An* [REDACTED] *in the Shares involves a high degree of risk. Prospective* [REDACTED] *should carefully consider the following risk factors, together with all other information contained in this Document, before deciding whether to* [REDACTED] *in the Shares. If any of the following events occur or if these risks or any additional risks not currently known to us or which we now deem immaterial materialize, our business, financial condition, results of operations and our ability to meet our financial obligations could be materially and adversely affected. The* [REDACTED] *of the Shares could fall significantly due to any of these events or risks or such additional risks, and you may lose the total value of your* [REDACTED]. *The order in which the following risks are presented does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Changes in consumer demand and preferences may affect our financial results.

The demand for our aircraft may be adversely impacted by unexpected events in the future. Therefore, future demand for our aircraft could be significantly and unexpectedly less than anticipated and/or less than previous period deliveries. Our orders, sales volumes and revenues may be affected by general economic conditions within the various countries in which our prospective or current owners reside and changing customer preferences and market trends. The premium market is generally affected by general macroeconomic conditions, and many factors affect the level of consumer spending on premium and lifestyle products, including the state of the economy as a whole, stock market performance, interest and exchange rates, inflation, political uncertainty, the availability of consumer credit, tax rates, unemployment levels and other matters that influence consumer confidence. Deteriorating general economic conditions may reduce disposable income and consumer wealth, adversely impacting customer demand, particularly for premium and lifestyle goods, which may negatively impact our profitability and put downward pressure on our prices and volumes. Furthermore, during recessionary periods, higher taxes may be more likely to be imposed on certain premium goods including our aircraft, which may affect our sales. Adverse economic conditions may also affect the financial health and performance of our sales agents in a manner that will affect sales of our aircraft.

In addition, there have been sustained inflationary pressures in many of the markets in which we operate. Inflation has led and may further lead to increases in the costs that we incur for raw materials, utilities or services, which could adversely affect our business, financial condition and results of operations if we are not able to pass on the increased costs to our customers or successfully implement other mitigating actions. Such increases could make our aircraft less affordable to customers, which could cause customers to delay the purchase of our aircraft or to purchase less expensive aircraft.

We have dedicated significant resources to product development and innovation to maintain pace with technological advances in the market and changes in customer preferences. However, we cannot assure you that we will succeed in anticipating or reacting to changes in customer preferences, maintaining pace with advances in design and manufacturing technologies or expanding our product lines and continuing to innovate in the future. In addition, our efforts and investments in product development and innovation may not generate the expected outcomes. If we misjudge the market for our products or are late in recognizing changing trends and customer preferences, we could experience poor returns on investment or damage to our reputation.

Similarly, there is uncertainty as to when or whether our existing backlog for aircraft will convert to revenues as the conversion depends on, among others, production capacity, customer needs and credit availability and affordability. Changes in economic conditions have in the past caused, and in the future may cause, customers to request that firm orders be rescheduled, deferred or cancelled. Any failure by us to anticipate or react to such changes may also reduce demand for our aircraft. Reduced demand for our aircraft or delays or cancellations of orders in the future could have a material adverse effect on our business, financial condition, results of operations or cash flows.

Our business and growth strategies are subject to uncertainties and risks, which may materially and adversely affect our business, financial condition, results of operations and prospects.

Our business and growth strategies include, but are not limited to, monetization of our established customer base, enhancement of our flight training solutions, advancement and expansion of our aircraft and services portfolio, advancement of production capabilities, expansion of our markets globally and establishment of Cirrus Air On-demand. There can be no assurance that any consumer demand in response to such strategies and related initiatives will exist or be sustained at the levels that we anticipate, or that any of these strategies will generate sufficient revenue to offset any new expenses or liabilities associated with any new investments. Moreover, we devote significant financial and other resources to the expansion of our products and service offerings, including increasing our ability to produce aircraft, and these efforts may not be commercially successful or achieve the desired results. Our financial results and our ability to maintain or improve our competitive position will depend on our ability to effectively gauge the direction of our key markets and successfully identify, develop, market and sell new or improved products and services in these changing markets. Further, any such efforts could distract management from current operations, and would divert capital and other resources from our more established offerings and technologies. Even if we were successful in developing our strategies, regulatory authorities may subject us to new rules or restrictions in response to our strategies that may increase our expenses or prevent us from successfully commercializing new product and service offerings or technologies. If we are not able to identify, capture or execute on these strategies successfully, our business, financial condition, results of operations and prospects could be materially and adversely affected, and any assumptions underlying estimates of expected cost savings or expected revenues may be inaccurate.

Our historical rate of growth may not be sustainable or indicative of our future rate of growth. We believe that our continued growth in revenue, as well as our ability to improve or maintain margins and profitability, will depend upon, among other factors, our ability to address the challenges, risks and difficulties described elsewhere in this section and the extent to which our various offerings grow and contribute to our results of operations. We cannot provide assurance that we will be able to manage any such challenges or risks to our future growth successfully.

If we suffer substantial interruptions to our production activities to the extent that we are not able to compensate such interruptions by increasing the production capacity of our remaining production facilities, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We operated two manufacturing facilities, including a final aircraft assembly and production flight test campus as of the Latest Practicable Date. Work slowdowns and other forms of industrial action, or any deterioration in relations with our employees, as well as shortages of skilled workers, could cause interruptions to our production cycle. As a result of production constraints, we had a backlog of 1,461 aircraft as of the Latest Practicable Date. Any prolonged interruptions could cause us to fail to meet our contractual obligations to customers in relation to delivery of aircraft and may cause customers to terminate their orders. We have been impacted by delays to order fulfillment from our suppliers in the past. See "— We face risks associated with our supply chain. If we experience any delay or interrupted supply, or if the quality of the supplies does not meet the required standards, our business, financial condition, results of operations and prospects could be materially and adversely affected." The impact of any such interruptions to our production cycle could cause a material adverse effect on our business, financial condition, results of operations and prospects.

We face risks associated with our supply chain. If we experience any delay or interrupted supply, or if the quality of the supplies does not meet the required standards, our business, financial condition, results of operations and prospects could be materially and adversely affected.

We rely on our suppliers to provide us with a wide range of raw materials, components and sub-assemblies and service parts. We typically purchase from third-party suppliers certain specialized and critical parts, components and systems of our aircraft. For the years ended December 31, 2020, 2021 and 2022, we used raw materials with an aggregate amount of US$244.4 million, US$294.5 million and US$336.4 million, respectively, accounting for 41.7%, 39.9% and 37.6% of our revenue for the same periods, respectively.

We face various risks associated with our suppliers. If our suppliers fail to perform their obligations or our contractual arrangements with them are terminated due to their breach and we are not able to replace them on a timely, effective and commercially acceptable basis, we may incur delays potentially affecting the agreed timetables or product specifications. In addition, we require our suppliers to be punctual in their deliveries and to give particular care to the quality of their supplies. As a result, any default by suppliers of their contractual obligations, or any failure by suppliers to meet specified deadlines, specifications and quality standards could negatively affect our ability to fulfill customer orders on a timely basis. During the Track Record Period, we have been impacted by delays related to our suppliers due to factors outside of our control including, for example, airworthiness directives, a fire at a supplier's facility, impacts from COVID-19 and a shortage of raw materials which has impacted our production of composite materials. These events did not have a material adverse effect on our business, financial conditions and results of operations during the Track Record Period. However, as such factors are beyond our control, if similar events were to occur in the future, we could experience significant delays in the production or delivery of our aircraft.

Reliance on a limited number of suppliers, including for our aircraft engines and other key components, poses risks to production of our aircraft.

We rely on a limited number of suppliers and, in some cases, on single-source suppliers for several key components of our products, including our aircraft engines to power our aircraft, in part, due to the customized nature of many of our parts and the requirement for certification. If any of our suppliers fail to adequately fulfill their obligations or experience disruptions in production or provision of services due to, for example, bankruptcy, natural disasters, labor strikes or disruption of its supply chain, or decide to unilaterally terminate their contractual arrangements with us, we may experience a significant delay in the delivery of or fail to receive previously ordered aircraft engines and parts, which would adversely affect our revenue and profitability and could jeopardize our ability to meet the demands of our customers.

