordance with the applicable laws and regulations of the United States even if the level of Personal data protection in the United States may be lower than in the Participant's country. Participant acknowledges that he/she is free to withdraw his/her consent at any time.

For the purposes of compliance with the General Data Protection Regulation (EU) 2016/679, Participant acknowledges that the Company will separately provide information on the collection, processing, and transfer of Personal Data.

11. Language. Participant acknowledges that the Plan and this Agreement are provided in English only and waives his/her right to translated Plan documentation.
12. Discretionary Nature of Benefit; No Right to Continued Employment; No Entitlement to Future Awards. Participant understands that under this Agreement, grants of PRSUs are made at the complete discretion of the Company pursuant to the Plan. The offer to participate in the Plan does not constitute an acquired right. Nothing in this Agreement shall confer on any Participant any right to continue in the employment of the Company or its Subsidiaries or interfere in any way with the right of the Company or its Subsidiaries to terminate such Participant's employment at any time for any reason or to continue such Participant's present (or any other) rate of compensation. The grant of the PRSUs under any award to any Participant is a one-time benefit and shall not create any rights in such Participant to any subsequent awards by the Company, no award hereunder shall be considered a condition of such Participant's employment, and no profit with respect to an award shall be considered part of such Participant's salary or compensation under any severance statute or other applicable law.

This Agreement may be executed in one or more counterparts (including by means of electronically signed or submitted signature pages), all of which taken together shall constitute one and the same Agreement.

\* \* \* \*

IN WITNESS WHEREOF, the Company, acting by and through its duly authorized officers, has executed this Agreement effective as of the date first above written.

SENSATA TECHNOLOGIES HOLDING PLC

By:

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Name: Jeff Cote  
Title: CEO & President

Accepted and Agreed:

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Annex A

Peer Group

AMETEK, Inc. (AME)	American Axle & Manufacturing, Inc. (AXL)	Amphenol Corporation (APH)
Aptiv plc (APTV)	Autoliv Inc. (ALV)	BorgWarner, Inc. (BWA)
Dana Incorporated (DAN)	Fortive Corporation (FTV)	Gentex Corporation (GNTX)
Gentherm Incorporated (THRM)	Lear Corporation (LEA)	Littelfuse, Inc. (LFUS)
Melexis SA (MELE-BE)	Rockwell Automation, Inc. (ROK)	Roper Technologies, Inc. (ROP)
TE Connectivity Ltd (TEL)	Visteon Corporation (VC)	



## Annex B

### Calculation of Adjusted Earnings Per Share

Adjusted earnings per share ("Adjusted EPS") is a non-GAAP financial measure<sup>1</sup> reported in the Company's Annual Report on Form 10-K as well as in each of its quarterly earnings releases and earnings presentations.<sup>2</sup>

The Company defines Adjusted EPS as adjusted net income ("ANI") divided by the dilutive weighted-average Shares outstanding.

ANI is also a non-GAAP financial measure, and the Company defines ANI as net income (or loss), determined in accordance with GAAP, adjusted to exclude the following items: (i) Restructuring related and other<sup>3</sup>, (ii) Financing and other transaction costs<sup>4</sup>, (iii) Step-up depreciation and amortization<sup>5</sup>, (iv) Deferred loss/(gain), net on derivative instruments<sup>6</sup>, (v) Amortization of debt issuance costs<sup>7</sup>, and (vi) Deferred taxes and other tax related<sup>8</sup>.

Dilutive weighted-average Shares is a financial measure calculated and presented in accordance with GAAP<sup>9</sup>.

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<sup>1</sup> Refers to a financial measure calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles ("GAAP").

<sup>2</sup> Each of our Annual Reports on Form 10-K, quarterly earnings releases, and quarterly earnings presentations can be found in the "Investor Relations" section of the Company's website, [www.investors.sensata.com](http://www.investors.sensata.com). Copies of our Annual Report on Form 10-K and our quarterly earnings releases can also be obtained from the SEC website, [www.sec.gov](http://www.sec.gov).

<sup>3</sup> Includes, for example, (i) amounts calculated in accordance with GAAP and presented in the 'Restructuring and other charges, net' line of the Company's consolidated statement of operations, (ii) amounts recognized in the Company's consolidated statement of operations that relate to contingent liabilities assumed in connection with a business combination, and (iii) other income, expenses, gains, and losses that relate to planned strategic actions or material transactions that management believes are either unique or unusual, or that impact the comparability of the Company's operating results relative to prior period operating results or forecasted results.

<sup>4</sup> Includes, for example, (i) the net loss (or gain) on debt financing, (ii) losses (or gains) related to the divestiture of a business, and (iii) transaction costs recognized in connection with a business combination transaction, each of which is calculated and presented in accordance with GAAP.

<sup>5</sup> Refers to depreciation and amortization expense related to the step-up (or step-down) in value of tangible and intangible assets that are recognized in connection with business combination and asset acquisition transactions (i.e., as those terms are defined in GAAP).

<sup>6</sup> Primarily includes the net loss (or gain) on commodity forward contracts, as calculated and presented in accordance with GAAP.

<sup>7</sup> As calculated and presented in accordance with GAAP.

<sup>8</sup> Refers to (i) the deferred provision for/(benefit from) income taxes, as calculated and presented in accordance with GAAP, (ii) adjustments to unrecognized tax benefits that are recognized in the Company's consolidated statement of operations, and (iii) withholding tax expense associated with the repatriation of the cash.

<sup>9</sup> However, and for the avoidance of doubt, if in a particular period the Company reports a net loss, calculated and presented in accordance with GAAP, certain adjustments are made to account for the dilutive and anti-dilutive effects of potentially outstanding equity securities.



## Annex C

### Calculation of ROIC

ROIC = NOPAT divided by Total Invested Capital

NOPAT = adjusted EBIT minus adjusted taxes

Total Invested Capital = Average Trailing 5 Quarters of (Shareholder Equity + Total Long-Term Debt + Deferred Taxes) plus (Long-Term Capital Leases & Other Obligations)

**Certification**

I, Jeff Cote, certify that:

1. I have reviewed the quarterly report on Form 10-Q of Sensata Technologies Holding plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2022

/s/ Jeff Cote

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**Jeff Cote**

**Chief Executive Officer and President**



**Certification**

I, Paul Vasington, certify that:

1. I have reviewed the quarterly report on Form 10-Q of Sensata Technologies Holding plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2022

/s/ PAUL VASINGTON

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**Paul Vasington**

**Executive Vice President and Chief Financial Officer**



**Certification**

I, Maria Freve, certify that:

1. I have reviewed the quarterly report on Form 10-Q of Sensata Technologies Holding plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 26, 2022

/s/ MARIA FREVE

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**Maria Freve**

**Vice President and Chief Accounting Officer**





**CERTIFICATION PURSUANT TO  
18 U.S.C. 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Sensata Technologies Holding plc (the “Company”) for the quarter ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned chief executive officer, chief financial officer, and chief accounting officer of the Company, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. 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 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.

/s/ JEFF COTE

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**Jeff Cote**

**Chief Executive Officer and President**

Date: April 26, 2022

/s/ PAUL VASINGTON

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**Paul Vasington**

**Executive Vice President and Chief Financial Officer**

Date: April 26, 2022

/s/ MARIA FREVE

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**Maria Freve**

**Vice President and Chief Accounting Officer**

Date: April 26, 2022



## **Sensata Technologies Furthers Electrification Strategy with Acquisition of Dynapower**

### **Acquisition foundational to Clean Energy Solutions portfolio**

**SWINDON, United Kingdom, April 26, 2022** – [Sensata Technologies](#) (NYSE: ST), a leading industrial technology company and provider of sensor-rich solutions and insights for customers, today announced that it has agreed to acquire Dynapower Company, LLC (“Dynapower”), a leading provider of energy storage and power conversion systems to advance a resilient clean energy future from private equity firm Pfingsten Partners for \$580 million in cash. The transaction is subject to regulatory approvals and other customary closing conditions. Sensata and Dynapower expect to complete the transaction early in the third quarter of 2022.

A trusted leader with nearly 60 years of experience, Dynapower provides energy storage and power conversion systems including inverters, converters, rectifiers and custom transformers for renewable energy generation, green hydrogen production, electric vehicle charging stations, and microgrid applications, as well as industrial and defense applications. A broad product portfolio, strong track record in the field, and commitment to customers makes Dynapower a trusted global name in power conversion. Dynapower also provides aftermarket sales and service to maintain and monitor an installed base of equipment at customer locations. With decades of experience and application expertise in energy storage and power conversion systems for industrial applications, Dynapower is a key player in the clean energy transformation.

Dynapower is expected to generate over \$100 million in annualized revenue in 2022 with approximately 20% EBITDA margins, while averaging annual growth in excess of 30% through 2026. Dynapower’s addressable markets are large and fast-growing, including energy storage and power conversion systems for grid-tied renewable power conversion - an \$800M addressable market growing to \$2.7B in 2030, and green hydrogen production, a \$250M market experiencing a period of hyper growth fueled by large private and public investments expected to be a \$2.6B addressable market in 2030. Dynapower’s recent wins with global blue-chip customers in green hydrogen rectifiers, commercial & Industrial power conversions solutions, and front of meter power conversion and energy storage position Sensata and Dynapower to help shape the clean energy transition for our customers and partners.

The acquisition of Dynapower is a foundational addition to Sensata’s Clean Energy Solutions strategy and complements Sensata’s recent acquisitions of Gigavac, Lithium Balance and Spear Power Systems. Through its rapid expected revenue growth, Dynapower is expected to represent more than 50% of the \$500 million of acquired revenue needed to reach Sensata’s



goal of \$2 billion in Electrification revenue by 2026, as outlined in Sensata's recent Electrification Teach-In. Further to this, Sensata will enable Dynapower to increase its global exposure, invest in entry into new markets, and successfully scale its business. Dynapower's capabilities strengthen Sensata's expertise in energy storage and power conversion across the commercial & industrial, and specialty mobility end markets. Our combined capabilities in electrical protection, energy storage, battery management, and power conversion provide a leading solutions capability.

"We are very pleased to bring Dynapower's leading energy storage and power conversion solutions into Sensata's portfolio through this acquisition," said Jeff Cote, CEO and President of Sensata Technologies. "Dynapower enables us to deliver highly engineered, mission-critical power conversion systems to fast growing renewable energy storage, industrial and defense customers and help drive our Electrification growth vector."

"My entire leadership team and I are very excited about joining forces with Sensata, leveraging their global resources to further scale our great business and accelerate the transition to green energy." said Adam Knudsen, Dynapower's CEO.

### **Conference Call and Webcast**

Sensata will discuss this acquisition on its previously announced first quarter 2022 earnings call scheduled for 8:00 AM eastern time today. The live webcast and subsequent replay of the conference call will be available on the investor relations page of Sensata's website at <http://investors.sensata.com>. Investors can also listen to the earnings call live via telephone by dialing 1-844-784-1726 or 1-412-380-7411 and referencing the Sensata Q1 2022 Financial Results Conference Call. A replay of the call will be available until May 3, 2022. To access the replay dial 1-877-344-7529 or 1-412-317-0088 and enter confirmation code: 8713067.

### **About Sensata Technologies**

Sensata Technologies is a global industrial technology company striving to create a cleaner, more efficient, electrified and connected world. Through its broad portfolio of sensors, electrical protection components and sensor-rich solutions which create valuable business insights, Sensata helps its customers address increasingly complex engineering and operating performance requirements. With more than 21,000 employees and global operations in 13 countries, Sensata serves customers in the automotive, heavy vehicle & off-road, industrial, and aerospace markets. Learn more at [www.sensata.com](http://www.sensata.com) and follow us on [LinkedIn](#), [Facebook](#) and [Twitter](#).

### **About Dynapower**

Dynapower is a trusted leader in all types of power conversion and energy storage solutions. Dynapower's products energize and strengthen vital industries such as hydrogen, e-mobility, energy storage, mining, metal finishing and defense, all while helping to shape a shared vision of a clean energy future. With headquarters in South Burlington, Vermont, Dynapower designs, manufactures, and tests a wide range of power conversion solutions while providing an array of aftermarket services focused on continuous reliability and efficiency.



Since 1963, Dynapower's passion for meeting the toughest power conversion needs has grown alongside an ever-expanding global footprint. Dynapower collaborates with partners and clients to fiercely greet energy challenges, shift the way our world uses power, and advance the greater good of our planet. From government agencies and the military to research institutions and businesses of all sizes, Dynapower pushes the boundaries of science and innovation to get the job done. Learn more at [www.dynapower.com](http://www.dynapower.com).

### **Safe Harbor Statement**

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding anticipated financial results and liquidity. The words "will," "may," "designed to," "outlook," "believes," "should," "anticipates," "plans," "expects," "intends," "estimates," "forecasts" and similar expressions identify certain of these forward-looking statements. The Company also may provide forward-looking statements in oral statements or other written materials released to the public. All statements contained or incorporated in this press release or in any other public statements that address operating performance, events or developments that the Company expects or anticipates may occur in the future are forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements are discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, and its other Securities and Exchange Commission filings. Future operating results will be based on various factors, including actual industry production volumes, the impact of COVID-19 on the Company's business and the global economy, commodity prices, the impact of restructuring actions and the Company's success in implementing its operating strategy. The forward-looking statements in this press release are made as of the date hereof, and the Company does not assume any obligation to update, amend or clarify them to reflect events, new information or circumstances occurring after the date hereof.

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## Sensata Technologies Board Approves Quarterly Dividend of \$0.11 per share

**SWINDON, United Kingdom, April 26, 2022**– Sensata Technologies (NYSE: ST), a leading industrial technology company and provider of sensor-rich solutions and insights for customers, today announced that its Board of Directors approved the implementation of a quarterly dividend in the amount of \$0.11 per share. The Company will pay this second quarter 2022 dividend on May 25, 2022 to shareholders of record as of May 11, 2022.

“Sensata is in a very strong position financially, with over \$1.6 billion of cash on our balance sheet and strong expected free cash flows,” said Paul Vasington, EVP and CFO at Sensata Technologies. “In addition to our capital deployment strategy of enabling acquisitions to support our growth vectors in Electrification and Insights / IoT, Sensata is returning capital to shareholders in the form of share repurchases and through an ongoing dividend.”

### About Sensata Technologies

Sensata Technologies is a global industrial technology company striving to create a cleaner, more efficient, electrified and connected world. Through its broad portfolio of sensors, electrical protection components and sensor-rich solutions which create valuable business insights, Sensata helps its customers address increasingly complex engineering and operating performance requirements. With more than 21,000 employees and global operations in 13 countries, Sensata serves customers in the automotive, heavy vehicle & off-road, industrial, and aerospace markets. Learn more at [www.sensata.com](http://www.sensata.com) and follow us on [LinkedIn](#), [Facebook](#) and [Twitter](#).