If we are unable to obtain required components from our existing suppliers, we may need to obtain these components through secondary sources or markets, which could result in higher costs, delays, and/or components that do not meet our quality requirements or technical specifications. While we actively monitor and manage our supply chain, we cannot anticipate the potential impact that a variety of factors may have on the manufacturing and shipment of our products. This reliance on a limited number of suppliers and the lack of any guaranteed sources of supply exposes us to several risks, including:

- The inability to obtain an adequate supply of key components, including aircraft engines;

- Delay to aircraft deliveries due to designing and certifying new supplier components;

- Price volatility and manufacturing costs for the components of our aircraft;

- Failure of a supplier of key components to meet our quality or production requirements;

- Failure of a supplier of key components to remain in business or adjust to market conditions; and

- Consolidation among suppliers, resulting in some suppliers exiting the industry, discontinuing the manufacture of components or increasing the cost of components.

As a result of these risks, we cannot guarantee that we will be able to obtain a sufficient supply of key components in the future or that the cost of these components will not increase. If our supply of components is disrupted or delayed, or if we need to replace our existing suppliers, there can be no assurance that additional components will be available when required or that components will be available on terms that are favorable to us, which could extend our lead times, increase the costs of our components and harm our business, financial condition, results of operations and prospects. We may not be able to continue to procure components at reasonable prices, which may impact our business negatively or require us to enter into longer-term contracts to obtain components. Any of the foregoing disruptions could exacerbate other risk factors and increase our costs and decrease our gross margins, harming our business, financial condition, results of operations and prospects.

We are dependent upon our senior management team and qualified personnel with specialized skills, and our business, financial condition, results of operations and prospects may suffer if we lose their services.

We have been, and will continue to be, heavily dependent on the continued services of our senior management team, who have extensive experience and specialized expertise in our business. Certain members of our senior management team have long-standing experience in aviation including avionics, engineering and automotive industries and within large public companies in the U.S., and we believe that their depth of experience is instrumental to our continued success. If we lose the services of any member of our senior management team, we may not be able to find suitable replacements in a timely manner, at acceptable cost or at all, and our business, execution of strategic priorities, financial condition, results of operations and prospects could be materially and adversely affected. While members of our senior management team are subject to non-compete and confidentiality obligations, these may not be effective if any member of our senior management team joins a competitor or forms a competing business and there is a risk we may lose know-how, trade secrets, customers and key employees.

Our success is highly dependent upon our ability to hire and retain a workforce with the skills necessary for our businesses to develop, manufacture and maintain the products desired by our customers. The products and services desired by our customers require highly skilled personnel in multiple direct and indirect areas. These areas include, among others, engineering, manufacturing, maintenance, sales, information technology, cybersecurity, flight operations, business development and strategy and management. In addition, from time to time we face challenges that may impact employee retention. To the extent that we lose experienced personnel through retirement or otherwise, it is critical for us to develop other employees, hire new qualified employees and successfully manage the transfer of critical knowledge. Competition for skilled employees is intense, and we may incur higher labor, recruiting and/or training costs in order to attract and retain employees with the requisite skills. We may not be successful in hiring or retaining such employees, which could adversely impact our business, financial condition, results of operations and prospects.

The aviation industry, including related vendor partners, is experiencing and may continue to experience a shortage of qualified personnel, and we face added challenges with attracting and retaining qualified personnel due to, in particular, the low unemployment rate in Duluth, Minnesota and Grand Forks, North Dakota. We and others in the aviation and airline industries face shortages of qualified aircraft mechanics and other personnel. In addition, we have lost and may continue to lose employees due to the impact of the COVID-19 pandemic on aviation or as a result of restrictions which were imposed under the Coronavirus Aid, Relief, and Economic

Security Act, or other governmental requirements placed on employees, which may further impede our ability to attract, retain and train skilled labor. If we are unable to hire, train and retain qualified employees, our business, financial condition, results of operations and prospects may be harmed.

Our business is subject to risks associated with changes in the general macroeconomic, political, social and regulatory conditions in the markets in which we operate.

Our aircraft were sold to customers in 36 countries and we have 244 ASCs globally as of December 31, 2022. Therefore, we are subject to risks associated with changes in the general macroeconomic, political, social and regulatory conditions in the markets in which we operate and our prospective or current owners reside, which are beyond our control. In particular, we face a number of challenges as a result of our international business and expansion strategy, including our ability to effectively recruit, manage and coordinate our employees across different geographic regions; and customs regulations on the import and export of products. If we fail to effectively manage these risks, such failure could impair our ability to operate or expand our business and could materially and adversely affect our business, financial condition, results of operations and prospects.

Recently there have been heightened tensions in international relations, particularly between the United States and China. These tensions have affected both diplomatic and economic ties among countries, and could reduce levels of trade and other economic activities between major economies. The impact of recent geopolitical conflicts on our procurement and current prospects has been minimal. However, there is no assurance that any escalation of geopolitical tension in the future will not create instability in macroeconomic and social conditions, which could have a material adverse effect on our business, financial condition, results of operations and prospects. In the event of a significant geopolitical conflict or a macroeconomic downturn, the demand of our potential end customers may fall. Such events may damage our ability to obtain customer orders and lead to a decrease in future orders received, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

The existing tensions and any further deterioration in the relationship between the United States and China may have a negative impact on the general, economic, political, and social conditions in both countries. For example, during his administration, President Donald J. Trump issued several executive orders restricting the operations of certain Chinese companies in the United States. Our operations are primarily based in the United States. Our Company is indirectly wholly-owned by CAIGA, a subsidiary of AVIC, a Chinese state-owned enterprise, which will continue to beneficially own a significant percentage of our Company after the **[REDACTED]**. AVIC, and certain of its subsidiaries, were designated by the U.S. Department of the Treasury ("U.S. Treasury") on the Non-SDN Chinese Military-Industrial Complex Companies List ("NS-CMIC List") under Executive Order 13959 ("EO 13959"), on June 3, 2021, with an effective date of August 2, 2021. EO 13959 prohibits United States persons beginning on August 2, 2021, from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities, or are designed to provide investment exposure to such securities, of AVIC unless licensed or authorized by the relevant U.S. government authority. Pursuant to OFAC FAQ 857, the prohibitions in EO 13959, as amended, apply to a subsidiary of an entity listed on the NS-CMIC List only if such subsidiary itself is publicly listed on the NS-CMIC List by the U.S. Treasury pursuant to EO 13959, as amended, or identified in the Annex of EO 13959, as amended. Hogan Lovells International LLP is of the view that (i) as we are not listed on the NS-CMIC List, the sanctions applicable to AVIC being designated on the NS-CMIC List would not apply to us; (ii) the restrictions applicable to United States persons from the purchase or sale of any publicly traded securities, or any publicly traded securities that are derivative of such securities or are designed to provide investment exposure to such securities of companies on the NS-CMIC List do not apply to our Company; and (iii) the securities of our Company would not be considered publicly traded securities that are derivative of publicly traded securities of AVIC or designed to provide investment exposure to publicly traded securities of AVIC. See "Relationship with our Controlling Shareholders" for more details.

Further, we obtained certain approvals from relevant U.S. government authorities when we were acquired by CAIGA, which contain restrictions that our competitors may not be subject to. In particular, we entered into a national security agreement with the U.S. Department of Commerce that requires us to provide advance notice to the U.S. government regarding any foreign nationals we sponsor for an employment visa or any foreign visitors to our facilities, with an exemption for visitors to our facilities who are our customers. We also have some ongoing connected transactions with entities controlled by CAIGA which are listed on the Military End-User List by the BIS, and we have obtained relevant export licenses and put in place internal control measures for transactions with these entities as detailed in the section headed "Connected Transactions."

Our business may also be adversely impacted by federal, state or local restrictions on land or property ownership by Chinese citizens and companies. Recent legislation in some U.S. states in which we operate imposes such restrictions on a going-forward basis. Additionally, other new federal, state or local legislation, regulations or executive orders addressed at protecting U.S. investments in Chinese or Chinese state-owned enterprises, may also become applicable to us. There can be no assurance that our Company and our business operations would not be subject to risks of economic and trade sanctions and/or export control restrictions or other forms of restrictions to our operations in the future due to heightened tensions between the United States and China or otherwise, which may adversely affect our business, financial condition, results of operations and prospects, as well as our ability to raise funds, especially from U.S. investors, and the liquidity of our publicly traded securities.

Developing new products, services and technologies entails significant risks and uncertainties.

To continue to grow our business and remain competitive, we continuously seek to identify and develop new products, services and technologies or improve our existing products, services and technologies for our current and future markets, such as those relating to business processes, manufacturing, information technology, automation, connectivity, and initiatives to ensure high quality customer service. Our future performance depends, in part, on our ability to identify emerging technological trends and customer requirements and to develop and maintain competitive products and services. Delays or cost overruns in the development and acceptance of new products or certification of new aircraft and other products occur from time to time and could adversely affect our business, financial condition, results of operations and prospects. These delays or cost overruns could be caused by unanticipated technological hurdles, production changes to meet customer demands, unanticipated difficulties in obtaining required regulatory certifications of new aircraft or other products, or failure on the part of our suppliers to deliver components as agreed. We also could be adversely affected if our product development efforts are less successful than expected or if these efforts require significantly more funding to achieve our goals than anticipated. In addition, new products, services and technologies could generate unanticipated safety or other concerns resulting in expanded product liability risks, potential product recalls and other regulatory issues that could have an adverse impact on us. Furthermore, because of the lengthy product development cycle involved in bringing certain of our products to market, we cannot predict the economic conditions that will exist when any new product is complete, and the market for our product offerings does not always develop or continue to expand as we anticipate.

A reduction in capital spending in the personal aviation industry could have a significant effect on the demand for new products and technologies under development, which could have an adverse effect on our financial condition, results of operations and cash flows. No assurance can be given that our competitors will not develop competing technologies which gain superior market acceptance compared to our products. A significant failure in our new product development efforts, a substantial change to schedule, a material change in an anticipated market or the failure of our products or services to achieve customer acceptance relative to our competitors' products or services, could have an adverse effect on our business, financial condition, results of operations and prospects.

We are subject to the risks of serving customers in foreign countries that could adversely impact our business.

We have a global customer base and service offering, which exposes us to risks in addition to our business operations in the U.S. These risks include import, export, economic sanctions and other trade restrictions; the changing U.S. and foreign procurement policies and practices; changes in international trade policies, including higher tariffs on imported goods and materials and renegotiation of free trade agreements; potential retaliatory tariffs imposed by foreign countries against U.S. goods; impacts on our non-U.S. suppliers and customers due to acts of war occurring internationally; restrictions on technology transfer; difficulties in protecting intellectual property; increasing complexity of employment and environmental, health and safety regulations; challenges associated with monitoring foreign suppliers and vendors to ensure compliance with applicable U.S. Federal Aviation Regulations; foreign investment laws; exchange controls; repatriation of earnings or cash settlement challenges; compliance with increasingly rigorous data privacy and protection laws; competition from foreign and multinational firms with home country advantages; economic and government instability; acts of industrial espionage, acts of war and terrorism and related safety concerns. The impact of any one or more of these or other factors could adversely affect our business, financial condition, results of operations and prospects.

We are also exposed to risks associated with using foreign representatives and consultants, including our CSAs, for our international sales efforts. In many jurisdictions, particularly in developing economies, it is common to engage in business practices that are prohibited by laws and regulations applicable to us, such as the U.S. federal Foreign Corrupt Practices Act ("FCPA"). A violation of such laws by any of our international representatives, CSAs, consultants, joint ventures, business partners, subcontractors or suppliers, even if prohibited by our policies, could have an adverse effect on our business and reputation. As we continue to grow our customer base globally, our exposure to these risks may also increase.

We could suffer losses and adverse publicity stemming from any accident involving our aircraft.

Certain of our aircraft have experienced accidents while being operated by owners. Our product liability insurance policies are subject to a cap on deductible, making us liable to pay for any claims exceeding such cap. We incur the first US$4.0 million of any losses, settlement, and fees incurred for covered claims related to incidents occurring in a policy year. These processes and claims are handled by our captive insurance company, SAIC. Once we have incurred the aggregate US$4.0 million of expenses, our insurance covers any remaining expenses up to an aggregate cap of US$150 million per policy year. Furthermore, we may be liable to pay for any punitive damages in their entirety, if incurred, in any jurisdictions that do not permit insuring against punitive damage awards. There can be no assurance that the amount of our insurance coverage available would be adequate to cover losses, or that we would not be forced to bear substantial losses from such events, regardless of our insurance coverage. For more details, see "Business — Insurance."

If our owners experience accidents with our aircraft obligating us to take such aircraft out of service until the cause of the accident is determined and rectified, our reputation may be affected and we may lose customers. Any aircraft or accident, even if fully insured, could create a public perception that our aircraft are less safe or reliable than other means of transportation, which could cause our customers to lose confidence in us and switch to other aircraft or other means of transportation. In addition, any aircraft accident or incident could also affect the public's view of industry safety, which may reduce the amount of trust our customers have in personal aircraft. This may have negative financial impacts on us. It is also possible that the FAA or other foreign regulatory bodies could ground the aircraft and restrict the aircraft from flying by issuing airworthiness or similar directives until the cause of the accident is determined and rectified. Airworthiness or similar directives of this nature are common in the general aviation industry, according to the Frost & Sullivan. There is no assurance that our customers would not perceive such directives adversely. If this were to occur, our reputation could be adversely affected and we may lose revenue and customers. In addition, safety issues experienced by a particular model of aircraft could result in customers refusing to use that particular aircraft model or a regulatory body grounding that particular aircraft model.

In the future, we may, voluntarily or involuntarily, undertake remedial actions in connection with service bulletins, if any of our aircraft, including any systems or components sourced from our suppliers, prove to be defective or noncompliant with applicable laws and regulations. Such remedial actions, whether voluntary or involuntary and whether caused by systems or components engineered or manufactured by us or our suppliers, could incur significant expenses and adversely affect our brand image in our target markets. The value of the aircraft model might also be permanently reduced in the secondary market if the model were to be considered less desirable. Such accidents or safety issues related to aircraft models that we operate could have a material adverse effect on our business, financial condition, results of operations and prospects.

The operation of aircraft is subject to various risks, and failure to maintain an acceptable safety record may have an adverse impact on our ability to obtain and retain customers.

The operation of aircraft is subject to various risks, including but not limited to catastrophic disasters, crashes, mechanical failures and collisions, which may result in loss of life, personal injury and/or damage to property and equipment. Our customers have experienced and may experience accidents in the future while operating our aircraft. These risks could endanger the safety of our customers, third parties, equipment, cargo and other property, as well as the environment. If any of these events were to occur, we could experience loss of revenue, termination of customer orders, higher insurance rates, litigation, regulatory investigations and enforcement actions (including potential grounding of our aircraft) and damage to our reputation and customer relationships. In addition, to the extent an accident occurs involving our aircraft, we could be held liable for resulting damages or consequential loss, which may involve claims from injured passengers and survivors of deceased passengers.

We incur costs to maintain the quality of our aircraft and our training programs. We cannot guarantee that these costs will not increase. Likewise, we cannot guarantee that our efforts will provide an adequate level of safety or an acceptable safety record. If we are unable to maintain an acceptable safety record, we may not be able to retain existing customers or attract new customers, which could have a material adverse effect on our business, financial condition, results of operations and prospects. Failure to comply with regulatory requirements related to our aircraft and associated operations may result in enforcement actions, including revocation or suspension of our operating authorities in the U.S. and potentially other countries.

We are subject to significant laws, regulations and directives in the U.S. and foreign countries in which we operate. Increasing compliance risks and changes in government regulations imposing additional requirements and restrictions on our operations could increase our operating costs, result in service delays and disruptions, and adversely affect our business, financial conditions, results of operation and prospects.