###

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Cover - shares

3 Months Ended

Mar. 31, 2022

Apr. 15,  
2022

[Cover \[Abstract\]](#)

<a href="#">Document Type</a>	10-Q
<a href="#">Document Quarterly Report</a>	true
<a href="#">Document Period End Date</a>	Mar. 31, 2022
<a href="#">Document Transition Report</a>	false
<a href="#">Entity File Number</a>	001-34652
<a href="#">Entity Registrant Name</a>	SENSATA TECHNOLOGIES HOLDING PLC
<a href="#">Entity Incorporation, State or Country Code</a>	X0
<a href="#">Entity Tax Identification Number</a>	98-1386780
<a href="#">Entity Address, Address Line One</a>	529 Pleasant Street
<a href="#">Entity Address, City or Town</a>	Attleboro
<a href="#">Entity Address, State or Province</a>	MA
<a href="#">Entity Address, Postal Zip Code</a>	02703
<a href="#">Entity Address, Country</a>	US
<a href="#">City Area Code</a>	+1 (508)
<a href="#">Local Phone Number</a>	236 3800
<a href="#">Title of 12(b) Security</a>	Ordinary Shares - nominal value €0.01 per share
<a href="#">Trading Symbol</a>	ST
<a href="#">Security Exchange Name</a>	NYSE
<a href="#">Entity Current Reporting Status</a>	Yes
<a href="#">Entity Interactive Data Current</a>	Yes
<a href="#">Entity Filer Category</a>	Large Accelerated Filer
<a href="#">Entity Small Business</a>	false
<a href="#">Entity Emerging Growth Company</a>	false
<a href="#">Entity Shell Company</a>	false
<a href="#">Entity Common Stock, Shares Outstanding (in shares)</a>	156,917,754
<a href="#">Entity Central Index Key</a>	0001477294
<a href="#">Current Fiscal Year End Date</a>	--12-31
<a href="#">Document Fiscal Year Focus</a>	2022
<a href="#">Document Fiscal Period Focus</a>	Q1
<a href="#">Amendment Flag</a>	false

**Condensed Consolidated  
Balance Sheets - USD (\$)  
\$ in Thousands**

**Mar. 31, Dec. 31,  
2022 2021**

**Current assets:**

<u>Cash and cash equivalents</u>	\$	\$
	1,608,481	1,708,955
<u>Accounts receivable, net of allowances of \$28,001 and \$17,003 as of March 31, 2022 and December 31, 2021, respectively</u>	693,568	653,438
<u>Inventories</u>	641,709	588,231
<u>Prepaid expenses and other current assets</u>	146,342	126,370
<u>Total current assets</u>	3,090,100	3,076,994
<u>Property, plant and equipment, net</u>	822,633	820,933
<u>Goodwill</u>	3,555,369	3,502,063
<u>Other intangible assets, net of accumulated amortization of \$2,314,755 and \$2,277,393 as of March 31, 2022 and December 31, 2021, respectively</u>	907,315	946,731
<u>Deferred income tax assets</u>	104,226	105,028
<u>Other assets</u>	131,745	162,017
<u>Total assets</u>	8,611,388	8,613,766

**Current liabilities:**

<u>Current portion of long-term debt, finance lease and other financing obligations</u>	6,694	6,833
<u>Accounts payable</u>	486,432	459,093
<u>Income taxes payable</u>	19,249	26,517
<u>Accrued expenses and other current liabilities</u>	327,670	343,816
<u>Total current liabilities</u>	840,045	836,259
<u>Deferred income tax liabilities</u>	339,332	339,273
<u>Pension and other post-retirement benefit obligations</u>	39,089	38,758
<u>Finance lease and other financing obligations, less current portion</u>	26,347	26,564
<u>Long-term debt, net</u>	4,215,505	4,214,946
<u>Other long-term liabilities</u>	78,753	63,232
<u>Total liabilities</u>	5,539,071	5,519,032

Commitments and contingencies (Note 12)

**Shareholders' equity:**

<u>Ordinary shares, €0.01 nominal value per share, 177,069 shares authorized, and 174,583 and 174,287 shares issued as of March 31, 2022 and December 31, 2021, respectively</u>	2,236	2,232
<u>Treasury shares, at cost, 17,576 and 16,438 shares as of March 31, 2022 and December 31, 2021, respectively</u>	(899,697)	(832,439)
<u>Additional paid-in capital</u>	1,831,497	1,812,244
<u>Retained earnings</u>	2,154,563	2,132,257
<u>Accumulated other comprehensive loss</u>	(16,282)	(19,560)
<u>Total shareholders' equity</u>	3,072,317	3,094,734
<u>Total liabilities and shareholders' equity</u>	\$	\$
	8,611,388	8,613,766

<b>Condensed Consolidated Balance Sheets (Parenthetical) \$ in Thousands</b>	<b>Mar. 31, 2022 USD (\$) shares</b>	<b>Mar. 31, 2022 € / shares</b>	<b>Dec. 31, 2021 USD (\$) shares</b>	<b>Dec. 31, 2021 € / shares</b>
<b><u>Statement of Financial Position [Abstract]</u></b>				
<u>Accounts receivable, allowances   \$</u>	\$ 28,001		\$ 17,003	
<u>Accumulated amortization   \$</u>	\$ 2,314,755		\$ 2,277,393	
<u>Ordinary shares, nominal value per share (in euros per share)   € / shares</u>		€ 0.01		€ 0.01
<u>Ordinary shares authorized (in shares)</u>	177,069,000		177,069,000	
<u>Ordinary shares issued (in shares)</u>	174,583,000		174,287,000	
<u>Treasury shares (in shares)</u>	17,576,000		16,438,000	

**Condensed Consolidated  
Statements of Operations -  
USD (\$)  
\$ in Thousands**

**3 Months Ended**

**Mar. 31, 2022 Mar. 31, 2021**

**Income Statement [Abstract]**

<u>Net revenue</u>	\$ 975,770	\$ 942,528
<b><u>Operating costs and expenses:</u></b>		
<u>Cost of revenue</u>	657,080	635,349
<u>Research and development</u>	45,980	35,956
<u>Selling, general and administrative</u>	95,680	77,123
<u>Amortization of intangible assets</u>	37,367	32,064
<u>Restructuring and other charges, net</u>	13,733	4,582
<u>Total operating costs and expenses</u>	849,840	785,074
<u>Operating income</u>	125,930	157,454
<u>Interest expense, net</u>	(45,445)	(44,043)
<u>Other, net</u>	(50,456)	(39,397)
<u>Income before taxes</u>	30,029	74,014
<u>Provision for income taxes</u>	7,588	20,281
<u>Net income</u>	\$ 22,441	\$ 53,733
<u>Basic net income per share (in dollars per share)</u>	\$ 0.14	\$ 0.34
<u>Diluted net income per share (in dollars per share)</u>	\$ 0.14	\$ 0.34

**Condensed Consolidated  
Statements of  
Comprehensive Income -  
USD (\$)  
\$ in Thousands**

**3 Months Ended  
Mar. 31, 2022 Mar. 31, 2021**

**Statement of Comprehensive Income [Abstract]**

<u>Net income</u>	\$ 22,441	\$ 53,733
<b><u>Other comprehensive income:</u></b>		
<u>Cash flow hedges</u>	2,850	14,278
<u>Defined benefit and retiree healthcare plans</u>	428	1,712
<u>Other comprehensive income</u>	3,278	15,990
<u>Comprehensive income</u>	\$ 25,719	\$ 69,723

**Condensed Consolidated  
Statements of Cash Flows -  
USD (\$)  
\$ in Thousands**

**3 Months Ended**

**Mar. 31,  
2022**                      **Mar. 31,  
2021**

**Cash flows from operating activities:**

Net income \$ 22,441 \$ 53,733

**Adjustments to reconcile net income to net cash provided by operating activities:**

Depreciation 31,531 31,197

Amortization of debt issuance costs 1,716 1,711

Share-based compensation 6,540 5,099

Loss on debt financing 0 30,066

Amortization of intangible assets 37,367 32,064

Deferred income taxes (340) 130

Acquisition-related compensation payments 7,500 0

Mark-to-market loss on equity investments, net 59,279 0

Unrealized (gain)/loss on derivative instruments and other (517) 8,797

**Changes in operating assets and liabilities, net of the effects of acquisitions:**

Accounts receivable, net (49,821) (62,198)

Inventories (53,004) (16,857)

Prepaid expenses and other current assets (8,807) (4,971)

Accounts payable and accrued expenses 13,488 26,409

Income taxes payable (7,268) 2,283

Other 2,250 (2,952)

Net cash provided by operating activities 47,355 104,511

**Cash flows from investing activities:**

Acquisitions, net of cash received (48,441) (20,406)

Additions to property, plant and equipment and capitalized software (35,711) (27,172)

Investment in debt and equity securities (6,853) (1,799)

Other 152 340

Net cash used in investing activities (90,853) (49,037)

**Cash flows from financing activities:**

Proceeds from exercise of stock options and issuance of ordinary shares 13,348 10,556

Payment of employee restricted stock tax withholdings (135) (221)

Proceeds from borrowings on debt 0 750,000

Payments on debt (2,931) (752,753)

Payments to repurchase ordinary shares (67,258) 0

Payments of debt financing costs 0 (31,110)

Net cash used in financing activities (56,976) (23,528)

Net change in cash and cash equivalents (100,474) 31,946

Cash and cash equivalents, beginning of year 1,708,955 1,861,980

Cash and cash equivalents, end of period \$ 1,608,481 \$ 1,893,926

<b>Condensed Consolidated Statements of Changes in Shareholders' Equity - USD (<math>\\$</math>) shares in Thousands, <math>\\$</math> in Thousands</b>	<b>Total</b>	<b>Ordinary Shares</b>	<b>Treasury Shares</b>	<b>Additional Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>
<u>Beginning balance (in shares) at Dec. 31, 2020</u>		173,266	(15,631)			
<u>Beginning balance at Dec. 31, 2020</u>	$\$$ 2,705,486	$\$$ 2,220	$\$$ (784,596)	$\$$ 1,759,668	$\$$ 1,777,729	$\$$ (49,535)
<b><u>Increase (Decrease) in Stockholders' Equity [Roll Forward]</u></b>						
<u>Surrender of shares for tax withholding (in shares)</u>			(4)			
<u>Surrender of shares for tax withholding</u>	(221)		$\$$ (221)			
<u>Stock options exercised (in shares)</u>		259				
<u>Stock options exercised</u>	10,556	$\$$ 3		10,553		
<u>Vesting of restricted securities (in shares)</u>		12				
<u>Retirement of ordinary shares (in shares)</u>		(4)	(4)			
<u>Retirement of ordinary shares</u>	0		$\$$ 221		(221)	
<u>Share-based compensation</u>	5,099			5,099		
<u>Net income</u>	53,733				53,733	
<u>Other comprehensive income</u>	15,990					15,990
<u>Ending balance (in shares) at Mar. 31, 2021</u>		173,533	(15,631)			
<u>Ending balance at Mar. 31, 2021</u>	2,790,643	$\$$ 2,223	$\$$ (784,596)	1,775,320	1,831,241	(33,545)
<u>Beginning balance (in shares) at Dec. 31, 2021</u>		174,287	(16,438)			
<u>Beginning balance at Dec. 31, 2021</u>	3,094,734	$\$$ 2,232	$\$$ (832,439)	1,812,244	2,132,257	(19,560)
<b><u>Increase (Decrease) in Stockholders' Equity [Roll Forward]</u></b>						
<u>Surrender of shares for tax withholding (in shares)</u>			(3)			
<u>Surrender of shares for tax withholding</u>	(135)		$\$$ (135)			
<u>Stock options exercised (in shares)</u>		290				



<u>Stock options exercised</u>	12,717	\$ 4		12,713	
<u>Vesting of restricted securities (in shares)</u>		9			
<u>Repurchase of ordinary shares (in shares)</u>			(1,138)		
<u>Repurchase of ordinary shares</u>	(67,258)		\$ (67,258)		
<u>Retirement of ordinary shares (in shares)</u>		(3)	(3)		
<u>Retirement of ordinary shares</u>	0		\$ 135		(135)
<u>Share-based compensation</u>	6,540			6,540	
<u>Net income</u>	22,441				22,441
<u>Other comprehensive income</u>	3,278				3,278
<u>Ending balance (in shares) at Mar. 31, 2022</u>		174,583	(17,576)		
<u>Ending balance at Mar. 31, 2022</u>	\$ 3,072,317	\$ 2,236	\$ (899,697)	\$ 1,831,497	\$ 2,154,563 \$ (16,282)

## Basis of Presentation

**3 Months Ended  
Mar. 31, 2022**

### Organization, Consolidation and Presentation of

### Financial Statements

### [Abstract]

### Basis of Presentation

### Basis of Presentation

The accompanying unaudited condensed consolidated financial statements reflect the financial position, results of operations, comprehensive income, cash flows, and changes in shareholders' equity of Sensata Technologies Holding plc, a public limited company incorporated under the laws of England and Wales, and its consolidated subsidiaries, collectively referred to as the "Company," "Sensata," "we," "our," or "us."

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q. Accordingly, these interim financial statements do not include all of the information and note disclosures required by U.S. GAAP for complete financial statements. The accompanying financial information reflects all normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the interim period results. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the U.S. Securities and Exchange Commission (the "SEC") on February 10, 2022 (the "2021 Annual Report").

All U.S. dollar ("USD") and share amounts presented, except per share amounts, are stated in thousands, unless otherwise indicated.

## New Accounting Standards

**3 Months Ended  
Mar. 31, 2022**

[Accounting Standards  
Update and Change in  
Accounting Principle  
\[Abstract\]](#)

[New Accounting Standards](#)

New Accounting Standards There are no recently issued accounting standards that have been adopted in the current period or will be adopted in future periods that have had or are expected to have a material impact on our consolidated financial position or results of operations.

## Revenue Recognition

**3 Months Ended  
Mar. 31, 2022**

[Revenue Recognition and  
Deferred Revenue \[Abstract\]  
Revenue Recognition](#)

### Revenue Recognition

The following table presents net revenue disaggregated by segment and end market for the three months ended March 31, 2022 and 2021:

	For the three months ended March 31, 2022			For the three months ended	
	Performance Sensing	Sensing Solutions	Total	Performance Sensing	Sensing Solutions
Automotive	\$ 502,362	\$ 9,285	\$ 511,647	\$ 536,713	\$ 11,934
HVOR <sup>(1)</sup>	215,335	—	215,335	177,799	—
Industrial	—	114,619	114,619	—	90,000
Appliance and HVAC <sup>(2)</sup>	—	58,825	58,825	—	59,000
Aerospace	—	33,270	33,270	—	32,000
Other	—	42,074	42,074	—	33,000
<b>Total</b>	<b>\$ 717,697</b>	<b>\$ 258,073</b>	<b>\$ 975,770</b>	<b>\$ 714,512</b>	<b>\$ 228,000</b>

<sup>(1)</sup> Heavy vehicle and off-road

<sup>(2)</sup> Heating, ventilation and air conditioning

## Share-Based Payment Plans

3 Months Ended  
Mar. 31, 2022

[Share-based Payment Arrangement \[Abstract\]](#)  
[Share-Based Payment Plans](#)

### Share-Based Payment Plans

The following table presents the components of non-cash compensation expense related to our equity awards for the three months ended March 31, 2022.

	For the
	March 31, 2022
Stock options	\$ 6.1
Restricted securities	6.1
Share-based compensation expense	\$ 12.2

**Restructuring and Other  
Charges, Net**  
[Restructuring and Related  
Activities \[Abstract\]](#)  
[Restructuring and Other  
Charges, Net](#)

**3 Months Ended  
Mar. 31, 2022**

Restructuring and Other Charges, Net

The following table presents the components of restructuring and other charges, net for the three months ended March 31, 2022 and 2021:

	For the March 31, 2022
Q2 2020 Global Restructure Program charges	\$
Other restructuring and other charges, net	
Severance costs, net	
Facility and other exit costs	1,
Other <sup>(1)</sup>	12,
Restructuring and other charges, net	\$ 13,

<sup>(1)</sup> Primarily includes expenses related to acquisition-related incentive compensation, partially offset by a gain resulting from reduction of the liability for consideration for Spear Power Systems ("Spear"). Refer to *Note 16: Acquisitions* for additional information.