As a global aviation business, we are subject to significant laws, regulations and directives in the U.S. and foreign countries in which we operate. A global customer base and service offering requires importing and exporting goods, software and technology, which may be subject to more stringent import-export controls across international borders. For example, under certain circumstances, we must initially obtain licenses and authorizations from various U.S. government agencies before our aircraft can be exported outside the U.S. While we have not been impacted by delays in obtaining licenses and authorizations beyond the normal course of business, we may not always be successful in obtaining these licenses or authorizations in a timely manner. U.S. and foreign laws and regulations applicable to us have been increasing in scope and complexity. For example, both U.S. and foreign governments and government agencies regulate the personal aviation industry, and they have previously and may in the future impose new regulations for additional aircraft safety or other requirements or restrictions. New or changing laws and regulations or related interpretation and policies could increase our costs of doing business, affect how we conduct our operations, adversely impact demand for our aircraft and/or limit our ability to sell our aircraft and services.

The personal aviation industry is subject to extensive U.S. and international regulatory requirements, including airworthiness directives. In the last several years, Congress and state and local governments have passed laws and regulatory initiatives, and the FAA and several of its respective international counterparts have issued regulations and a number of other directives, that affect the production and use of our aircraft. These requirements impose substantial costs on us and restrict the ways we may conduct our business. For example, the FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that may require significant expenditures or operational restrictions. These requirements can be issued with little or no notice, or can otherwise impact our ability to efficiently or fully utilize our aircraft, and in some instances have resulted in the temporary and prolonged grounding of aircraft altogether. FAA airworthiness directives or similar directives of this nature are common in the general aviation industry, according to Frost & Sullivan. We have been impacted in the past, and could be impacted in the future, by airworthiness directives issued by the FAA, including from the recent airworthiness directive issued by the FAA in February 2023. See "Summary — Recent Developments and No Material Adverse Change — Recent Airworthiness Directive."

We have implemented and maintain policies and procedures that are designed to monitor and ensure compliance by us and our Directors, officers and employees with International Sanctions and other applicable laws, regulations and directives. Compliance with laws and regulations of increasing scope and complexity is even more challenging in our business environment in which reducing our operating costs is often necessary to remain competitive. In addition, regulators and enforcement agencies continue to devote greater resources to the enforcement of the FCPA, anti-money laundering laws and anti-corruption laws, and foreign jurisdictions have significantly expanded the reach of their anti-bribery laws. While we have developed and implemented policies and procedures designed to ensure strict compliance with anti-bribery, anti-money laundering, anti-corruption and other laws, such policies and procedures may not be effective in all instances to prevent violations.

Any determination that any of our employees have violated these laws, regulations or directives in the U.S. or other jurisdictions in which we do business, could subject us to, among other things, civil and criminal penalties, material monetary fines, profit disgorgement, injunction on future conduct, securities litigation, reputational damage, or other adverse actions, which could adversely affect our business, financial condition, results of operations or prospects.

We may not succeed in preserving and enhancing the value of our brand which we depend on to drive demand and revenues, and in remaining competitive against other premium lifestyle alternatives.

Since our inception, we have focused on building a premier global brand by offering a comprehensive personal aviation experience and a global ownership ecosystem to make owning and operating an aircraft accessible, convenient, and enjoyable. Our financial performance is influenced by the perception and recognition of our brand, which in turn depends on many factors such as the design, performance, quality and image of our aircraft; the success of our promotional activities, including public relations and marketing; and our general profile, including our brand's image of safety and quality. Maintaining the value of our brand will depend significantly on our ability to continue to produce high performance aircraft of the highest quality and delivering a premium experience supported by our ecosystem. To promote our brand, we may be required to adjust our selling and marketing practices, which could substantially increase our expenses. Furthermore, we cannot assure you that these activities will be successful or that we will be able to achieve the desired promotional effect. If we fail to develop and maintain a strong brand, our business, financial condition, results of operations and prospects could be materially and adversely impacted.

The market for premium and lifestyle goods generally is intensely competitive, and we may not be successful in maintaining and strengthening the appeal of our aircraft over other premium lifestyle alternatives. Customer preferences, particularly among premium goods, can vary and change over time, sometimes rapidly. We are therefore exposed to changing perceptions of our brand image and the image of personal aircraft more generally, as we seek to attract new generations of customers. Any failure to preserve and enhance the value of our brand may materially and adversely affect our ability to sell our aircraft, to maintain our pricing and to extend the value of our brand into other activities profitably.

As a player in the personal aviation industry, we are subject to significant competition.

Many of the markets in which we operate are competitive as a result of the expansion of existing private aircraft operators and expanding private aircraft ownership and alternatives, such as premium commercial airline services. We compete against a number of professional aviation operators with different business models, local and regional private charter operators and aircraft companies. In addition, factors that affect competition in our industry include price, reliability, safety, regulations, reputation, aircraft availability, equipment and quality, consistency and ease of service and investment requirements. There can be no assurance that our competitors will not be successful in capturing a share of our present or potential customer base. The materialization of any of these risks could adversely affect our business, financial condition, results of operations and prospects.

The modification, renewal and revocation of permits, approvals, authorizations and licenses may impose limitations that increase the costs or limit the availability of our products.

Our business requires a variety federal, state, local and other government permits, approvals, authorizations and licenses and the maintenance of such permits, approvals, authorizations and licenses. Our business is subject to regulations and requirements and may be adversely affected if we are unable to comply with existing regulations or requirements or if changes in applicable regulations or requirements occur. For example, FAA regulatory requirements associated with design approval and production approval for the production of an aircraft mean that our aircraft production business could be restricted by modification or revocation of these approvals upon which we depend which could have a material adverse impact on our business, financial condition, results of operations and prospects. See "Business — Licenses, Certificates and Permits."

Environmental regulation and liabilities, including new or developing laws and regulations, or our initiatives in response to pressure from our stakeholders may increase our costs of operations and adversely affect us.

In recent years, governments, customers, suppliers, employees and other of our stakeholders have increasingly focused on climate change, carbon emissions, and energy use. We are subject to certain environmental regulations and requirements and we also need to maintain applicable environmental permits and controls related to our operations, including permits and controls issued by federal, state and local agencies. We cannot guarantee that we will be able to maintain such permits and controls, nor can we guarantee that our cost of compliance with certain environmental regulations and requirements will not increase in the future. Laws and regulations that curb the use of conventional energy or require the use of renewable fuels or renewable sources of energy, such as wind or solar power, could result in a reduction in demand for aircraft that require hydrocarbon-based fuels such as oil and natural gas. In addition, governments could pass laws, regulations or taxes that increase the cost of such fuels, thereby decreasing demand for our aircraft and also increasing operating costs for customers. All of the engines fitted in our aircraft currently only use leaded fuel.

The piston aviation industry has been, and is currently, researching a safe replacement fuel to replace leaded fuel. In 2022, the FAA created a new team named Eliminate Aviation Gasoline Lead Emissions ("EAGLE") of which we are a signatory. This is a government-industry partnership that also encompasses fuel producers and distributors, airport operators, communities that support general aviation airports, and environmental experts, seeking to develop an unleaded fuel replacement that can be used within the current general aviation infrastructure and engines. The most significant announcement impacting us is the stated aim of EAGLE to eliminate lead emissions from general aviation by the end of 2030. There are also projects underway for the European Union, which are considering the phase out of leaded fuel for the aviation industry earlier than the FAA timetable, and certain airports in the European Union have taken voluntary initiative to only provide unleaded fuel. While we expect that at some point in the future a replacement fuel will be identified, trialed and supplied to the industry, there is no currently available alternative that is proven to be usable in large scale and in a reasonably economical manner within the current general aviation infrastructure. We have partnered with GAMA in support of the EAGLE coalition and are actively involved in testing possible replacement fuels. If no suitable product is identified and the use of leaded fuel is prohibited in the aviation industry, we would be required to re-engineer our aircraft with engines that use unleaded fuel, which would impose significant costs on us and our customers and potentially disrupt the ability to operate our aircraft. As a result, our future operating income and cash flows from operating activities could be adversely impacted.

Other laws or pressure from our stakeholders may adversely affect our business, financial condition, results of operation and prospects by requiring, or otherwise causing, us to reduce the emissions of our aircraft. Such activity may also impact us indirectly by increasing our operating costs. We expect that compliance with such laws and regulations or accommodation of such stakeholder pressure will require additional internal resources and may necessitate larger investment in product development, research personnel and manufacturing equipment and/or facilities, as well as sourcing from new suppliers and/or higher costs from existing suppliers, all of which would increase our direct and indirect costs and negatively impact our business, financial condition, results of operations and prospects.