The following table presents a rollforward of the severance portion of our restructuring obligations for the three months ended March 31, 2022.

	Q2 2020 Global Restructure	
	Program	Other
Balance as of December 31, 2021	\$ 3,853	\$ 3,380
Charges, net of reversals	—	587
Payments	(2,955)	(1,130)
Foreign currency remeasurement	(6)	12
Balance as of March 31, 2022	\$ 892	\$ 2,849

The severance liability as of March 31, 2022 was entirely recorded in accrued expenses and other current liabilities on our condensed consolidated

Other, Net

3 Months Ended  
Mar. 31, 2022

[Other Income and Expenses](#)

[\[Abstract\]](#)

[Other, Net](#)

Other, Net

The following table presents the components of other, net for the three months ended March 31, 2022 and 2021:

	<u>For the</u>
	<u>March 31, 2022</u>
Currency remeasurement loss on net monetary assets	\$
Loss on foreign currency forward contracts	(1,
Gain/(loss) on commodity forward contracts	9,
Loss on debt financing	
Mark-to-market loss on investments, net	(59,
Net periodic benefit cost, excluding service cost	(
Other	1,
Other, net	<u>\$ (50,</u>

## Income Taxes

3 Months Ended  
Mar. 31, 2022

### [Income Tax Disclosure](#)

#### [\[Abstract\]](#)

#### [Income Taxes](#)

#### Income Taxes

The following table presents the provision for income taxes for the three months ended March 31, 2022 and 2021:

	<u>For the</u> <u>March 31, 2022</u>
Provision for income taxes	\$ 7,

The decrease in total tax for the three months ended March 31, 2022 compared to the three months ended March 31, 2021 was predominantly related to changes in income before taxes, driven in part by the mark-to-market loss on our investment in Quanergy as discussed in *Note 14: Fair Value Measures*.

The provision for income taxes consists of (1) current tax expense, which relates primarily to our profitable operations in tax jurisdictions with limited loss carryforwards and withholding taxes related to management fees, royalties, and the repatriation of foreign earnings; and (2) deferred tax expense, which represents adjustments in book-to-tax basis differences primarily related to (a) book versus tax basis in intangible assets, (b) changes in net operating assets, (c) changes in tax rates, and (d) changes in our assessment of the realizability of our deferred tax assets.



**Net Income per Share**

**3 Months Ended  
Mar. 31, 2022**

[Earnings Per Share](#)  
[\[Abstract\]](#)  
[Net Income per Share](#)

Net Income per Share

Basic and diluted net income per share are calculated by dividing net income by the number of basic and diluted weighted-average ordinary shares outstanding for the period. For the three months ended March 31, 2022 and 2021 the weighted-average ordinary shares outstanding used to calculate basic and diluted net income per share were as follows:

	<u>For the</u> <u>March 31, 2022</u>
Basic weighted-average ordinary shares outstanding	157,000
Dilutive effect of stock options	
Dilutive effect of unvested restricted securities	
Diluted weighted-average ordinary shares outstanding	<u>158,000</u>

Certain potential ordinary shares were excluded from our calculation of diluted weighted-average ordinary shares outstanding because either they had no dilutive effect on net income per share or they related to equity awards that were contingently issuable for which the contingency had not been satisfied. The following potential ordinary shares were as follows:

	<u>For the</u> <u>March 31, 2022</u>
Anti-dilutive shares excluded	
Contingently issuable shares excluded	1,000

## Inventories

### [Inventory Disclosure](#)

#### [\[Abstract\]](#)

#### [Inventories](#)

**3 Months Ended**

**Mar. 31, 2022**

## Inventories

The following table presents the components of inventories as of March 31, 2022 and December 31, 2021:

	<b>March 31, 2022</b>		
Finished goods	\$	222,375	\$
Work-in-process		114,496	
Raw materials		304,838	
Inventories	\$	641,709	\$

**Pension and Other Post-  
Retirement Benefits**

[Retirement Benefits](#)

[\[Abstract\]](#)

[Pension and Other Post-  
Retirement Benefits](#)

**3 Months Ended  
Mar. 31, 2022**

Pension and Other Post-Retirement Benefits

The following table presents the components of net periodic benefit cost/(credit) associated with our defined benefit and retiree healthcare plans for the three months ended March 31, 2022 and 2021:

	U.S. Plans				Non-U.S. Plans			
	Defined Benefit		Retiree Healthcare		Defined Benefit			
	2022	2021	2022	2021	2022	2021	2022	2021
Service cost	\$ —	\$ —	\$ 2	\$ 2	\$ 956	\$ 978	\$ —	\$ —
Interest cost	113	120	46	21	424	404	—	—
Expected return on plan assets	(195)	(226)	—	—	(244)	(178)	—	—
Amortization of net loss	141	401	—	—	278	459	—	—
Amortization of prior service (credit)/cost	—	—	(100)	(159)	2	3	—	—
Loss on settlement	290	1,565	—	—	—	—	—	—
Net periodic benefit cost/(credit)	\$ 349	\$ 1,860	\$ (52)	\$ (136)	\$ 1,416	\$ 1,666	\$ —	\$ —

Components of net periodic benefit cost/(credit) other than service cost are presented in other, net in the condensed consolidated statements of operations. *Other, Net.*

## Debt

**3 Months Ended**  
**Mar. 31, 2022**

[Debt Disclosure \[Abstract\]](#)

[Debt](#)

### Debt

The following table presents the components of long-term debt, finance lease and other financing obligations as of March 31, 2022 and December 31, 2021.

	Maturity Date	March 31, 2022
Term Loan	September 20, 2026	\$ 450,308
4.875% Senior Notes	October 15, 2023	500,000
5.625% Senior Notes	November 1, 2024	400,000
5.0% Senior Notes	October 1, 2025	700,000
4.375% Senior Notes	February 15, 2030	450,000
3.75% Senior Notes	February 15, 2031	750,000
4.0% Senior Notes	April 15, 2029	1,000,000
Less: debt discount, net of premium		(4,763)
Less: deferred financing costs		(25,410)
Less: current portion		(4,630)
Long-term debt, net		<u>\$ 4,215,505</u>
Finance lease and other financing obligations		\$ 28,411
Less: current portion		(2,064)
Finance lease and other financing obligations, less current portion		<u>\$ 26,347</u>

As of March 31, 2022, we had \$416.1 million available under our \$420.0 million revolving credit facility (the "Revolving Credit Facility"), net of obligations in respect of outstanding letters of credit issued thereunder. Outstanding letters of credit are issued primarily for the benefit of certain subsidiaries. As of March 31, 2022, no amounts had been drawn against these outstanding letters of credit.

In the three months ended March 31, 2021, in connection with the redemption of \$750.0 million aggregate principal amount of 6.25% senior notes (the "6.25% Senior Notes"), we recognized a loss of \$30.1 million, which included \$23.4 million in premiums paid, with the remaining loss representing written off deferred financing costs.

#### ***Accrued Interest***

Accrued interest associated with our outstanding debt is included as a component of accrued expenses and other current liabilities in the condensed balance sheets. As of March 31, 2022 and December 31, 2021, accrued interest totaled \$63.1 million and \$45.1 million, respectively.

**Commitments and  
Contingencies**

**3 Months Ended  
Mar. 31, 2022**

**[Commitments and  
Contingencies Disclosure](#)**

**[\[Abstract\]](#)**

**[Commitments and  
Contingencies](#)**

Commitments and Contingencies We are regularly involved in a number of claims and litigation matters that arise in the ordinary course of business. Although it is not feasible to predict the outcome of these matters, based upon our experience and current information known to us, we do not expect the outcome of these matters, either individually or in the aggregate, to have a material adverse effect on our results of operations, financial condition, and/or cash flows.

## Shareholders' Equity

3 Months Ended  
Mar. 31, 2022

[Equity \[Abstract\]](#)  
[Shareholders' Equity](#)

### Shareholders' Equity

#### Treasury Shares

From time to time, our Board of Directors has authorized various share repurchase programs, which may be modified or terminated by the Board. On March 20, 2022, we announced that our Board of Directors had authorized a new \$500.0 million ordinary share repurchase program (the "January 2022 Program") that replaced the previous \$500.0 million program approved in July 2019, which had availability of \$254.5 million as of December 31, 2021. As of March 31, 2022, \$254.5 million remained available for repurchase under the January 2022 Program.

#### Accumulated Other Comprehensive Loss

The following table presents the components of accumulated other comprehensive loss for the three months ended March 31, 2022:

	Cash Flow Hedges	Defined Benefit Retiree Health Plans
Balance as of December 31, 2021	\$ 16,831	\$ (3,115)
Other comprehensive income before reclassifications, net of tax	7,965	
Reclassifications from accumulated other comprehensive loss, net of tax	(5,115)	
Other comprehensive income	2,850	
Balance as of March 31, 2022	\$ 19,681	\$ (3,115)

The following table presents the amounts reclassified from accumulated other comprehensive loss for the three months ended March 31, 2022 and 2021:

Component	For the three months ended March		Affected Lin State
	2022	2021	
Derivative instruments designated and qualifying as cash flow hedges:			
Foreign currency forward contracts	\$ (4,264)	\$ 4,407	
Foreign currency forward contracts	(2,629)	(743)	
Total, before taxes	(6,893)	3,664	
Income tax effect	1,778	(916)	
Total, net of taxes	\$ (5,115)	\$ 2,748	
Defined benefit and retiree healthcare plans	\$ 611	\$ 2,269	
Income tax effect	(183)	(557)	
Total, net of taxes	\$ 428	\$ 1,712	

(1) Refer to *Note 15: Derivative Instruments and Hedging Activities* for additional information on amounts to be reclassified from accumulated other comprehensive loss to net periodic benefit cost/(credit) in future periods.

(2) Refer to *Note 10: Pension and Other Post-Retirement Benefits* for additional information on net periodic benefit cost/(credit).

## Fair Value Measures

3 Months Ended  
Mar. 31, 2022

### [Fair Value Disclosures](#)

#### [\[Abstract\]](#)

#### [Fair Value Measures](#)

### Fair Value Measures

#### *Measured on a Recurring Basis*

The fair values of our assets and liabilities measured at fair value on a recurring basis as of March 31, 2022 and December 31, 2021 are shown in the table below. The fair value measures presented are categorized in Level 2 of the fair value hierarchy.

	March 31, 2022
<b>Assets</b>	
Foreign currency forward contracts	\$ 29,063
Commodity forward contracts	8,474
Total	\$ 37,537
<b>Liabilities</b>	
Foreign currency forward contracts	\$ 3,682
Commodity forward contracts	1,752
Total	\$ 5,434

Refer to *Note 15: Derivative Instruments and Hedging Activities* for additional information related to our forward contracts.

#### *Quanergy*

As of December 31, 2021, we held a \$50.0 million investment in Quanergy Systems, Inc. ("Quanergy") Series B Preferred Stock. This equity investment had a readily determinable fair value and it was held using the measurement alternative prescribed in Financial Accounting Standards Board ("FASB") Codification ("ASC") Topic 321, *Investments - Equity Securities*. Such investments are measured at cost, less any impairment, plus or minus changes in observable price changes in orderly transactions for identical or similar investments of the same issuer.

On June 22, 2021, Quanergy announced that it had entered into a definitive business combination agreement with CITIC Capital Acquisition Corporation ("CITIC CCAC"). On July 16, 2021, CITIC filed a Registration Statement on Form S-4 with the SEC, the effectiveness of which was a condition to closing the business combination. At December 31, 2021, we assessed our investment in Quanergy based on the proposed terms of the business combination agreement. There were no indicators of impairment.

On January 6, 2022, the related Registration Statement on Form S-4 was declared effective by the SEC. An Extraordinary General Meeting of shareholders was held on January 31, 2022, at which time the business combination was approved. The business combination closed on February 8, 2022. Beginning on February 8, 2022, the combined company, which retained the name "Quanergy Systems, Inc.," was listed on the New York Stock Exchange (the "NYSE") under the ticker symbol "QNGY".

Upon closing of the business combination, our investment in Quanergy comprised the following:

- 5.0 million common shares, which represented the conversion of our \$50 million Series B Preferred Stock investment (at a \$10 per share conversion price);
- 750,000 unregistered common shares, representing a \$7.5 million private investment in public equity ("PIPE") contribution; and
- 2.5 million common shares (the "Warrant Shares"), representing the conversion of 2.5 million warrants provided by Quanergy as up-front consideration for a two-year technical and marketing support agreement (the "Support Agreement").

The 5.75 million common share investment in Quanergy (excluding the Warrant Shares) have a historical cost basis of \$57.5 million. The Warrant Shares have a fair value of a share price of \$7.05 per share (the closing market price on February 8, 2022), or approximately \$17.6 million, which was recorded as deferred consideration. For a discussion for additional details on the Support Agreement. Refer to the below table for a summary of our investment in Quanergy as of March 31, 2022, February 8, 2022, and December 31, 2021, which is presented in other assets on our consolidated balance sheets as of March 31, 2022 and December 31, 2021.

February 8, 2022, and December 31, 2021, which is presented in other assets on our consolidated balance sheets as of March 31, 2022 and December 31, 2021.

	As of	
	March 31, 2022	February 8, 2022
Series B Preferred Stock	\$ —	\$ —
Common shares	9,200	50,000
PIPE investment	1,380	7,500
Warrant Shares	4,575	17,600
Total equity investment in Quanergy	<u>\$ 15,155</u>	<u>\$ 75,100</u>

#### Mark-to-market loss

The mark-to-market loss presented in the table above is presented in other, net, and is the result of the decline in Quanergy share price to \$1.84 per share.

In exchange for the Warrant Shares, we entered into the Support Agreement, whereby we agreed to provide technical and marketing assistance to Quanergy for four years from the effective date of February 8, 2022. We will recognize the consideration (\$17.6 million) for the Support Agreement on a straight-line basis over the term of the agreement. We recognized approximately \$0.7 million of income in the three months ended March 31, 2022 and will recognize approximately \$0.7 million of expense each quarter through the end of the term of the Support Agreement.

#### Measured on a Nonrecurring Basis

We evaluated our goodwill and other indefinite-lived intangible assets for impairment as of October 1, 2021 and determined that they were not impaired. In the three months ended March 31, 2022, no events or changes in circumstances occurred that would have triggered the need for an additional impairment review.

#### Financial Instruments Not Recorded at Fair Value

The following table presents the carrying values and fair values of financial instruments not recorded at fair value in the condensed consolidated balance sheets as of March 31, 2022 and December 31, 2021. All fair value measures presented are categorized in Level 2 of the fair value hierarchy.

	March 31, 2022		December 31, 2021
	Carrying Value <sup>(1)</sup>	Fair Value	Carrying Value <sup>(1)</sup>
<b>Liabilities</b>			
Term Loan	\$ 450,308	\$ 449,182	\$ 451,400
4.875% Senior Notes	\$ 500,000	\$ 512,500	\$ 500,000
5.625% Senior Notes	\$ 400,000	\$ 416,000	\$ 400,000
5.0% Senior Notes	\$ 700,000	\$ 714,875	\$ 700,000
4.375% Senior Notes	\$ 450,000	\$ 432,000	\$ 450,000
3.75% Senior Notes	\$ 750,000	\$ 690,938	\$ 750,000
4.0% Senior Notes	\$ 1,000,000	\$ 942,500	\$ 1,000,000

<sup>(1)</sup> Excluding any related debt discounts, premiums, and deferred financing costs.