Orders and reservations for our aircraft may be cancelled by customers who have already provided deposit payments.

Our backlog represents orders and reservations that we have not fulfilled and, accordingly, for which we have not yet recognized revenue. We may not receive revenue from these orders or reservations, even in cases where the deposit is nonrefundable, and any backlog we report may not be indicative of our future revenue.

Many events can cause a delivery to be delayed or not completed at all, some of which may be out of our control, including supply chain disruptions resulting from the COVID-19 pandemic and our suppliers not being able to provide us with products or components or from production capacity constraints. If we delay fulfilling customer orders or reservations or if customers reconsider their orders or reservations, those customers may seek to cancel or modify their orders or reservations with us. Customers may otherwise seek to cancel or delay their orders or reservations even if we are prepared to fulfill them. If our backlog does not result in sales, our results of operation may suffer. Our customer deposits are recognized as current liabilities. We had customer deposits of US$83.9 million, US$145.2 million, US$165.1 million and US$187.4 million as of December 31, 2020, 2021 and 2022 and April 30, 2023, respectively.

We are subject to potential warranty and product liability claims, which could cause material harm to our brand image and reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

We provide warranties that the aircraft airframe will be free of material and workmanship defects under normal use and services for a period of 24 months or 1,000 flight hours, whichever comes first for the Vision Jet, and for a period of 36 months or 2,000 flight hours, whichever comes first, for the SR2X Series. We also provide extended warranty options. Accordingly, flaws or defects in our design and production process could give rise to material exposures under our product and performance warranties. Provision for product warranties was US$10.4 million, US$19.8 million and US$12.4 million, respectively, in 2020, 2021, 2022 representing 1.8%, 2.7%, and 1.4% of our revenue for the same periods, respectively.

Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the historical warranty period for all products sold. Any such estimates of future warranty liabilities are inherently uncertain, and any changes to our estimates, especially with respect to new aircraft or features, may require us to make material changes to our warranty reserve policies in the future. If our warranty reserves and related insurance coverages prove to be inadequate to cover our future warranty claims, or if our suppliers and subcontractors fail to honor the underlying warranties that we pass through to our own customers, our business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, flaws and defects in our design and production processes, or in those of our suppliers and subcontractors, as well as unsatisfactory performance of our products, could give rise to product liability and product recall exposures. In the event of litigation involving claims of this nature, we could become obligated to pay material damage awards and/or legal expenses in amounts far greater than our insurance coverage. Such events would also generate negative publicity, which could in turn cause material harm to our brand image and reputation. The occurrence of any of these risks could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our ability to maintain sufficient liquidity going forward is subject to the general liquidity of and ongoing changes in the credit markets in addition to other factors.

Our liquidity is a function of our cash on-hand, our ability to successfully generate cash flows from a combination of efficient operations and continuing operating improvements, access to capital markets and funding from third parties. We believe our liquidity should be sufficient to meet our operating requirements as they occur; however, our ability to maintain sufficient liquidity going forward is subject to the general liquidity of and ongoing changes in the credit markets as well as general economic, financial, competitive, legislative, regulatory, and other market factors that are beyond our control. The recent and potential future disruptions in access to bank deposits or lending commitments due to bank failures in the U.S. could affect our liquidity. The recent closures of U.S. banks and their placement into receivership with the Federal Deposit Insurance Corporation created bank-specific and broader financial institution liquidity risk and concerns in the U.S. market. If we are not able to maintain adequate liquidity, we may not be able to meet our operating cash flow requirement, debt service cost, future required contributions to our employee benefit plan, and other financial obligations.

A failure in our technology or breaches of the security of our information technology infrastructure may adversely affect our business, financial condition, results of operations and prospects.

The performance and reliability of the technology that we use is critical to our ability to compete effectively. A significant internal technological error or failure or large-scale external interruption in the technological infrastructures on which we depend, such as power, telecommunications or the Internet, may disrupt our internal network. Any substantial, sustained or repeated failure of the technology that we use could impact our ability to conduct our business, lower the utilization of our aircraft, and result in increased costs. Our technological systems and related data may be vulnerable to a variety of sources of interruption due to events beyond our control, including natural disasters, terrorist attacks, telecommunications failures, computer viruses, hackers and other security issues.

We are subject to complex and frequently changing privacy and data protection laws, rules and regulations in the United States as well as in other regions where we operate, regarding the collection, use, storage, transfer and other processing of personal information.

Cybersecurity risks and the failure to maintain the confidentiality, integrity and availability of our computer hardware, software and internet applications and related tools and functions could result in damage to our reputation, data integrity and/or subject to costs, fines or lawsuits under data privacy laws or other contractual requirements. The integrity and protection of the data we hold is relevant to our business. The regulatory environment governing information, security and privacy laws is increasingly demanding and continues to evolve. We could be subject to risks caused by misappropriation, misuse, leakage, falsification, system malfunction or intentional or accidental release or loss of information maintained in our information systems and networks and those of our third-party service providers.

If we are unable to maintain reliable information technology systems and appropriate controls with respect to global data privacy and security requirements and prevent data breaches, we may suffer regulatory consequences in addition to business consequences. We are subject to complex and frequently changing privacy and data protection laws, rules and regulations in the United States as well as in other regions where we operate, regarding the collection, use, storage, transfer and other processing of personal information. These privacy, security and data protection laws and regulations could impose significant limitations, require changes to our policies, practices and processes and in some cases impose restrictions on our use or storage of personal information. For example, on January 1, 2023, California enacted the California Privacy Rights Act, which significantly modifies the California Consumer Privacy Act, including by expanding consumers' rights with respect to certain non-public personal information and creating a new state agency to oversee implementation and enforcement efforts. We are also subject to the European General Data Protection Regulation, which is considered one of the strictest and most comprehensive privacy laws in the world, is being continuously enforced, and levies increasingly heavy fines on businesses for non-compliance. As regulations continue to evolve, we may be potentially subject in the future to additional data protection obligations to those that we are already subject to and for which we are fully compliant, which may result in additional costs, including for the purpose of monitoring rapidly evolving privacy laws, rules and regulations.

Government enforcement actions can be costly and may interrupt the regular operation of our business, and data breaches or violations of data privacy laws can result in significant fines, reputational damage and civil lawsuits, any of which may adversely affect our business, financial condition, results of operations and prospects.

Our insurance may become too difficult or expensive to obtain. If we are unable to maintain sufficient insurance coverage, it may materially and adversely impact our business, financial condition and results of operations.

Hazards are inherent in the personal aviation industry and may result in loss of life and property, potentially exposing us to substantial liability claims arising from, or in connection with, the operation of aircraft. We carry insurance for aviation products liability, completed operations and grounding liability exposures, premises and general liability, hangar keepers liability (ground and in-flight), aircraft liability, contingent aircraft liability, automotive liability, non-owned aircraft liability exposures and hull losses and other insurance customary in the industry in which we operate. Insurance underwriters are required by various federal and state regulations to maintain minimum levels of reserves for known and expected claims. However, there can be no assurance that underwriters have established adequate reserves to fund existing and future claims. The number of accidents, as well as the number of insured losses within the aviation and aerospace industries, and the impact of general economic conditions on underwriters may result in increases in premiums above the rate of inflation. To the extent that our existing insurance carriers are unable or unwilling to provide us with sufficient insurance coverage, and if insurance coverage is not available from another source, our insurance costs and/or exposure may increase and may result in our being in breach of regulatory requirements or contractual arrangements requiring that specific insurance be maintained, which may have a material adverse effect on our business, financial condition and results of operations.

If we are unable to adequately protect our intellectual property interests or are found to be infringing on intellectual property interests of others, we may incur significant expense and our business may be adversely affected.

Our intellectual property includes our trademarks, goodwill, domain names, website, mobile and web applications, software (including our proprietary algorithms and data analytics engines), copyrights, trade secrets and inventions (whether or not patentable). We believe that our intellectual property plays an important role in protecting our brand and the competitiveness of our business. If we do not adequately protect our intellectual property, our brand and reputation may be adversely affected and our ability to compete effectively may be impaired.

We protect our intellectual property through a combination of patent, trademark, copyright, and trade secret laws, contracts and policies. We have registered our patents, trademarks and domain names that we use in the United States and certain other jurisdictions in which we do significant business, but we may not have such registrations for all territories in which we have fewer operations. In the United States, we have brought a claim against a small charter company infringing on use of the Cirrus name. Although the initial claim was ruled against our favor, we do not expect a material adverse financial impact on us if we are not successful in our appeal. However, we may be unable to prevent competitors from acquiring trademarks or domain names that are similar to or diminish the value of our intellectual property or in any way are misleading or deceptive to our existing or potential customers, and will have to seek legal action to oppose or invalidate such registrations. In addition, it may be possible for other parties to copy or reverse engineer our applications or other technology offerings. Moreover, our proprietary algorithms, data analytics engines, or other software or trade secrets may be compromised by third parties or our employees or agents, which could negatively impact any competitive advantage that we may have from them.

Our business is subject to the risk of third parties infringing our intellectual property. We may not always be successful in securing protection for, or identifying or stopping infringements of, our intellectual property, and we may need to resort to litigation, arbitration or other dispute resolution mechanisms in the future to enforce our intellectual property rights. Any such litigation could result in significant costs and a diversion of our management's time and resources. Further, such enforcement efforts may result in a ruling that our intellectual property rights are unenforceable. Companies in the aviation and technology industries are frequently subject to litigation based on allegations of intellectual property infringement, misappropriation or other violations. We may acquire or introduce new technology offerings, which may increase our exposure to patent and other intellectual property claims. Any intellectual property claims asserted against us, whether or not having any merit, could be time-consuming and expensive to settle or litigate. If we are unsuccessful in defending such a claim, we may be required to pay substantial damages, we could be subject to an injunction or we could agree to a settlement that may prevent us from using our intellectual property or making our offerings available to customers. Some intellectual property claims may require us to seek a license to continue our operations, and those licenses may not be available on commercially reasonable terms or may significantly increase our operating expenses. If we are unable to procure a license, we may be required to develop or acquire non-infringing technological alternatives, which could require significant time and expense. Any of these events could adversely affect our business, financial condition, results of operations and prospects.

Our financial results may vary significantly from period to period due to the seasonality of our business and fluctuations in our operating costs.

Due to fewer deliveries at the start of the year as we roll out and replenish updated demo and training aircraft, which reduces the number of aircraft available for delivery to customers, our results are typically strongest towards the end of the year. In addition, due to the location of our primary production facilities, we experience seasonal weather conditions which impacts our ability to certify the airworthiness of aircraft on a predictable basis. Seasonal impacts are typically reflected during the start of our fiscal year leading to lower revenues during such period. See "Business — Seasonality" for more details.

We may be unable to identify or execute acquisition opportunities as planned.

We may face challenges successfully completing acquisitions, including any acquisitions related to the consolidation of our supply chain or execution of our strategic objectives. We plan to organically, and inorganically through acquisitions, increase our production capacity and efficiency in order to support the growth of our business. However, there is no assurance that we will be able to identify suitable assets to expand our business. Even if we are able to identify suitable targets, such expansion can be difficult, time consuming and costly to execute. We may also have to engage in intense competition for attractive targets, which may make it difficult to consummate any acquisitions on commercially acceptable terms or at all. Even if we are able to consummate any acquisitions, our ability to grow our business through any recently completed or future acquisitions remains subject to further risks and uncertainties which could, in whole or in part, materially and adversely affect our growth plan in relation to acquisitions. For example, we may fail to successfully integrate the acquired businesses with our existing business and operations, or realize the expected synergies, growth opportunities and other benefits from such acquisitions.

In addition, for so long as CAIGA retains a material ownership interest in us, we will be deemed a "foreign person" under the regulations relating to the Committee on Foreign Investment in the United States ("CFIUS"). As such, acquisitions of or investments in U.S. businesses or foreign businesses with U.S. subsidiaries that we may wish to pursue may be subject to CFIUS review, the scope of which was recently expanded by the Foreign Investment Risk Review Modernization Act of 2018 ("FIRRMA") to include for example, certain non-passive, non-controlling investments (including certain investments in entities that hold or process personal information about U.S. nationals), certain acquisitions of real estate even with no underlying U.S. business, and any transaction resulting in a "change in the rights" of a foreign person in a U.S. business if that change could result in either control of the business or a covered non-controlling investment. If a particular proposed acquisition or investment falls within CFIUS' jurisdiction, we may determine that we are required to make a mandatory filing or that we will submit to CFIUS review on a voluntary basis, or to proceed with the transaction without submitting to CFIUS and risk CFIUS intervention, before or after closing the transaction. In addition, among other things, FIRRMA authorizes CFIUS to prescribe regulations defining "foreign person" differently in different contexts, which could result in less favorable treatment for investments and acquisitions by companies from countries of "special concern." If such future regulations impose additional burdens on acquisition and investment activities involving China and Chinese investor-controlled entities, our ability to consummate transactions falling within CFIUS's jurisdiction that might otherwise be beneficial to us and our shareholders would be hindered.

Our ability to obtain financing or access capital markets may be limited due to a number of factors, including covenants in our credit agreements.

There are a number of factors that may limit our ability to raise financing or access capital markets in the future, including current and future debt and future contractual obligations, our liquidity and credit status, our operating cash flows, the market conditions in the personal aviation industry, U.S. and global economic conditions, the general state of the capital markets and the financial position of the major providers of aircraft and other aviation industry financing. We cannot assure you that we will be able to source external financing for our capital needs; and, if we are unable to source financing on acceptable terms, or unable to source financing at all, our business could be materially adversely affected.

Our credit agreements contain covenants that may limit our ability to operate our business. Under the terms of our credit agreements, we are required to comply with certain financial covenants based on financial and non-financial measures, including specified ratios: (i) between our indebtedness to EBITDA and (ii) between (a) the sum of EBITDA less unfinanced capital expenditures and cash dividends and distributions to (b) the sum of interest expense paid or payable in cash and scheduled principal payments with respect to indebtedness.

Such credit agreements also contain, and our future debt financing agreements may contain, restrictions that may limit our ability to, among other things, incur additional debt over agreed thresholds, create liens, make certain investments, effect a fundamental change, make certain asset dispositions, and declare or make restricted payments in certain circumstances. These covenants could also restrict our ability to respond to changes in business and economic conditions, to engage in potentially beneficial transactions and to obtain required financing. As of the Last Practicable Date, we are in compliance with all covenants. To the extent we finance our activities with debt, we may become subject to further financial and other covenants that may restrict our ability to pursue our business strategy or otherwise constrain our growth and operations. Furthermore, a failure by us to comply with these covenants could result in a default under our debt agreements, which could permit our creditors to accelerate our obligations to repay debt. Any of these outcomes could have a material adverse impact on our business, financial condition, results of operations and prospects.

Interest rate and exchange rate fluctuations may adversely affect our business.

Interest rate fluctuations may adversely affect our financial performance. Any changes in interest rates will impact our borrowing costs. We currently have exposure to floating rate debt. While the exposure to interest rate volatility may be hedged through the use of interest rate swaps and interest rate caps, the magnitude of the final exposure depends on the effectiveness of the hedge. We do not currently have any hedging practices in place. Moreover, the potential for low or negative interest rates in the United States and on U.S. Dollar-denominated financial instruments could adversely impact our revenues, including interest on our cash and bank balances. Since we operate as a multinational corporation that sells and sources products in many different countries, changes in exchange rates could in the future, adversely affect our cash flows and results of operations. While we primarily conduct business in U.S. Dollars, due to the variability of currency exposures and the potential volatility of currency exchange rates, we cannot predict the effect of exchange rate fluctuations on our operating results if this changes. Any or all of these factors could materially and adversely affect our business, financial condition and results of operations and our ability to meet our financial obligations.

We face risks associated with malicious competition or other detrimental impact from third parties which could damage our reputation and cause our customers to lose faith in our brand.