Cash and cash equivalents are carried at cost, which approximates fair value because of their short-term nature.

In addition to the above, we hold certain equity investments that do not have readily determinable fair values for which we use the measurement alternative under FASB ASC Topic 321. There were no impairments or changes resulting from observable transactions for any of these investments and no adjustments to their carrying values.

Refer to the table below for the carrying values of equity investments using the measurement alternative, which are presented as a component of other assets in our condensed consolidated balance sheets.

	March 31, 2022
Quanergy Systems, Inc. <sup>(1)</sup>	\$ —
Other	15,000
Total	<u>\$ 15,000</u>

<sup>(1)</sup> As of March 31, 2022, Quanergy is no longer classified as an equity investment without a readily determinable fair value. See additional disclosures regarding Quanergy elsewhere in this Note.



## Derivative Instruments and Hedging Activities

3 Months Ended  
Mar. 31, 2022

[Derivative Instruments and Hedging Activities Disclosure \[Abstract\]](#)

[Derivative Instruments and Hedging Activities](#)

### Derivative Instruments and Hedging Activities

#### Hedges of Foreign Currency Risk

For the three months ended March 31, 2022 and 2021, amounts excluded from the assessment of effectiveness of our foreign currency forward contracts as cash flow hedges were not material. As of March 31, 2022, we estimated that \$23.7 million of net gains will be reclassified from accumulated other comprehensive income to earnings during the twelve-month period ending March 31, 2023.

As of March 31, 2022, we had the following outstanding foreign currency forward contracts:

Notional (in millions)	Effective Date(s)	Maturity Date(s)	Index (Exchange Rates)	Weighted-Average Strike Rate
15.0 EUR	March 29, 2022	April 29, 2022	Euro ("EUR") to USD	1.11 USD
349.6 EUR	Various from May 2020 to March 2022	Various from April 2022 to March 2024	EUR to USD	1.19 USD
1,170.0 CNY	Various in March 2022	Various in April 2022	USD to Chinese Renminbi ("CNY")	6.38 CNY
1,134.3 CNY	Various from October 2021 to March 2022	Various from April 2022 to December 2022	USD to CNY	6.44 CNY
684.0 JPY	March 29, 2022	April 28, 2022	USD to Japanese Yen ("JPY")	122.02 JPY
24,400.0 KRW	Various from May 2020 to March 2022	Various from April 2022 to February 2024	USD to Korean Won ("KRW")	1,170.98 KRW
24.0 MYR	March 28, 2022	April 29, 2022	USD to Malaysian Ringgit ("MYR")	4.21 MYR
259.0 MXN	March 29, 2022	April 29, 2022	USD to Mexican Peso ("MXN")	20.05 MXN
3,477.3 MXN	Various from May 2020 to March 2022	Various from April 2022 to March 2024	USD to MXN	22.11 MXN
52.4 GBP	Various from May 2020 to March 2022	Various from April 2022 to March 2024	British Pound Sterling ("GBP") to USD	1.36 USD

<sup>(1)</sup> Derivative financial instruments not designated as hedges are used to manage our exposure to currency exchange rate risk. They are intended to reduce the volatility of earnings, and they are not used for trading or speculative purposes.

#### Hedges of Commodity Risk

As of March 31, 2022, we had the following outstanding commodity forward contracts, none of which were designated for hedge accounting treatment under FASB ASC Topic 815, *Derivatives and Hedging*:

Commodity	Notional	Remaining Contracted Periods
Silver	1,109,868 troy oz.	April 2022 - February 2024
Gold	8,380 troy oz.	April 2022 - February 2024
Nickel	250,238 pounds	April 2022 - February 2024
Aluminum	3,851,210 pounds	April 2022 - February 2024
Copper	7,740,838 pounds	April 2022 - February 2024
Platinum	11,588 troy oz.	April 2022 - February 2024
Palladium	1,408 troy oz.	April 2022 - February 2024

#### Financial Instrument Presentation

The following table presents the fair values of our derivative financial instruments and their classification in the condensed consolidated balance sheet as of March 31, 2022 and December 31, 2021:

	Asset Derivatives			Liability Derivatives	
	Balance Sheet Location	March 31, 2022	December 31, 2021	Balance Sheet Location	March 31, 2022
<b>Derivatives designated as hedging instruments</b>					
Foreign currency forward contracts	Prepaid expenses and other current assets	\$ 24,946	\$ 20,562	Accrued expenses and other current liabilities	\$
Foreign currency forward contracts	Other assets	4,063	4,391	Other long-term liabilities	
Total		\$ 29,009	\$ 24,953		\$
<b>Derivatives not designated as hedging instruments</b>					
Commodity forward contracts	Prepaid expenses and other current assets	\$ 6,298	\$ 2,583	Accrued expenses and other current liabilities	\$
Commodity forward contracts	Other assets	2,176	396	Other long-term liabilities	
Foreign currency forward contracts	Prepaid expenses and other current assets	54	159	Accrued expenses and other current liabilities	
Total		\$ 8,528	\$ 3,138		\$

These fair value measurements were all categorized within Level 2 of the fair value hierarchy.

The following tables present the effect of our derivative financial instruments on the condensed consolidated statements of operations and the condensed consolidated statements of comprehensive income for the three months ended March 31, 2022 and 2021:

Derivatives designated as hedging instruments	Amount of Deferred Gain/(Loss) Recognized in Other Comprehensive Income		Location of Net Gain/(Loss) Reclassified from Accumulated Other Comprehensive Loss into Net Income	Amount of Net Gain/(Loss) Accumulated Other Comprehensive Income
	2022	2021		
	Foreign currency forward contracts	\$ 5,586	\$ 18,799	Net revenue
Foreign currency forward contracts	\$ 5,145	\$ (3,425)	Cost of revenue	\$ 2,720

  

Derivatives not designated as hedging instruments	Amount of Gain/(Loss) Recognized in Net Income		Location of Gain/(Loss) Recognized in Net Income
	2022	2021	
	Commodity forward contracts	\$ 9,424	\$ (1,153)
Foreign currency forward contracts	\$ (1,243)	\$ (958)	Other, net

#### Credit Risk Related Contingent Features

We have agreements with our derivative counterparties that contain a provision whereby if we default on our indebtedness and repayment of the indebtedness is accelerated by the lender, then we could also be declared in default on our derivative obligations.

As of March 31, 2022, the termination value of outstanding derivatives in a liability position, excluding any adjustment for credit risk, was \$5.5 million. As of March 31, 2022, we had not posted any cash collateral related to these agreements. If we breach any of our provisions on any of our indebtedness as described above, we could be required to settle our obligations under the derivative agreements at their termination values.

## Acquisitions

**3 Months Ended  
Mar. 31, 2022**

### [Business Combination and Asset Acquisition \[Abstract\] Acquisitions](#)

#### Acquisitions

##### *Spear Power Systems*

On November 19, 2021, we acquired all of the equity interests of Spear, a leader in electrification solutions that supports our newly-established Clean Energy Solutions business unit, for an aggregate purchase price of \$113.7 million, subject to certain post-closing items, including the discounted present value of contingent consideration. As of March 31, 2022, the present value of this contingent consideration was \$2.3 million. Any gains or losses resulting from adjustments to contingent consideration are recorded in restructuring and other charges, net. We are integrating Spear into the Sensing Solutions reportable segment.

As of March 31, 2022, the allocation of purchase price of Spear is preliminary and is based on management's judgments after evaluating several factors, including preliminary valuation assessments of tangible and intangible assets. The final allocation of the purchase price to the assets acquired will be completed when the final valuations are completed. Refer to *Note 21: Acquisitions* of the audited consolidated financial statements and notes thereto included in our 2021 Annual Report for detailed information regarding the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed as of December 31, 2021.

##### *SmartWitness Holdings, Inc.*

On November 19, 2021, we acquired all of the equity interests of SmartWitness Holdings, Inc. ("SmartWitness"), a privately held innovator of video telematics technology for heavy- and light-duty fleets, for an aggregate cash purchase price of \$204.2 million, subject to certain post-closing items. In addition to the aggregate purchase price, we paid \$8.6 million of cash at closing related to an employee retention arrangement, which was reflected as an operating cash outflow on our consolidated statement of cash flows for the year ended December 31, 2021. We are integrating SmartWitness into the Performance Sensing reportable segment.

As of March 31, 2022, the allocation of purchase price of SmartWitness is preliminary and is based on management's judgments after evaluating several factors, including preliminary valuation assessments of tangible and intangible assets. The final allocation of the purchase price to the assets acquired will be completed when the final valuations are completed. Refer to *Note 21: Acquisitions* of the audited consolidated financial statements and notes thereto included in our 2021 Annual Report for detailed information regarding the preliminary allocation of the purchase price to the estimated fair values of the assets acquired and liabilities assumed as of December 31, 2021.

##### *Elastic M2M Inc.*

On February 11, 2022, we acquired all of the equity interests of Elastic M2M Inc. ("Elastic M2M") for an aggregate cash purchase price of \$51.2 million, subject to certain post-closing items. In addition to the aggregate cash purchase price, the previous shareholders of Elastic M2M are entitled to up to \$30.0 million additional acquisition-related incentive compensation, pending

the completion of certain technical milestones in fiscal year 2022 and achievement of revenue targets in fiscal years 2022 and 2023. In the first quarter of 2022, we determined that \$15.0 million of that acquisition-related incentive compensation was earned as all of the technical milestones were achieved. This amount is recorded in restructuring and other charges, net. We paid \$7.5 million of this acquisition-related incentive compensation in the three months ended March 31, 2022, which is reflected as an operating cash outflow on our condensed consolidated statement of cash flows for the three months ended March 31, 2022.

Elastic M2M is a privately-held innovator of connected intelligence for operational assets across heavy-duty transport, warehouse, supply chain and logistics, industrial, light-duty passenger car, and a variety of other industry segments. Elastic M2M primarily serves telematics service providers and resellers, enabling them to leverage Elastic M2M's cloud platform and analytics capabilities to deliver sensor-based operational insights to their end users. This acquisition augments our cloud capabilities critical to delivering actionable sensor-based insights, an increasingly important capability in this fast-growing industry segment. We are integrating Elastic M2M into the Performance Sensing reportable segment.

The purchase price of Elastic M2M has been primarily allocated to goodwill. The preliminary valuation of intangible assets is not yet available. We expect the preliminary valuation to be complete in the second quarter of 2022, at which time we will adjust the allocation to include definite-lived intangible assets. The final allocation of the purchase price to the assets acquired will be completed when the final valuations are completed.

## Segment Reporting

3 Months Ended  
Mar. 31, 2022

[Segment Reporting](#)

[\[Abstract\]](#)

[Segment Reporting](#)

### Segment Reporting

We present financial information for two reportable segments, Performance Sensing and Sensing Solutions. The Performance Sensing reportable segment consists of two operating segments, Automotive and HVOR, which meet the criteria for aggregation in FASB ASC Topic 280, *Segment Reporting*. The Sensing Solutions reportable segment is also an operating segment.

Our operating segments are businesses that we manage as components of an enterprise, for which separate financial information is evaluated regularly by our chief decision maker in deciding how to allocate resources and assess performance.

An operating segment's performance is primarily evaluated based on segment operating income, which excludes amortization of intangible assets, depreciation charges, net, certain costs associated with our strategic megatrend initiatives, and certain corporate costs or credits not associated with the operating segment, including share-based compensation expense and a portion of depreciation expense associated with assets recognized in connection with acquisitions. Certain costs excluded from an operating (and reportable) segment's performance are separately stated below and also include costs that are related to functions such as finance, information technology, legal, and human resources. We believe that segment operating income, as defined above, is an appropriate measure of the operating performance of our segments. However, this measure should be considered in addition to, and not as a substitute for, or superior to, other measures of financial performance prepared in accordance with U.S. GAAP. The accounting policies of each of our operating and reportable segments are consistent with those described in *Note 2: Significant Accounting Policies* of the audited consolidated financial statements and notes thereto included in our Annual Report.

The following table presents net revenue and segment operating income for our reportable segments and other operating results not allocated to our reportable segments for the three months ended March 31, 2022 and 2021:

	For the three months ended
	March 31, 2022
<b>Net revenue:</b>	
Performance Sensing	\$ 717,691
Sensing Solutions	258,071
Total net revenue	\$ 975,762
<b>Segment operating income (as defined above):</b>	
Performance Sensing	\$ 180,631
Sensing Solutions	72,511
Total segment operating income	253,142
Corporate and other	(76,121)
Amortization of intangible assets	(37,361)
Restructuring and other charges, net	(13,731)
Operating income	125,931
Interest expense, net	(45,441)
Other, net	(50,451)
Income before taxes	\$ 30,041

## Subsequent Events

**3 Months Ended  
Mar. 31, 2022**

[Subsequent Events](#)

[\[Abstract\]](#)

[Subsequent Events](#)

### Subsequent Events

On April 22, 2022, we signed a stock purchase agreement to acquire Dynapower Company, LLC ("Dynapower"), a leading provider of high-voltage power conversion solutions for clean energy segments, for an aggregate cash purchase price of \$580 million, subject to working capital and other adjustments. We expect to complete the acquisition in the third quarter of 2022, subject to regulatory approvals and other customary closing conditions. We intend to fund the transaction using available cash on hand.

Dynapower is a leader in power conversion systems including inverters, converters, and rectifiers for renewable energy generation, green hydrogen production, electric vehicle charging stations, and microgrid applications, as well as industrial and

defense applications. Dynapower also provides aftermarket sales and service to maintain its equipment in the field. We are acquiring Dynapower as a foundational addition to our Clean Energy Solutions strategy and complement to our recent acquisitions of GIGAVAC, Lithium Balance, and Spear. On April 26, 2022, we announced that our Board had declared a quarterly dividend of \$0.11 per share, payable on May 25, 2022 to shareholders of record as of May 11, 2022.

**Basis of Presentation  
(Policies)**

**3 Months Ended  
Mar. 31, 2022**

**Organization, Consolidation  
and Presentation of  
Financial Statements**

**[Abstract]**

**Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") for interim financial information and the instructions to Form 10-Q. Accordingly, these interim financial statements do not include all of the information and note disclosures required by U.S. GAAP for complete financial statements. The accompanying financial information reflects all normal recurring adjustments that are, in the opinion of management, necessary for a fair presentation of the interim period results. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021 filed with the U.S. Securities and Exchange Commission (the "SEC") on February 10, 2022 (the "2021 Annual Report").

All U.S. dollar ("USD") and share amounts presented, except per share amounts, are stated in thousands, unless otherwise indicated.

Revenue Recognition  
(Tables)

3 Months Ended  
Mar. 31, 2022

[Revenue Recognition and  
Deferred Revenue \[Abstract\]  
Schedule of Disaggregation of  
Revenue](#)

The following table presents net revenue disaggregated by segment and end market for the three months ended March 31, 2022 and 2021:

	For the three months ended March 31, 2022			For the three months ended	
	Performance Sensing	Sensing Solutions	Total	Performance Sensing	Sensing Solutions
Automotive	\$ 502,362	\$ 9,285	\$ 511,647	\$ 536,713	\$ 11,111
HVOR <sup>(1)</sup>	215,335	—	215,335	177,799	—
Industrial	—	114,619	114,619	—	90,000
Appliance and HVAC <sup>(2)</sup>	—	58,825	58,825	—	59,000
Aerospace	—	33,270	33,270	—	32,000
Other	—	42,074	42,074	—	33,000
<b>Total</b>	<b>\$ 717,697</b>	<b>\$ 258,073</b>	<b>\$ 975,770</b>	<b>\$ 714,512</b>	<b>\$ 228,000</b>

<sup>(1)</sup> Heavy vehicle and off-road

<sup>(2)</sup> Heating, ventilation and air conditioning



**Share-Based Payment Plans  
(Tables)**

**3 Months Ended  
Mar. 31, 2022**

[Share-based Payment  
Arrangement \[Abstract\]  
Schedule of Non-Cash  
Compensation Expense  
Related to Equity Awards](#)

The following table presents the components of non-cash compensation expense related to our equity awards for the three months ended March 31, 2022.

	<u>For the</u> <u>March 31, 2022</u>
Stock options	\$ 6,000
Restricted securities	6,000
Share-based compensation expense	<u>\$ 12,000</u>

**Restructuring and Other  
Charges, Net (Tables)**

**3 Months Ended  
Mar. 31, 2022**

[Restructuring and Related  
Activities \[Abstract\]  
Schedule of Restructuring and  
Other Charges, Net](#)

The following table presents the components of restructuring and other charges, net for the three months ended March 31, 2022 and 2021:

	For the March 31, 2022
Q2 2020 Global Restructure Program charges	\$
Other restructuring and other charges, net	
Severance costs, net	
Facility and other exit costs	1,
Other <sup>(1)</sup>	12,
Restructuring and other charges, net	\$ 13,

<sup>(1)</sup> Primarily includes expenses related to acquisition-related incentive compensation, partially offset by a gain resulting from reduction of the liability for consideration for Spear Power Systems ("Spear"). Refer to *Note 16: Acquisitions* for additional information.

[Schedule of Changes to  
Restructuring Liability](#)

The following table presents a rollforward of the severance portion of our restructuring obligations for the three months ended March 31, 2022.

	Q2 2020 Global Restructure			
	Program	Other		
Balance as of December 31, 2021	\$ 3,853	\$ 3,380	\$	
Charges, net of reversals	—	587		
Payments	(2,955)	(1,130)		
Foreign currency remeasurement	(6)	12		
Balance as of March 31, 2022	\$ 892	\$ 2,849	\$	

Other, Net (Tables)

3 Months Ended  
Mar. 31, 2022

[Other Income and Expenses](#)  
[\[Abstract\]](#)  
[Schedule of Other, Net](#)

The following table presents the components of other, net for the three months ended March 31, 2022 and 2021:

	For the
	March 31, 2022
Currency remeasurement loss on net monetary assets	\$
Loss on foreign currency forward contracts	(1,
Gain/(loss) on commodity forward contracts	9,
Loss on debt financing	
Mark-to-market loss on investments, net	(59,
Net periodic benefit cost, excluding service cost	(
Other	1,
Other, net	\$ (50,

**Income Taxes (Tables)**

**3 Months Ended  
Mar. 31, 2022**

[Income Tax Disclosure](#)  
[\[Abstract\]](#)  
[Schedule of Provision for](#)  
[Income Taxes](#)

The following table presents the provision for income taxes for the three months ended March 31, 2022 and 2021:

	<u>For the</u> <u>March 31, 2022</u>
Provision for income taxes	\$ 7.

**Net Income per Share  
(Tables)**

**3 Months Ended  
Mar. 31, 2022**

**Earnings Per Share  
[Abstract]**

**Schedule of Weighted-Average Ordinary Shares Outstanding** For the three months ended March 31, 2022 and 2021 the weighted-average ordinary shares outstanding used to calculate income per share were as follows:

	<u>For the</u> <u>March 31, 2022</u>
Basic weighted-average ordinary shares outstanding	157,
Dilutive effect of stock options	
Dilutive effect of unvested restricted securities	
Diluted weighted-average ordinary shares outstanding	158,

**Schedule of Antidilutive Securities**

These potential ordinary shares were as follows:

	<u>For the</u> <u>March 31, 2022</u>
Anti-dilutive shares excluded	
Contingently issuable shares excluded	1,

## Inventories (Tables)

**3 Months Ended**  
**Mar. 31, 2022**

[Inventory Disclosure](#)  
[\[Abstract\]](#)  
[Schedule of Components of Inventories](#)

The following table presents the components of inventories as of March 31, 2022 and December 31, 2021:

	<u>March 31, 2022</u>	
Finished goods	\$	222,375
Work-in-process		114,496
Raw materials		304,838
Inventories	\$	<u>641,709</u>

**Pension and Other Post-Retirement Benefits (Tables)**

**3 Months Ended  
Mar. 31, 2022**

[Retirement Benefits](#)

[\[Abstract\]](#)

[Schedule of Components of](#)

[Net Periodic Benefit Cost](#)

The following table presents the components of net periodic benefit cost/(credit) associated with our defined benefit and retiree healthcare plans March 31, 2022 and 2021:

	U.S. Plans				Non-U.S. Plans			
	Defined Benefit		Retiree Healthcare		Defined Benefit			
	2022	2021	2022	2021	2022	2021		
Service cost	\$ —	\$ —	\$ 2	\$ 2	\$ 956	\$ 978	\$	
Interest cost	113	120	46	21	424	404		
Expected return on plan assets	(195)	(226)	—	—	(244)	(178)		
Amortization of net loss	141	401	—	—	278	459		
Amortization of prior service (credit)/cost	—	—	(100)	(159)	2	3		
Loss on settlement	290	1,565	—	—	—	—		
Net periodic benefit cost/(credit)	\$ 349	\$ 1,860	\$ (52)	\$ (136)	\$ 1,416	\$ 1,666	\$	

Debt (Tables)

3 Months Ended  
Mar. 31, 2022

[Debt Disclosure \[Abstract\]](#)  
[Schedule of Long-term Debt,](#)  
[Finance Lease, and Other](#)  
[Financing Obligations](#)

The following table presents the components of long-term debt, finance lease and other financing obligations as of March 31, 2022 and December

	Maturity Date	March 31, 2022
Term Loan	September 20, 2026	\$ 450,308
4.875% Senior Notes	October 15, 2023	500,000
5.625% Senior Notes	November 1, 2024	400,000
5.0% Senior Notes	October 1, 2025	700,000
4.375% Senior Notes	February 15, 2030	450,000
3.75% Senior Notes	February 15, 2031	750,000
4.0% Senior Notes	April 15, 2029	1,000,000
Less: debt discount, net of premium		(4,763)
Less: deferred financing costs		(25,410)
Less: current portion		(4,630)
Long-term debt, net		<u>\$ 4,215,505</u>
Finance lease and other financing obligations		\$ 28,411
Less: current portion		(2,064)
Finance lease and other financing obligations, less current portion		<u>\$ 26,347</u>



Shareholders' Equity  
(Tables)

3 Months Ended  
Mar. 31, 2022

[Equity \[Abstract\]](#)  
[Schedule of Roll Forward of Components of Accumulated Other Comprehensive Loss](#)

The following table presents the components of accumulated other comprehensive loss for the three months ended March 31, 2022:

	Cash Flow Hedges	Defined Benefit Retiree Health Plans
Balance as of December 31, 2021	\$ 16,831	\$ (3,615)
Other comprehensive income before reclassifications, net of tax	7,965	
Reclassifications from accumulated other comprehensive loss, net of tax	(5,115)	
Other comprehensive income	2,850	
Balance as of March 31, 2022	\$ 19,681	\$ (3,615)

[Schedule of Amounts Reclassified from Accumulated Other Comprehensive Loss](#)

The following table presents the amounts reclassified from accumulated other comprehensive loss for the three months ended March 31, 2022 and

Component	For the three months ended March		Affected Lin State
	2022	2021	
Derivative instruments designated and qualifying as cash flow hedges:			
Foreign currency forward contracts	\$ (4,264)	\$ 4,407	
Foreign currency forward contracts	(2,629)	(743)	
Total, before taxes	(6,893)	3,664	
Income tax effect	1,778	(916)	Provis
Total, net of taxes	\$ (5,115)	\$ 2,748	
Defined benefit and retiree healthcare plans	\$ 611	\$ 2,269	
Income tax effect	(183)	(557)	Provis
Total, net of taxes	\$ 428	\$ 1,712	

- (1) Refer to *Note 15: Derivative Instruments and Hedging Activities* for additional information on amounts to be reclassified from accumulated other comprehensive loss to net income in future periods.
- (2) Refer to *Note 10: Pension and Other Post-Retirement Benefits* for additional information on net periodic benefit cost/(credit).

## Fair Value Measures (Tables)

3 Months Ended  
Mar. 31, 2022

### [Fair Value Disclosures](#)

#### [\[Abstract\]](#)

#### [Schedule of Assets and Liabilities Measured at Fair Value on a Recurring Basis](#)

The fair values of our assets and liabilities measured at fair value on a recurring basis as of March 31, 2022 and December 31, 2021 are shown in value measures presented are categorized in Level 2 of the fair value hierarchy.

	March 31, 2022	
<b>Assets</b>		
Foreign currency forward contracts	\$	29,063
Commodity forward contracts		8,474
Total	\$	37,537
<b>Liabilities</b>		
Foreign currency forward contracts	\$	3,682
Commodity forward contracts		1,752
Total	\$	5,434

#### [Schedule of Information about Carrying Values and Fair Values of Financial Instruments not Recorded at Fair Value](#)

The following table presents the carrying values and fair values of financial instruments not recorded at fair value in the condensed consolidated balance sheets as of March 31, 2022 and December 31, 2021. All fair value measures presented are categorized in Level 2 of the fair value hierarchy.

	March 31, 2022		December 31, 2021	
	Carrying Value <sup>(1)</sup>	Fair Value	Carrying Value <sup>(1)</sup>	Fair Value
<b>Liabilities</b>				
Term Loan	\$ 450,308	\$ 449,182	\$ 451,460	\$ 451,460
4.875% Senior Notes	\$ 500,000	\$ 512,500	\$ 500,000	\$ 500,000
5.625% Senior Notes	\$ 400,000	\$ 416,000	\$ 400,000	\$ 400,000
5.0% Senior Notes	\$ 700,000	\$ 714,875	\$ 700,000	\$ 700,000
4.375% Senior Notes	\$ 450,000	\$ 432,000	\$ 450,000	\$ 450,000
3.75% Senior Notes	\$ 750,000	\$ 690,938	\$ 750,000	\$ 750,000
4.0% Senior Notes	\$ 1,000,000	\$ 942,500	\$ 1,000,000	\$ 1,000,000

<sup>(1)</sup> Excluding any related debt discounts, premiums, and deferred financing costs.

#### [Schedule of Equity Securities without Readily Determinable Fair Value](#)

Refer to the below table for a summary of our investment in Quanergy as of March 31, 2022, February 8, 2022, and December 31, 2021, which is presented in other assets on our consolidated balance sheets as of March 31, 2022 and December 31, 2021.

	As of	
	March 31, 2022	February 8, 2022
Series B Preferred Stock	\$ —	\$ —
Common shares	9,200	50,000
PIPE investment	1,380	7,500
Warrant Shares	4,575	17,600
Total equity investment in Quanergy	\$ 15,155	\$ 75,100

#### Mark-to-market loss

Refer to the table below for the carrying values of equity investments using the measurement alternative, which are presented as a component of other assets on our condensed consolidated balance sheets.

	March 31, 2022
Quanergy Systems, Inc. <sup>(1)</sup>	\$ —
Other	15,000
<b>Total</b>	<b>\$ 15,000</b>

<sup>(1)</sup> As of March 31, 2022, Quanergy is no longer classified as an equity investment without a readily determinable fair value. See additional discussion of *Quanergy* elsewhere in this Note.

**Derivative Instruments and Hedging Activities (Tables)**

**3 Months Ended  
Mar. 31, 2022**

[Derivative Instruments and Hedging Activities Disclosure \[Abstract\]](#)  
[Schedule of Outstanding Derivative Instruments](#)

As of March 31, 2022, we had the following outstanding foreign currency forward contracts:

Notional (in millions)	Effective Date(s)	Maturity Date(s)	Index (Exchange Rates)	Weighted-Average Strike Rate
15.0 EUR	March 29, 2022	April 29, 2022	Euro ("EUR") to USD	1.11 USD
349.6 EUR	Various from May 2020 to March 2022	Various from April 2022 to March 2024	EUR to USD	1.19 USD
1,170.0 CNY	Various in March 2022	Various in April 2022	USD to Chinese Renminbi ("CNY")	6.38 CNY
1,134.3 CNY	Various from October 2021 to March 2022	Various from April 2022 to December 2022	USD to CNY	6.44 CNY
684.0 JPY	March 29, 2022	April 28, 2022	USD to Japanese Yen ("JPY")	122.02 JPY
24,400.0 KRW	Various from May 2020 to March 2022	Various from April 2022 to February 2024	USD to Korean Won ("KRW")	1,170.98 KRW
24.0 MYR	March 28, 2022	April 29, 2022	USD to Malaysian Ringgit ("MYR")	4.21 MYR
259.0 MXN	March 29, 2022	April 29, 2022	USD to Mexican Peso ("MXN")	20.05 MXN
3,477.3 MXN	Various from May 2020 to March 2022	Various from April 2022 to March 2024	USD to MXN	22.11 MXN
52.4 GBP	Various from May 2020 to March 2022	Various from April 2022 to March 2024	British Pound Sterling ("GBP") to USD	1.36 USD

<sup>(1)</sup> Derivative financial instruments not designated as hedges are used to manage our exposure to currency exchange rate risk. They are intended to hedge our foreign currency exposure, and are not used for trading or speculative purposes.