We may become subject to malicious third-party activities including anti-competition conduct, harassing, or other harmful behaviors, especially customers unsatisfied with our products and services or third-party competitors. Such conduct includes complaints, anonymous or otherwise, to regulatory agencies. Our brand reputation may be harmed by aggressive marketing and communications strategies of our competitors. Third parties may also maliciously copy or adopt our key business strategies to gain an unfair competitive advantage in the market. We cannot guarantee that we will not be exposed to such unfair business competition or dominant market position abuse imposed by third parties in the future. In particular, we may face the risk of unfair competition or other maliciously competitive actions by third parties whose corporate names carry "Cirrus" in their name, in particular in addition to any references to aviation, or carry other words that are similar to our corporate and brand names. This includes companies that may already exist or ones that may exist in the future. Disputes, litigation, regulatory actions or other negative publicity in relation to those third parties bearing similar names could also be mistakenly perceived as relating to us. In addition, we may become the target of government or regulatory investigation as a result of or in connection with such third-party conduct and may be required to expend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Moreover, you may see negative information posted on the Internet or pages embedded in various social media mobile apps related to us or our Directors, employees, affiliates or third-party collaboration partners, even without merit. Consumers may value readily available information concerning retailers, manufacturers, and their goods and services and often act on such information without further investigation or authentication and without regard to its accuracy. Social media platforms may immediately publish the content posted by their subscribers and members, often without filters or due diligence checks on the accuracy of such content posted. Therefore, information on social media platforms generates impact almost immediately as it is disseminated. Information posted may be inaccurate and adverse to us, and it may harm our business, financial condition, results of operations and prospects. The harm may be immediate without affording us an opportunity for redress or correction, which, a result of the public dissemination of anonymous allegations or malicious statements about us, may in turn cause us to lose market share, customers and revenue-generating capabilities and adversely affect our business, financial condition, results of operations and prospects.

Our significant intangible assets and goodwill may expose us to write-downs and other risks associated with periodic impairment tests carried out pursuant to IAS 36.

Our intangible assets and goodwill exposes us to losses arising in connection with impairment. As of December 31, 2022, our intangible assets and goodwill were US$231.3 million and US$115.9 million, respectively, accounting for 24.4% and 12.2% of our total assets as of the same date, respectively.

Pursuant to IAS 36, (i) goodwill and indefinite-lived intangible assets, such as trademarks, are not amortized, but are reviewed for impairment at least annually or more frequently if impairment indicators arise and (ii) finite-lived intangible assets, such as aircraft type certificates, are recognized at fair value at the acquisition date and are subsequently carried at cost less accumulated amortization. In evaluating the recoverability of the value of these assets and the potential for the impairment thereof, we make assumptions regarding future operating performance, business trends and market and economic conditions. Such analyses in turn require us to make certain assumptions about operating cash flows, growth rates and discount rates. Uncertainties are inherent to any such assessments of the recoverability of the value of these assets.

We cannot assure you that we will not record write-downs in the future if our financial performance should diverge significantly from the assumptions underlying such impairment tests or if we otherwise experience unexpected business disruptions or declines in market capitalization. The occurrence of such write-downs could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to anti-corruption, anti-bribery, and similar laws, and noncompliance with such laws can subject us to criminal penalties or significant fines and harm our business and reputation.

We are subject to anti-corruption laws and regulations, including the FCPA, the U.K. Bribery Act and other anti-corruption, anti-bribery, anti-money laundering, and similar laws in the United States and other jurisdictions we operate in. Anti-corruption and anti-bribery laws, which have been enforced aggressively and are interpreted broadly, prohibit companies and their employees and agents from promising, authorizing, making, or offering improper payments or other benefits to government officials and others in the public sector. Anti-money laundering laws prohibit disguising financial assets so they can be used without detection of the illegal activity that produced them. We leverage our business partners, including channel partners, to sell our aircraft and service solutions and host facilities for our network. We may also rely on our business partners to conduct our business abroad. We and our business partners may have direct or indirect interactions with officials and employees of government agencies or state-owned or affiliated entities and we may be held liable for the corrupt or other illegal activities of our business partners and intermediaries, our employees, representatives, contractors, channel partners and agents, even if we do not explicitly authorize such activities. We are also subject to certain economic and trade sanctions programs administered by OFAC, which prohibit or restrict transactions to, or from, or dealings with, specified countries, their governments, and in certain circumstances, their nationals, and with individuals and entities that are SDNs, Sanctioned Persons, narcotics traffickers, and/or terrorists or terrorist organizations. Our subsidiaries may be subject to additional foreign or local sanctions requirements in other relevant jurisdictions.

We will not use the **[REDACTED]** from the **[REDACTED]** (a) to finance or facilitate, directly or indirectly, any projects or businesses in countries/regions which are subject to sanctions (as of the Latest Practicable Date, Iran, Syria, Sudan, Cuba, North Korea and the territories of Crimea, Zaporizhzhia and Kherson, the self-proclaimed Luhansk People's Republic ("LPR") region and the self-proclaimed Donetsk People's Republic ("DPR") region) ("Sanctioned Countries") or with persons located in other countries who are subject to sanctions or (b) to pay any damages for terminating or transferring contracts relating to Sanctioned Countries or persons subject to sanctions (if any), to the extent that we are party to such contracts in the future (whether by reason of a change in sanctions law or otherwise), (ii) we will not enter into any transaction that, at the time of entry into such transaction, is prohibited by applicable sanctions law, and (iii) if we believe that the transactions we have entered into will put us and our investors at the risk of violating applicable sanctions, we will disclose on our website and in our annual and interim reports our efforts in monitoring our business exposure to sanctions risk, the status of future business, if any, in Sanctioned Countries and our business intention relating to such Sanctioned Countries.

We cannot assure you that all of our employees and agents have complied with, or in the future will comply with, our policies and applicable laws. The investigation of possible violations of these laws, including internal investigations and compliance reviews that we may conduct from time to time, could have a material adverse effect on our business. Noncompliance with these laws could subject us to investigations, severe criminal or civil sanctions, settlements, prosecution, loss of export privileges, suspension or debarment from government contracts and other contracts, other enforcement actions, the appointment of a monitor, disgorgement of profits, significant fines, damages, other civil and criminal penalties or injunctions, whistleblower complaints, adverse media coverage and other consequences. Other internal and government investigations, regulatory proceedings, or litigation, including private litigation filed by our shareholders, may also follow as a consequence. Any investigations, actions, or sanctions could materially harm our reputation, business, financial condition, results of operations and prospects. Further, the promulgation of new laws, rules or regulations or new interpretations of current laws, rules or regulations could impact the way we do business in other countries, including requiring us to change certain aspects of our business to ensure compliance, which could reduce revenues, increase costs, or subject us to additional liabilities.

We are potentially subject to legal proceedings and other claims.

We are potentially subject to legal proceedings and other claims arising from or in connection with the conduct of our business, including proceedings and claims relating to commercial and financial transactions; alleged lack of compliance with applicable laws and regulations; disputes with suppliers, production partners or other third parties; product liability; patent and trademark infringement; employment disputes; and environmental, safety and health matters. In the case of litigation matters for which reserves have not been established because the loss is not deemed probable, it is reasonably possible that such claims could be decided against us and could require us to pay damages or make other expenditures in amounts that are not presently estimable.

Due to the nature of our business, we are subject to liability claims arising from or in connection with accidents involving our products, including claims for serious personal injuries or death caused by weather or by pilot error or a combination of both. In addition, we cannot be certain that our reserves are adequate and that our insurance coverage will be sufficient to cover one or more substantial claims. Furthermore, we may not be able to obtain insurance coverage at acceptable levels and costs in the future. We cannot predict the levels of the premiums that we may be required to pay for subsequent insurance coverage, the level of any retention applicable thereto, the level of aggregate coverage available or the availability of coverage for specific risks. Litigation is inherently unpredictable, and we could incur judgments, receive adverse arbitration awards or enter into settlements for current or future claims that could adversely affect our results of operations.

We may not be able to detect and prevent fraud or other misconduct committed by our employees or third parties.

Fraud or other misconduct by employees, such as unauthorized business transactions and breaches of our internal policies and procedures, or third parties, such as breach of law, may be difficult to detect and prevent and could subject us to financial loss, sanctions imposed by governmental authorities and seriously harm our reputation. Our risk management systems, information technology systems, and internal control procedures are designed to monitor our operations and overall compliance. See "Business — Internal Control and Risk Management." However, we may not be able to identify non-compliance matters in a timely manner or at all. Furthermore, it is not always possible to detect and prevent fraud or other misconduct and the precautions we take to prevent and detect such activities may not be effective. Consequently, risk of fraud or other misconduct may have previously occurred but was undetected, or may occur in the future. This could materially adversely affect our business, financial condition, results of operations and prospects and our ability to meet our financial obligations.