As of March 31, 2022, we had the following outstanding commodity forward contracts, none of which were designated for hedge accounting treatment under FASB ASC Topic 815, *Derivatives and Hedging*:

Commodity	Notional	Remaining Contracted Periods
Silver	1,109,868 troy oz.	April 2022 - February 2024
Gold	8,380 troy oz.	April 2022 - February 2024
Nickel	250,238 pounds	April 2022 - February 2024
Aluminum	3,851,210 pounds	April 2022 - February 2024
Copper	7,740,838 pounds	April 2022 - February 2024
Platinum	11,588 troy oz.	April 2022 - February 2024
Palladium	1,408 troy oz.	April 2022 - February 2024

[Schedule of Fair Values of Derivative Financial Instruments and their Classification in Balance Sheets](#)

The following table presents the fair values of our derivative financial instruments and their classification in the condensed consolidated balance sheets as of March 31, 2022 and December 31, 2021:

	Asset Derivatives			Liability Derivatives	
	Balance Sheet Location	March 31, 2022	December 31, 2021	Balance Sheet Location	March 31, 2022
<b>Derivatives designated as hedging instruments</b>					
Foreign currency forward contracts	Prepaid expenses and other current assets	\$ 24,946	\$ 20,562	Accrued expenses and other current liabilities	\$
Foreign currency forward contracts	Other assets	4,063	4,391	Other long-term liabilities	
Total		\$ 29,009	\$ 24,953		\$
<b>Derivatives not designated as hedging instruments</b>					
Commodity forward contracts	Prepaid expenses and other current assets	\$ 6,298	\$ 2,583	Accrued expenses and other current liabilities	\$
Commodity forward contracts	Other assets	2,176	396	Other long-term liabilities	
Foreign currency forward contracts	Prepaid expenses and other current assets	54	159	Accrued expenses and other current liabilities	
Total		\$ 8,528	\$ 3,138		\$

[Schedule of Effect of Derivative Financial Instruments on Statements of Operations](#)

The following tables present the effect of our derivative financial instruments on the condensed consolidated statements of operations and the condensed consolidated statements of comprehensive income for the three months ended March 31, 2022 and 2021:

Derivatives designated as hedging instruments	Amount of Deferred Gain/(Loss) Recognized in Other Comprehensive Income		Location of Net Gain/(Loss) Reclassified from Accumulated Other Comprehensive Loss into Net Income	Amount of Net Gain/(Loss) Accumulated Other Comprehensive Income
	2022	2021		
Foreign currency forward contracts	\$ 5,586	\$ 18,799	Net revenue	\$ 4,213
Foreign currency forward contracts	\$ 5,145	\$ (3,425)	Cost of revenue	\$ 2,720
<b>Derivatives not designated as hedging instruments</b>				
Derivatives not designated as hedging instruments	Amount of Gain/(Loss) Recognized in Net Income		Location of Gain/(Loss) Recognized in Net Income	
	2022	2021		
Commodity forward contracts	\$ 9,424	\$ (1,153)		Other, net
Foreign currency forward contracts	\$ (1,243)	\$ (958)		Other, net

## Segment Reporting (Tables)

3 Months Ended  
Mar. 31, 2022

[Segment Reporting](#)  
[\[Abstract\]](#)  
[Schedule of Segment](#)  
[Reporting Information by](#)  
[Segment](#)

The following table presents net revenue and segment operating income for our reportable segments and other operating results not allocated to other segments for the three months ended March 31, 2022 and 2021:

	For the three months ended
	March 31, 2022
<b>Net revenue:</b>	
Performance Sensing	\$ 717,650
Sensing Solutions	258,070
Total net revenue	\$ 975,720
<b>Segment operating income (as defined above):</b>	
Performance Sensing	\$ 180,630
Sensing Solutions	72,510
Total segment operating income	253,140
Corporate and other	(76,120)
Amortization of intangible assets	(37,360)
Restructuring and other charges, net	(13,730)
Operating income	125,930
Interest expense, net	(45,440)
Other, net	(50,450)
Income before taxes	\$ 30,040

**Revenue Recognition  
(Details) - USD (\$)  
\$ in Thousands**

**3 Months Ended  
Mar. 31, 2022 Mar. 31, 2021**

**Disaggregation of Revenue [Line Items]**

Net revenue \$ 975,770 \$ 942,528

Performance Sensing

**Disaggregation of Revenue [Line Items]**

Net revenue 717,697 714,512

Sensing Solutions

**Disaggregation of Revenue [Line Items]**

Net revenue 258,073 228,016

Automotive

**Disaggregation of Revenue [Line Items]**

Net revenue 511,647 548,213

Automotive | Performance Sensing

**Disaggregation of Revenue [Line Items]**

Net revenue 502,362 536,713

Automotive | Sensing Solutions

**Disaggregation of Revenue [Line Items]**

Net revenue 9,285 11,500

HVOR

**Disaggregation of Revenue [Line Items]**

Net revenue 215,335 177,799

HVOR | Performance Sensing

**Disaggregation of Revenue [Line Items]**

Net revenue 215,335 177,799

HVOR | Sensing Solutions

**Disaggregation of Revenue [Line Items]**

Net revenue 0 0

Industrial

**Disaggregation of Revenue [Line Items]**

Net revenue 114,619 90,475

Industrial | Performance Sensing

**Disaggregation of Revenue [Line Items]**

Net revenue 0 0

Industrial | Sensing Solutions

**Disaggregation of Revenue [Line Items]**

Net revenue 114,619 90,475

Appliance and HVAC

**Disaggregation of Revenue [Line Items]**

Net revenue 58,825 59,916

Appliance and HVAC | Performance Sensing

**Disaggregation of Revenue [Line Items]**

<u>Net revenue</u>	0	0
<u>Appliance and HVAC   Sensing Solutions</u>		
<b><u>Disaggregation of Revenue [Line Items]</u></b>		
<u>Net revenue</u>	58,825	59,916
<u>Aerospace</u>		
<b><u>Disaggregation of Revenue [Line Items]</u></b>		
<u>Net revenue</u>	33,270	32,677
<u>Aerospace   Performance Sensing</u>		
<b><u>Disaggregation of Revenue [Line Items]</u></b>		
<u>Net revenue</u>	0	0
<u>Aerospace   Sensing Solutions</u>		
<b><u>Disaggregation of Revenue [Line Items]</u></b>		
<u>Net revenue</u>	33,270	32,677
<u>Other</u>		
<b><u>Disaggregation of Revenue [Line Items]</u></b>		
<u>Net revenue</u>	42,074	33,448
<u>Other   Performance Sensing</u>		
<b><u>Disaggregation of Revenue [Line Items]</u></b>		
<u>Net revenue</u>	0	0
<u>Other   Sensing Solutions</u>		
<b><u>Disaggregation of Revenue [Line Items]</u></b>		
<u>Net revenue</u>	\$ 42,074	\$ 33,448



**Share-Based Payment Plans  
- Share-Based Compensation  
Expense (Details) - USD (\$)  
\$ in Thousands**

**3 Months Ended**  
**Mar. 31,      Mar. 31,**  
**2022            2021**

**Share-based Compensation Arrangement by Share-based Payment Award [Line Items]**

<u>Share-based compensation expense</u>	\$ 6,540	\$ 5,099
<u>Stock options</u>		

**Share-based Compensation Arrangement by Share-based Payment Award [Line Items]**

<u>Share-based compensation expense</u>	307	460
<u>Restricted securities</u>		

**Share-based Compensation Arrangement by Share-based Payment Award [Line Items]**

<u>Share-based compensation expense</u>	\$ 6,233	\$ 4,639
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**Restructuring and Other  
Charges, Net - Components  
of Restructuring and Other  
Charges, Net (Details) - USD  
( $\$$ )**

**3 Months Ended**

**Mar. 31, 2022 Mar. 31, 2021**

**\$ in Thousands**

**Loss Contingencies [Line Items]**

Restructuring and other charges, net \$ 13,733 \$ 4,582  
Q2 2020 Global Restructure Program

**Loss Contingencies [Line Items]**

Restructuring Charges 0 1,824  
Other

**Loss Contingencies [Line Items]**

Severance costs, net 587 186  
Facility and other exit costs 1,048 666  
Other \$ 12,098 \$ 1,906

**Restructuring and Other  
Charges, Net - Schedule of  
Changes to Restructuring  
Liability (Details) - USD (\$)  
\$ in Thousands**

**3 Months Ended**

**Mar. 31, 2022 Mar. 31, 2021**

Q2 2020 Global Restructure Program

**Restructuring Reserve [Roll Forward]**

<u>Restructuring Charges</u>	\$ 0	\$ 1,824
------------------------------	------	----------

Employee Severance

**Restructuring Reserve [Roll Forward]**

<u>Restructuring reserve, beginning balance</u>	7,233	
---	-------	--

<u>Restructuring Charges</u>	587	
------------------------------	-----	--

<u>Payments</u>	(4,085)	
-----------------	---------	--

<u>Foreign currency remeasurement</u>	6	
---------------------------------------	---	--

<u>Restructuring reserve, ending balance</u>	3,741	
--	-------	--

Employee Severance | Q2 2020 Global Restructure Program

**Restructuring Reserve [Roll Forward]**

<u>Restructuring reserve, beginning balance</u>	3,853	
---	-------	--

<u>Restructuring Charges</u>	0	
------------------------------	---	--

<u>Payments</u>	(2,955)	
-----------------	---------	--

<u>Foreign currency remeasurement</u>	(6)	
---------------------------------------	-----	--

<u>Restructuring reserve, ending balance</u>	892	
--	-----	--

Employee Severance | Other

**Restructuring Reserve [Roll Forward]**

<u>Restructuring reserve, beginning balance</u>	3,380	
---	-------	--

<u>Restructuring Charges</u>	587	
------------------------------	-----	--

<u>Payments</u>	(1,130)	
-----------------	---------	--

<u>Foreign currency remeasurement</u>	12	
---------------------------------------	----	--

<u>Restructuring reserve, ending balance</u>	\$ 2,849	
--	----------	--

**Other, Net (Details) - USD**  
**(\$)**  
**\$ in Thousands**

**3 Months Ended**  
**Mar. 31, 2022 Mar. 31, 2021**

**Other Income and Expenses [Abstract]**

<u>Currency remeasurement loss on net monetary assets</u>	\$ (67)	\$ (1,477)
<u>Loss on foreign currency forward contracts</u>	(1,243)	(958)
<u>Gain/(loss) on commodity forward contracts</u>	9,424	(1,153)
<u>Loss on debt financing</u>	0	(30,066)
<u>Mark-to-market loss on investments, net</u>	(59,279)	0
<u>Net periodic benefit cost, excluding service cost</u>	(755)	(2,410)
<u>Other</u>	1,464	(3,333)
<u>Other, net</u>	\$ (50,456)	\$ (39,397)

**Income Taxes (Details) -  
USD (\$)  
\$ in Thousands**

**3 Months Ended  
Mar. 31, 2022 Mar. 31, 2021**

**[Income Tax Disclosure \[Abstract\]](#)**

<u>Provision for income taxes</u>	\$ 7,588	\$ 20,281
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**Net Income per Share -  
Schedule of Weighted  
Average Number of Shares  
(Details) - shares  
shares in Thousands**

**3 Months Ended**  
**Mar. 31, 2022 Mar. 31, 2021**

**Earnings Per Share [Abstract]**

<u>Basic weighted-average ordinary shares outstanding (in shares)</u>	157,422	157,764
<u>Dilutive effect of stock options (in shares)</u>	473	708
<u>Dilutive effect of unvested restricted securities (in shares)</u>	735	758
<u>Diluted weighted-average ordinary shares outstanding (in shares)</u>	158,630	159,230

**Net Income per Share -  
Schedule of Antidilutive  
Securities Excluded from  
Computation of Earnings  
Per Share (Details) - shares  
shares in Thousands**

**3 Months Ended**

**Mar. 31,  
2022      Mar. 31,  
2021**

Anti-dilutive shares excluded

**Antidilutive Securities Excluded from Computation of Earnings Per Share [Line  
Items]**

<u>Antidilutive securities excluded from computation of earnings per share (in shares)</u>	4	6
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Contingently issuable shares excluded

**Antidilutive Securities Excluded from Computation of Earnings Per Share [Line  
Items]**

<u>Antidilutive securities excluded from computation of earnings per share (in shares)</u>	1,002	950
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**Inventories (Details) - USD**

**(\$)**

**Mar. 31, 2022 Dec. 31, 2021**

**\$ in Thousands**

**[Inventory Disclosure \[Abstract\]](#)**

<u><a href="#">Finished goods</a></u>	\$ 222,375	\$ 201,424
<u><a href="#">Work-in-process</a></u>	114,496	101,558
<u><a href="#">Raw materials</a></u>	304,838	285,249
<u><a href="#">Inventories</a></u>	\$ 641,709	\$ 588,231



**Pension and Other Post-  
Retirement Benefits -  
Schedule of components of  
net periodic benefit cost  
(Details) - USD (\$)  
\$ in Thousands**

**3 Months Ended**

**Mar. 31, 2022 Mar. 31, 2021**

**Defined Benefit Plan, Net Periodic Benefit Cost (Credit) [Abstract]**

<u>Service cost</u>	\$ 958	\$ 980
<u>Interest cost</u>	583	545
<u>Expected return on plan assets</u>	(439)	(404)
<u>Amortization of net loss</u>	419	860
<u>Amortization of prior service (credit)/cost</u>	(98)	(156)
<u>Loss on settlement</u>	290	1,565
<u>Net periodic benefit cost/(credit)</u>	1,713	3,390

U.S. Plans | Defined Benefit

**Defined Benefit Plan, Net Periodic Benefit Cost (Credit) [Abstract]**

<u>Service cost</u>	0	0
<u>Interest cost</u>	113	120
<u>Expected return on plan assets</u>	(195)	(226)
<u>Amortization of net loss</u>	141	401
<u>Amortization of prior service (credit)/cost</u>	0	0
<u>Loss on settlement</u>	290	1,565
<u>Net periodic benefit cost/(credit)</u>	349	1,860

U.S. Plans | Retiree Healthcare

**Defined Benefit Plan, Net Periodic Benefit Cost (Credit) [Abstract]**

<u>Service cost</u>	2	2
<u>Interest cost</u>	46	21
<u>Expected return on plan assets</u>	0	0
<u>Amortization of net loss</u>	0	0
<u>Amortization of prior service (credit)/cost</u>	(100)	(159)
<u>Loss on settlement</u>	0	0
<u>Net periodic benefit cost/(credit)</u>	(52)	(136)

Non-U.S. Plans | Defined Benefit

**Defined Benefit Plan, Net Periodic Benefit Cost (Credit) [Abstract]**

<u>Service cost</u>	956	978
<u>Interest cost</u>	424	404
<u>Expected return on plan assets</u>	(244)	(178)
<u>Amortization of net loss</u>	278	459
<u>Amortization of prior service (credit)/cost</u>	2	3
<u>Loss on settlement</u>	0	0
<u>Net periodic benefit cost/(credit)</u>	\$ 1,416	\$ 1,666

**Debt - Schedule of Long-term Debt, Finance Lease, and Other Financing Obligations (Details) - USD**  
**(\$)**  
**\$ in Thousands**

**Mar. 31, 2022 Dec. 31, 2021**

**Debt Instrument [Line Items]**

<u>Less: debt discount, net of premium</u>	\$ (4,763)	\$ (5,207)
<u>Less: deferred financing costs</u>	(25,410)	(26,682)
<u>Less: current portion</u>	(4,630)	(4,630)
<u>Long-term debt, net</u>	4,215,505	4,214,946
<u>Finance lease and other financing obligations</u>	28,411	28,767
<u>Less: current portion</u>	(2,064)	(2,203)
<u>Finance lease and other financing obligations, less current portion</u>	\$ 26,347	26,564

4.875% Senior Notes

**Debt Instrument [Line Items]**

<u>Stated interest rate</u>	4.875%
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5.625% Senior Notes

**Debt Instrument [Line Items]**

<u>Stated interest rate</u>	5.625%
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5.0% Senior Notes

**Debt Instrument [Line Items]**

<u>Stated interest rate</u>	5.00%
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4.375% Senior Notes

**Debt Instrument [Line Items]**

<u>Stated interest rate</u>	4.375%
-----------------------------	--------

3.75% Senior Notes

**Debt Instrument [Line Items]**

<u>Stated interest rate</u>	3.75%
-----------------------------	-------

4.0% Senior Notes

**Debt Instrument [Line Items]**

<u>Stated interest rate</u>	4.00%
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Secured Debt | Term Loan

**Debt Instrument [Line Items]**

<u>Gross long-term debt</u>	\$ 450,308	451,465
-----------------------------	------------	---------

Senior Notes | 4.875% Senior Notes

**Debt Instrument [Line Items]**

<u>Stated interest rate</u>	4.875%
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<u>Gross long-term debt</u>	\$ 500,000	500,000
-----------------------------	------------	---------

Senior Notes | 5.625% Senior Notes

**Debt Instrument [Line Items]**

<u>Stated interest rate</u>	5.625%
-----------------------------	--------

<u>Gross long-term debt</u>	\$ 400,000	400,000
-----------------------------	------------	---------

Senior Notes | 5.0% Senior Notes

**Debt Instrument [Line Items]**

<u>Stated interest rate</u>	5.00%	
<u>Gross long-term debt</u>	\$ 700,000	700,000
<u>Senior Notes   4.375% Senior Notes</u>		

**Debt Instrument [Line Items]**

<u>Stated interest rate</u>	4.375%	
<u>Gross long-term debt</u>	\$ 450,000	450,000
<u>Senior Notes   3.75% Senior Notes</u>		

**Debt Instrument [Line Items]**

<u>Stated interest rate</u>	3.75%	
<u>Gross long-term debt</u>	\$ 750,000	750,000
<u>Senior Notes   4.0% Senior Notes</u>		

**Debt Instrument [Line Items]**

<u>Stated interest rate</u>	4.00%	
<u>Gross long-term debt</u>	\$ 1,000,000	\$ 1,000,000

Debt - Narrative (Details) - USD (\$)	3 Months Ended	
	Mar. 31, 2022	Dec. 31, 2021
<b><u>Debt Instrument [Line Items]</u></b>		
<u>Accrued interest</u>	\$ 63,100,000	\$ 45,100,000
<u>Senior Notes   6.25% Senior Notes</u>		
<b><u>Debt Instrument [Line Items]</u></b>		
<u>Debt redemption, aggregate principal amount</u>	\$ 750,000,000	
<u>Stated interest rate</u>	6.25%	
<u>Loss on debt financing</u>	\$ 30,100,000	
<u>Debt redemption, premium paid</u>	23,400,000	
<u>Revolving Credit Facility   Line of Credit</u>		
<b><u>Debt Instrument [Line Items]</u></b>		
<u>Amount available under revolving credit facility</u>	416,100,000	
<u>Line of credit facility, maximum borrowing capacity</u>	420,000,000	
<u>Letters of credit outstanding, amount</u>	3,900,000	
<u>Letter of Credit   Line of Credit</u>		
<b><u>Debt Instrument [Line Items]</u></b>		
<u>Long-term line of credit</u>	\$ 0	

**Shareholders' Equity -  
Narrative (Details) - USD (\$)**

**Mar. 31, 2022 Jan. 20, 2022 Dec. 31, 2021**

**Equity, Class of Treasury Stock [Line Items]**

Stock repurchase program, authorized amount \$ 500,000,000

Remaining amount under share repurchase program \$ 449,500,000

July2019 Program

**Equity, Class of Treasury Stock [Line Items]**

Stock repurchase program, authorized amount \$ 500,000,000

Remaining amount under share repurchase program \$ 254,500,000

**Shareholders' Equity -  
AOCI Rollforward (Details)  
- USD (\$)  
\$ in Thousands**

**3 Months Ended**

**Mar. 31, 2022 Mar. 31, 2021**

**Accumulated Other Comprehensive Income (Loss), Net of Tax [Roll Forward]**

<u>Beginning balance</u>	\$ 3,094,734	\$ 2,705,486
<u>Other comprehensive income before reclassifications, net of tax</u>	7,965	
<u>Reclassifications from accumulated other comprehensive loss, net of tax</u>	(4,687)	
<u>Other comprehensive income</u>	3,278	15,990
<u>Ending balance</u>	3,072,317	2,790,643

Cash Flow Hedges

**Accumulated Other Comprehensive Income (Loss), Net of Tax [Roll Forward]**

<u>Beginning balance</u>	16,831
<u>Other comprehensive income before reclassifications, net of tax</u>	7,965
<u>Reclassifications from accumulated other comprehensive loss, net of tax</u>	(5,115)
<u>Other comprehensive income</u>	2,850
<u>Ending balance</u>	19,681

Defined Benefit and Retiree Healthcare Plans

**Accumulated Other Comprehensive Income (Loss), Net of Tax [Roll Forward]**

<u>Beginning balance</u>	(36,391)
<u>Other comprehensive income before reclassifications, net of tax</u>	0
<u>Reclassifications from accumulated other comprehensive loss, net of tax</u>	428
<u>Other comprehensive income</u>	428
<u>Ending balance</u>	(35,963)

Accumulated Other Comprehensive Loss

**Accumulated Other Comprehensive Income (Loss), Net of Tax [Roll Forward]**

<u>Beginning balance</u>	(19,560)	(49,535)
<u>Other comprehensive income</u>	3,278	15,990
<u>Ending balance</u>	\$ (16,282)	\$ (33,545)

**Shareholders' Equity -  
AOCI Reclassifications  
(Details) - USD (\$)  
\$ in Thousands**

**3 Months Ended  
Mar. 31, Mar. 31,  
2022 2021**

**Reclassification Adjustment out of Accumulated Other Comprehensive Income [Line Items]**

<u>Net revenue</u>	\$	\$
	975,770	942,528
<u>Cost of revenue</u>	(657,080)	(635,349)
<u>Other, net</u>	(50,456)	(39,397)
<u>Provision for income taxes</u>	(7,588)	(20,281)
<u>Net income</u>	22,441	53,733

(Gain)/Loss Reclassified from Accumulated Other Comprehensive Loss | Derivative instruments designated and qualifying as cash flow hedges:

**Reclassification Adjustment out of Accumulated Other Comprehensive Income [Line Items]**

<u>Income before taxes</u>	(6,893)	3,664
<u>Provision for income taxes</u>	1,778	(916)
<u>Net income</u>	(5,115)	2,748

(Gain)/Loss Reclassified from Accumulated Other Comprehensive Loss | Derivative instruments designated and qualifying as cash flow hedges: | Foreign currency forward contracts

**Reclassification Adjustment out of Accumulated Other Comprehensive Income [Line Items]**

<u>Net revenue</u>	(4,264)	4,407
<u>Cost of revenue</u>	(2,629)	(743)

(Gain)/Loss Reclassified from Accumulated Other Comprehensive Loss | Defined benefit and retiree healthcare plans

**Reclassification Adjustment out of Accumulated Other Comprehensive Income [Line Items]**

<u>Other, net</u>	611	2,269
<u>Provision for income taxes</u>	(183)	(557)
<u>Net income</u>	\$ 428	\$ 1,712

**Fair Value Measures -  
Schedule of Fair Value,  
Assets and Liabilities  
Measured on Recurring  
Basis (Details) - Level 2 -  
Recurring - USD (\$)  
\$ in Thousands**

**Mar. 31,  
2022      Dec. 31,  
2021**

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

<u>Assets</u>	\$ 37,537	\$ 28,091
<u>Liabilities</u>	5,434	7,565
<u>Foreign currency forward contracts</u>		

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

<u>Assets</u>	29,063	25,112
<u>Liabilities</u>	3,682	3,073
<u>Commodity forward contracts</u>		

**Fair Value, Assets and Liabilities Measured on Recurring and Nonrecurring Basis**

**[Line Items]**

<u>Assets</u>	8,474	2,979
<u>Liabilities</u>	\$ 1,752	\$ 4,492



Fair Value Measures - Narrative (Details) - USD (\$) \$ / shares in Units, \$ in Thousands	3 Months Ended		
	Mar. 31, 2022	Feb. 08, 2022	Dec. 31, 2021
<b><u>Schedule of Equity Method Investments [Line Items]</u></b>			
<u>Equity securities without readily determinable fair value</u> <u>Quanergy Systems, Inc.</u>	\$ 15,000		\$ 65,000
<b><u>Schedule of Equity Method Investments [Line Items]</u></b>			
<u>Equity securities without readily determinable fair value</u> <u>Support Agreement, consideration</u>	\$ 15,155	\$ 75,100	50,000
<u>Support Agreement term</u>	4 years	17,600	
<u>Support Agreement, consideration recognized during period</u>	\$ 700		
<u>Support Agreement, quarterly consideration to be recognized</u> <u>Quanergy Systems, Inc.   Quanergy Systems, Inc.</u>	\$ 1,100		
<b><u>Schedule of Equity Method Investments [Line Items]</u></b>			
<u>Share price (in dollars per share)</u> <u>Quanergy Systems, Inc.   Warrant Shares</u>	\$ 1.84		
<b><u>Schedule of Equity Method Investments [Line Items]</u></b>			
<u>Equity securities without readily determinable fair value</u> <u>Equity securities without readily determinable fair value (in</u> <u>shares)</u>	\$ 4,575	\$ 17,600	0
<u>Exercise price of warrants shares (in dollars per share)</u> <u>Quanergy Systems, Inc.   Series B Preferred Stock</u>	\$ 7.05	2,500,000	
<b><u>Schedule of Equity Method Investments [Line Items]</u></b>			
<u>Equity securities without readily determinable fair value</u> <u>Share price (in dollars per share)</u> <u>Quanergy Systems, Inc.   Ordinary Shares</u>	\$ 0	\$ 0	50,000
<b><u>Schedule of Equity Method Investments [Line Items]</u></b>			
<u>Equity securities without readily determinable fair value</u> <u>Equity securities without readily determinable fair value (in</u> <u>shares)</u> <u>Quanergy Systems, Inc.   Unregistered Common Shares</u>	9,200	\$ 50,000	0
<b><u>Schedule of Equity Method Investments [Line Items]</u></b>			
<u>Equity securities without readily determinable fair value</u> <u>Equity securities without readily determinable fair value (in</u> <u>shares)</u> <u>Quanergy Systems, Inc.   Common Stock, Including Unregistered</u>	1,380	\$ 7,500	\$ 0
<b><u>Schedule of Equity Method Investments [Line Items]</u></b>			
<u>Equity securities without readily determinable fair value</u> <u>Equity securities without readily determinable fair value (in</u> <u>shares)</u>	\$ 57,500	750,000	
	5,750,000		

**Fair Value Measures -  
Schedule of Investment in  
Quanergy (Details) - USD (\$)  
\$ in Thousands**

**3 Months Ended**

**Mar. 31,      Mar. 31,      Feb. 08,      Dec. 31,  
2022            2021            2022            2021**

**Schedule of Equity Method Investments [Line Items]**

<u>Equity securities without readily determinable fair value</u>	\$ 15,000			\$ 65,000
<u>Mark-to-market loss</u>	59,279	\$ 0		
<u>Quanergy Systems, Inc.</u>				

**Schedule of Equity Method Investments [Line Items]**

<u>Equity securities without readily determinable fair value</u>	15,155		\$ 75,100	50,000
<u>Mark-to-market loss</u>		\$ 59,945		
<u>Quanergy Systems, Inc.   Series B Preferred Stock</u>				

**Schedule of Equity Method Investments [Line Items]**

<u>Equity securities without readily determinable fair value</u>	0		0	50,000
<u>Quanergy Systems, Inc.   Ordinary Shares</u>				

**Schedule of Equity Method Investments [Line Items]**

<u>Equity securities without readily determinable fair value</u>	9,200		50,000	0
<u>Quanergy Systems, Inc.   Unregistered Common Shares</u>				

**Schedule of Equity Method Investments [Line Items]**

<u>Equity securities without readily determinable fair value</u>	1,380		7,500	0
<u>Quanergy Systems, Inc.   Warrant Shares</u>				

**Schedule of Equity Method Investments [Line Items]**

<u>Equity securities without readily determinable fair value</u>	\$ 4,575		\$ 17,600	\$ 0
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**Fair Value Measures -  
Financial Instruments Not  
Recorded at Fair Value  
(Details) - USD (\$)  
\$ in Thousands**

**Mar. 31,  
2022**                      **Dec. 31,  
2021**

<a href="#">4.875% Senior Notes</a>		
<a href="#">Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]</a>		
<a href="#">Stated interest rate</a>	4.875%	
<a href="#">5.625% Senior Notes</a>		
<a href="#">Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]</a>		
<a href="#">Stated interest rate</a>	5.625%	
<a href="#">5.0% Senior Notes</a>		
<a href="#">Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]</a>		
<a href="#">Stated interest rate</a>	5.00%	
<a href="#">4.375% Senior Notes</a>		
<a href="#">Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]</a>		
<a href="#">Stated interest rate</a>	4.375%	
<a href="#">3.75% Senior Notes</a>		
<a href="#">Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]</a>		
<a href="#">Stated interest rate</a>	3.75%	
<a href="#">4.0% Senior Notes</a>		
<a href="#">Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]</a>		
<a href="#">Stated interest rate</a>	4.00%	
<a href="#">Level 2   Term Loan</a>		
<a href="#">Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]</a>		
<a href="#">Fair Value</a>	\$ 449,182	\$ 450,901
<a href="#">Level 2   4.875% Senior Notes</a>		
<a href="#">Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]</a>		
<a href="#">Fair Value</a>	512,500	526,250
<a href="#">Level 2   5.625% Senior Notes</a>		
<a href="#">Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]</a>		
<a href="#">Fair Value</a>	416,000	438,000
<a href="#">Level 2   5.0% Senior Notes</a>		
<a href="#">Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]</a>		
<a href="#">Fair Value</a>	714,875	759,500

Level 2 | 4.375% Senior Notes

**Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]**

Fair Value 432,000 479,250

Level 2 | 3.75% Senior Notes

**Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]**

Fair Value 690,938 747,188

Level 2 | 4.0% Senior Notes

**Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]**

Fair Value 942,500 1,022,500

Level 2 | Carrying Value | Term Loan

**Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]**

Fair Value 450,308 451,465

Level 2 | Carrying Value | 4.875% Senior Notes

**Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]**

Fair Value 500,000 500,000

Level 2 | Carrying Value | 5.625% Senior Notes

**Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]**

Fair Value 400,000 400,000

Level 2 | Carrying Value | 5.0% Senior Notes

**Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]**

Fair Value 700,000 700,000

Level 2 | Carrying Value | 4.375% Senior Notes

**Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]**

Fair Value 450,000 450,000

Level 2 | Carrying Value | 3.75% Senior Notes

**Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]**

Fair Value 750,000 750,000

Level 2 | Carrying Value | 4.0% Senior Notes

**Fair Value, Balance Sheet Grouping, Financial Statement Captions [Line Items]**

Fair Value \$ 1,000,000 \$ 1,000,000

**Fair Value Measures -  
Equity Instruments without  
Readily Determinable Fair  
Values (Details) - USD (\$)  
\$ in Thousands**

**Mar. 31, 2022 Feb. 08, 2022 Dec. 31, 2021**

**Schedule of Equity Method Investments [Line Items]**

<u>Equity securities without readily determinable fair value</u>	\$ 15,000		\$ 65,000
<u>Quanergy Systems, Inc.</u>			

**Schedule of Equity Method Investments [Line Items]**

<u>Equity securities without readily determinable fair value</u>	15,155	\$ 75,100	50,000
<u>Other</u>			

**Schedule of Equity Method Investments [Line Items]**

<u>Equity securities without readily determinable fair value</u>	\$ 15,000		\$ 15,000
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**Derivative Instruments and  
Hedging Activities -  
Narrative (Details)**

**Mar. 31, 2022  
USD (\$)**

**[Derivative Instruments and Hedging Activities Disclosure \[Abstract\]](#)**

<u><a href="#">Foreign currency cash flow gain to be reclassified during next 12 months</a></u>	\$ 23,700,000
<u><a href="#">Termination value of outstanding derivatives in a liability position</a></u>	5,500,000
<u><a href="#">Collateral already posted, aggregate fair value</a></u>	\$ 0

**Derivative Instruments and Hedging Activities - Schedule of Derivative Instruments (Details) - 3 months ended Mar. 31, 2022**  
**€ in Millions, ₩ in Millions, ¥ in Millions, ¥ in Millions, £ in Millions, RM in Millions, \$ in Millions**