Unanticipated changes in our tax rates or trade policies that we are subject to, or exposure to additional income tax liabilities or regulations could affect our profitability.

We are subject to income taxes, capital gains taxes, value-added taxes and/or other taxes in the U.S and various foreign jurisdictions, and our domestic and international tax liabilities are subject to the location of income among these different jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, changes in the amount of earnings indefinitely reinvested offshore, changes to unrecognized tax benefits or changes in tax laws, which could affect our profitability. In particular, the carrying value of deferred tax assets is dependent on our ability to generate future taxable income, as well as changes to applicable statutory tax rates. In addition, the amount of income taxes that we pay is subject to audits in various jurisdictions, and a material assessment by a tax authority could affect our profitability.

Our tax filings are subject to audits by tax authorities in the various jurisdictions in which we do business. These audits may result in assessments of additional taxes that are subsequently resolved with the taxing authorities or through the courts. Currently, we believe there are no outstanding assessments whose resolution would result in a material adverse financial result. However, there can be no assurances that unasserted or potential future assessments would not have a material effect on our business, financial condition, or results of operations.

In addition, we are subject to a wide variety of complex domestic and international laws, rules and regulations, including trade policies and tax regimes. We are affected by new laws and regulations and changes to existing laws and regulations, including interpretations by the courts and regulators, whether prompted by changes in government administrations or otherwise. These laws, regulations and policies, and changes thereto, may result in restrictions or limitations to our current operational practices and processes and product/service offerings which could negatively impact our current cost structure, revenue streams, future tax obligations, the value of our deferred income tax assets, cash flows and overall financial position.

Natural disasters or other events outside of our control may disrupt our operations, adversely affect our business, financial condition, results of operations and prospects, and may not be fully covered by insurance.

Natural disasters, including hurricanes, fires, tornados, floods and other forms of severe weather, the intensity and frequency of which are being exacerbated by climate change, along with other impacts of climate change, such as rising sea waters, as well as other events outside of our control including public health crises, pandemics, power outages and industrial accidents, have in the past and could in the future disrupt our operations and adversely affect our business. We also face seasonal impacts to our business due to the sometimes severe weather where our facilities are located, particularly in Duluth, Minnesota, which typically experiences significant snowfall that impacts production and where several of our facilities are located.

Any of these events could result in physical damage to and/or complete or partial closure of one or more of our facilities and temporary or long-term disruption of our operations or the operations of our suppliers by causing business interruptions or by impacting the availability and cost of materials needed for manufacturing or otherwise impacting our ability to deliver products and services to our customers. Existing insurance arrangements may not provide full protection for the costs that may arise from such events. The occurrence of any of these events could materially increase our costs and expenses and have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO THE [REDACTED]

There has been no [REDACTED] for our Shares, and their liquidity and [REDACTED] following the [REDACTED] may be volatile.

Prior to the **[REDACTED]**, there was no **[REDACTED]** for our Shares. There can be no guarantee that an active **[REDACTED]** for our Shares will develop or be sustained after the completion of the **[REDACTED]**. The **[REDACTED]** will be determined by negotiations between the **[REDACTED]** and the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**) and us, which may not be indicative of the **[REDACTED]** at which our Shares will be **[REDACTED]** following completion of the **[REDACTED]**. The **[REDACTED]** of our Shares may drop below the **[REDACTED]** at any time after completion of the **[REDACTED]**.

In addition, the **[REDACTED]** of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies that have listed their securities in Hong Kong may affect the volatility in the **[REDACTED]** of and **[REDACTED]** for our Shares, and the **[REDACTED]** of our Shares may not reflect our actual results of operations.

Since there will be a gap of several days between pricing and trading of our [REDACTED], the price of our [REDACTED] could fall below the [REDACTED] when the trading commences.

The **[REDACTED]** of our Shares is expected to be determined on the **[REDACTED]**. However, our Shares will not commence **[REDACTED]** on the Stock Exchange until they are delivered, which is expected to be several business days after the **[REDACTED]**. As a result, **[REDACTED]** may not be able to **[REDACTED]** or otherwise **[REDACTED]** our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the **[REDACTED]** of our Shares could fall below the **[REDACTED]** when the **[REDACTED]** commences as a result of adverse market conditions or other adverse developments, that could occur between the time of **[REDACTED]** and the time **[REDACTED]** begins.

Potential [REDACTED] will experience immediate and substantial dilution as a result of the [REDACTED] and could face dilution as a result of future equity financings.

As the **[REDACTED]** of Shares is higher than the net tangible book value per share of our Shares immediately prior to the **[REDACTED]**, purchasers of our **[REDACTED]** will experience an immediate dilution. There can be no assurance that if we were to immediately liquidate after the **[REDACTED]**, any assets will be distributed to Shareholders after the creditors' claims. To expand our business, we may consider **[REDACTED]** and issuing additional Shares in the future.

Purchasers of the **[REDACTED]** may experience dilution in the net tangible asset value per Share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

Future or perceived sales of substantial amounts of our Shares could affect their [REDACTED] price.

Prior to the **[REDACTED]**, there has not been a **[REDACTED]** for our Shares. Future sales or perceived sales by our existing Shareholders, or issuance by us of significant amounts of our Shares after the **[REDACTED]**, could result in a significant decrease in the prevailing **[REDACTED]** of our Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the **[REDACTED]** due to contractual and regulatory restrictions on disposal and new issuance. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of our Shares in the **[REDACTED]** or the perception that these sales may occur could significantly decrease the prevailing **[REDACTED]** for our Shares and our ability to raise equity capital in the future.

Our Controlling Shareholders have substantial influence over the Company, and our Controlling Shareholders' interests may not always be aligned with the interests of our other Shareholders.

Immediately following completion of the **[REDACTED]**, AVIC, CAIGA and CAIGA Hong Kong will directly or indirectly hold in aggregate approximately **[REDACTED]**% of our Shares (assuming that the **[REDACTED]** is not exercised). The interests of our Controlling Shareholders may differ from the interests of our other Shareholders.

Our Controlling Shareholders may have conflicts of interest with us and our other shareholders. Accordingly, our Controlling Shareholders and its members may take actions that favor their own interests, but which are not in the best interests of our other shareholders and which would adversely affect the interests of our other shareholders. As our Controlling Shareholders, and subject to our Memorandum and Articles and applicable laws and regulations, AVIC, CAIGA and CAIGA Hong Kong will have significant influence over our business and affairs, including decisions in respect of mergers, consolidations, other business combinations, acquisition or disposition of assets, issuance of additional Shares, timing and amount of dividend payments, election of Directors and senior management and approval of our annual budget. This concentration of ownership may discourage, delay or prevent changes in control that would otherwise benefit our other Shareholders. To the extent that the interests of our Controlling Shareholders conflict with those of our other Shareholders, our other Shareholders may be deprived of opportunities to advance or protect their interests.

We may not pay any dividends in the future.

As we intended to retain most, if not all, of our funds and future earnings to fund the growth of our business, we have not adopted a formal dividend policy with respect to our future dividend. Therefore, you should not rely on the **[REDACTED]** in our Shares as the source of your future dividend income.

Subject to certain restrictions under the Cayman Islands law, our Board has the discretion to determine whether to distribute dividends. Namely, our Company may only pay dividends either out of profits or a share premium account, provided that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts at their fall due in the ordinary course of business. In addition, the dividend amount may not exceed the amount recommended by our Board. Furthermore, the timing, amount and form of future dividends are subject to the limitation of our future financial results. Accordingly, your **[REDACTED]** in our Shares will depend entirely upon any future price appreciation and there is no assurance as to the return of your **[REDACTED]**.

We are a Cayman Islands company and you may face difficulties in protecting your interests under the laws of the Cayman Islands.

Our Company is an exempted company incorporated in the Cayman Islands with limited liability. Our operation and corporate affairs are governed by our Memorandum and Articles, the Cayman Companies Act and common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The