EUR (€)	CNY (¥)	JPY (¥)	KRW (₩)	MYR (RM)	MXN (\$)	GBP (£)
ozt	(¥)	\$ / ¥	\$ / ₩	\$ / RM	\$ / ¥	\$ / £
lb	\$ / ¥	\$ / RM	\$ / ₩	\$ / RM	\$ / ¥	\$ / RM
\$ / ¥	\$ / RM	€ / \$	€ / ₩	€ / RM	€ / ¥	€ / \$
\$ / RM	€ / \$	\$ / ₩	\$ / ₩	\$ / RM	\$ / ¥	\$ / ¥
€ / \$	\$ / ₩	\$ / ¥	\$ / ₩	\$ / ¥	\$ / ¥	\$ / ¥
\$ / ₩	\$ / ¥	\$ / \$	\$ / \$	\$ / \$	\$ / \$	\$ / \$
\$ / ¥	\$ / \$	£ / \$	£ / \$	£ / \$	£ / \$	£ / \$
\$ / \$	£ / \$					
£ / \$						

[Foreign currency forward contracts | Not designated | Euro \("EUR"\) to USD](#)

**[Hedges of Foreign Currency Risk](#)**

[Notional | €](#)

€ 15.0

[Weighted-Average Strike Rate | € / \\$](#)

1.11

1.11

1.11

1.11

1.11

1.11

1.11

[Foreign currency forward contracts | Not designated | USD to Chinese Renminbi \("CNY"\)](#)

**[Hedges of Foreign Currency Risk](#)**

[Notional | ¥](#)

¥

1,170.0

[Weighted-Average Strike Rate | \\$ / ¥](#)

6.38

6.38

6.38

6.38

6.38

6.38

6.38

[Foreign currency forward contracts | Not designated | USD to Japanese Yen \("JPY"\)](#)

**[Hedges of Foreign Currency Risk](#)**

[Notional | ¥](#)

¥ 684.0

[Weighted-Average Strike Rate | \\$ / ¥](#)

122.02

122.02

122.02

122.02

122.02

122.02

122.02

[Foreign currency forward contracts | Not designated | USD to Malaysian Ringgit \("MYR"\)](#)

**[Hedges of Foreign Currency Risk](#)**

[Notional | RM](#)

RM

24.0

[Weighted-Average Strike Rate | \\$ / RM](#)

4.21

4.21

4.21

4.21

4.21

4.21

4.21

[Foreign currency forward contracts | Not designated | USD to Mexican Peso \("MXN"\)](#)

**[Hedges of Foreign Currency Risk](#)**

[Notional | \\$](#)

\$ 259.0

[Weighted-Average Strike Rate | \\$ / \\$](#)

20.05

20.05

20.05

20.05

20.05

20.05

20.05

[Foreign currency forward contracts | Cash flow hedge | Euro \("EUR"\) to USD](#)

**[Hedges of Foreign Currency Risk](#)**

[Notional | €](#)

€ 349.6

[Weighted-Average Strike Rate | € / \\$](#)

1.19

1.19

1.19

1.19

1.19

1.19

1.19

[Foreign currency forward contracts | Cash flow hedge | USD to Chinese Renminbi \("CNY"\)](#)

**[Hedges of Foreign Currency Risk](#)**

[Notional | ¥](#)

¥  
1,134.3

[Weighted-Average Strike Rate | \\$ / ¥](#)

6.44 6.44 6.44 6.44 6.44 6.44 6.44

[Foreign currency forward contracts | Cash flow hedge | USD to Korean Won \("KRW"\)](#)

**[Hedges of Foreign Currency Risk](#)**

[Notional | ₩](#)

₩  
24,400.0

[Weighted-Average Strike Rate | \\$ / ₩](#)

1,170.98 1,170.98 1,170.98 1,170.98 1,170.98 1,170.98 1,170.98

[Foreign currency forward contracts | Cash flow hedge | USD to Mexican Peso \("MXN"\)](#)

**[Hedges of Foreign Currency Risk](#)**

[Notional | \\$](#)

\$  
3,477.3

[Weighted-Average Strike Rate | \\$ / \\$](#)

22.11 22.11 22.11 22.11 22.11 22.11 22.11

[Foreign currency forward contracts | Cash flow hedge | British Pound Sterling \("GBP"\) to USD](#)

**[Hedges of Foreign Currency Risk](#)**

[Notional | £](#)

£ 52.4

[Weighted-Average Strike Rate | £ / \\$](#)

1.36 1.36 1.36 1.36 1.36 1.36 1.36

[Silver | Not designated](#)

**[Hedges of Foreign Currency Risk](#)**

[Weighted-Average Strike Rate](#)

24.72 24.72 24.72 24.72 24.72 24.72 24.72

**[Hedges of Commodity Risk](#)**

[Notional](#)

1,109,868

[Gold | Not designated](#)

**[Hedges of Foreign Currency Risk](#)**

[Weighted-Average Strike Rate](#)

1,833.55 1,833.55 1,833.55 1,833.55 1,833.55 1,833.55 1,833.55

**[Hedges of Commodity Risk](#)**

[Notional](#)

8,380

[Nickel | Not designated](#)

**[Hedges of Foreign Currency Risk](#)**

[Weighted-Average Strike Rate](#)

8.69 8.69 8.69 8.69 8.69 8.69 8.69

**[Hedges of Commodity Risk](#)**

[Notional | lb](#)

250,238

[Aluminum | Not designated](#)

**[Hedges of Foreign Currency Risk](#)**

[Weighted-Average Strike Rate](#)

1.17 1.17 1.17 1.17 1.17 1.17 1.17

**[Hedges of Commodity Risk](#)**

[Notional | lb](#)

3,851,210

[Copper | Not designated](#)

**[Hedges of Foreign Currency Risk](#)**



<u>Weighted-Average Strike Rate</u>	4.30	4.30	4.30	4.30	4.30	4.30	4.30
<b><u>Hedges of Commodity Risk</u></b>							
<u>Notional   lb</u>	7,740,838						
<u>Platinum   Not designated</u>							
<b><u>Hedges of Foreign Currency Risk</u></b>							
<u>Weighted-Average Strike Rate</u>	1,045.4	1,045.4	1,045.4	1,045.4	1,045.4	1,045.4	1,045.4
<b><u>Hedges of Commodity Risk</u></b>							
<u>Notional</u>	11,588						
<u>Palladium   Not designated</u>							
<b><u>Hedges of Foreign Currency Risk</u></b>							
<u>Weighted-Average Strike Rate</u>	2,383.12	2,383.12	2,383.12	2,383.12	2,383.12	2,383.12	2,383.12
<b><u>Hedges of Commodity Risk</u></b>							
<u>Notional</u>	1,408						

**Derivative Instruments and  
Hedging Activities - Fair  
Value (Details) - USD (\$)  
\$ in Thousands**

	Mar. 31, 2022	Dec. 31, 2021
<a href="#">Cash flow hedge</a>		
<b><a href="#">Derivatives, Fair Value [Line Items]</a></b>		
<a href="#">Asset Derivatives</a>	\$ 29,009	\$ 24,953
<a href="#">Liability Derivatives</a>	3,339	2,885
<a href="#">Not designated</a>		
<b><a href="#">Derivatives, Fair Value [Line Items]</a></b>		
<a href="#">Asset Derivatives</a>	8,528	3,138
<a href="#">Liability Derivatives</a>	2,095	4,680
<a href="#">Foreign currency forward contracts   Cash flow hedge   Prepaid expenses and other current assets</a>		
<b><a href="#">Derivatives, Fair Value [Line Items]</a></b>		
<a href="#">Asset Derivatives</a>	24,946	20,562
<a href="#">Foreign currency forward contracts   Cash flow hedge   Other assets</a>		
<b><a href="#">Derivatives, Fair Value [Line Items]</a></b>		
<a href="#">Asset Derivatives</a>	4,063	4,391
<a href="#">Foreign currency forward contracts   Cash flow hedge   Accrued expenses and other current liabilities</a>		
<b><a href="#">Derivatives, Fair Value [Line Items]</a></b>		
<a href="#">Liability Derivatives</a>	2,656	1,981
<a href="#">Foreign currency forward contracts   Cash flow hedge   Other long-term liabilities</a>		
<b><a href="#">Derivatives, Fair Value [Line Items]</a></b>		
<a href="#">Liability Derivatives</a>	683	904
<a href="#">Foreign currency forward contracts   Not designated   Prepaid expenses and other current assets</a>		
<b><a href="#">Derivatives, Fair Value [Line Items]</a></b>		
<a href="#">Asset Derivatives</a>	54	159
<a href="#">Foreign currency forward contracts   Not designated   Accrued expenses and other current liabilities</a>		
<b><a href="#">Derivatives, Fair Value [Line Items]</a></b>		
<a href="#">Liability Derivatives</a>	343	188
<a href="#">Commodity forward contracts   Not designated   Prepaid expenses and other current assets</a>		
<b><a href="#">Derivatives, Fair Value [Line Items]</a></b>		
<a href="#">Asset Derivatives</a>	6,298	2,583
<a href="#">Commodity forward contracts   Not designated   Other assets</a>		
<b><a href="#">Derivatives, Fair Value [Line Items]</a></b>		
<a href="#">Asset Derivatives</a>	2,176	396
<a href="#">Commodity forward contracts   Not designated   Accrued expenses and other current liabilities</a>		
<b><a href="#">Derivatives, Fair Value [Line Items]</a></b>		

<u>Liability Derivatives</u>	1,490	3,422
<u>Commodity forward contracts   Not designated   Other long-term liabilities</u>		
<b><u>Derivatives, Fair Value [Line Items]</u></b>		
<u>Liability Derivatives</u>	\$ 262	\$ 1,070

<b>Derivative Instruments and Hedging Activities - Income Statement Disclosures (Details) - USD (\$) \$ in Thousands</b>	<b>3 Months Ended</b>	
	<b>Mar. 31, 2022</b>	<b>Mar. 31, 2021</b>
	<a href="#">Foreign currency forward contracts   Net revenue   Cash flow hedge</a>	
<b><a href="#">Derivative Instruments, Gain (Loss) [Line Items]</a></b>		
<a href="#">Amount of Deferred Gain/(Loss) Recognized in Other Comprehensive Income</a>	\$ 5,586	\$ 18,799
<a href="#">Amount of Net Gain/(Loss) Reclassified from Accumulated Other Comprehensive Loss into Net Income</a>	4,264	(4,407)
<a href="#">Foreign currency forward contracts   Cost of revenue   Cash flow hedge</a>		
<b><a href="#">Derivative Instruments, Gain (Loss) [Line Items]</a></b>		
<a href="#">Amount of Deferred Gain/(Loss) Recognized in Other Comprehensive Income</a>	5,145	(3,425)
<a href="#">Amount of Net Gain/(Loss) Reclassified from Accumulated Other Comprehensive Loss into Net Income</a>	2,629	743
<a href="#">Foreign currency forward contracts   Other, net   Not designated</a>		
<b><a href="#">Derivative Instruments, Gain (Loss) [Line Items]</a></b>		
<a href="#">Amount of Gain/(Loss) Recognized in Net Income</a>	(1,243)	(958)
<a href="#">Commodity forward contracts   Other, net   Not designated</a>		
<b><a href="#">Derivative Instruments, Gain (Loss) [Line Items]</a></b>		
<a href="#">Amount of Gain/(Loss) Recognized in Net Income</a>	\$ 9,424	\$ (1,153)

**Acquisitions (Details) - USD**  
**(\$)**

**3 Months Ended**

**\$ in Thousands**

**Feb. 11, 2022 Nov. 19, 2021 Mar. 31, 2022 Mar. 31, 2021**

**Business Acquisition [Line Items]**

Acquisition-related compensation payments

\$ 7,500 \$ 0

Spear Power Systems

**Business Acquisition [Line Items]**

Aggregate purchase price

\$ 113,700

Contingent consideration

2,300

SmartWitness

**Business Acquisition [Line Items]**

Aggregate purchase price

204,200

Acquisition costs related to employee retention

\$ 8,600

Elastic M2M Inc

**Business Acquisition [Line Items]**

Aggregate purchase price

\$ 51,200

Compensation liability

\$ 30,000

Compensation earned

\$ 15,000

Segment Reporting - Schedules of Segment Reporting (Details) \$ in Thousands	3 Months Ended	
	Mar. 31, 2022 USD (\$) segment	Mar. 31, 2021 USD (\$)
<b><u>Segment Reporting Information [Line Items]</u></b>		
<u>Number of reporting segments   segment</u>	2	
<b><u>Reconciliation from Segment Totals to Consolidated [Abstract]</u></b>		
<u>Net revenue</u>	\$ 975,770	\$ 942,528
<u>Operating income</u>	125,930	157,454
<u>Amortization of intangible assets</u>	(37,367)	(32,064)
<u>Interest expense, net</u>	(45,445)	(44,043)
<u>Other, net</u>	(50,456)	(39,397)
<u>Income before taxes</u>	\$ 30,029	74,014
<u>Performance Sensing</u>		
<b><u>Segment Reporting Information [Line Items]</u></b>		
<u>Number of operating segments   segment</u>	2	
<b><u>Reconciliation from Segment Totals to Consolidated [Abstract]</u></b>		
<u>Net revenue</u>	\$ 717,697	714,512
<u>Sensing Solutions</u>		
<b><u>Reconciliation from Segment Totals to Consolidated [Abstract]</u></b>		
<u>Net revenue</u>	258,073	228,016
<u>Operating segments</u>		
<b><u>Reconciliation from Segment Totals to Consolidated [Abstract]</u></b>		
<u>Net revenue</u>	975,770	942,528
<u>Operating income</u>	253,153	262,738
<u>Operating segments   Performance Sensing</u>		
<b><u>Reconciliation from Segment Totals to Consolidated [Abstract]</u></b>		
<u>Net revenue</u>	717,697	714,512
<u>Operating income</u>	180,638	195,844
<u>Operating segments   Sensing Solutions</u>		
<b><u>Reconciliation from Segment Totals to Consolidated [Abstract]</u></b>		
<u>Net revenue</u>	258,073	228,016
<u>Operating income</u>	72,515	66,894
<u>Corporate and other</u>		
<b><u>Reconciliation from Segment Totals to Consolidated [Abstract]</u></b>		
<u>Operating income</u>	(76,123)	(68,638)
<u>Segment reconciling items</u>		
<b><u>Reconciliation from Segment Totals to Consolidated [Abstract]</u></b>		
<u>Amortization of intangible assets</u>	(37,367)	(32,064)
<u>Restructuring and other charges, net</u>	\$ (13,733)	\$ (4,582)

**Subsequent Events (Details)**

**- Subsequent Event - USD**

**(\\$)**

**Apr. 26, 2022 Apr. 22, 2022**

**\\$ / shares in Units, \\$ in**

**Thousands**

**[Subsequent Event \[Line Items\]](#)**

Dividends declared pre share (in USD per share) \$ 0.11

Dynapower

**[Subsequent Event \[Line Items\]](#)**

Aggregate purchase price

\$ 580,000



































1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the tools used for data collection.

3. The third part of the document presents the results of the study, including a comparison of the different methods and techniques used. It discusses the strengths and weaknesses of each method and provides a summary of the findings.

4. The fourth part of the document discusses the implications of the study and provides recommendations for future research. It highlights the need for further investigation into the effectiveness of the different methods and techniques used.

5. The fifth part of the document provides a conclusion and a summary of the key findings. It emphasizes the importance of maintaining accurate records and the need for transparency and accountability in financial reporting.

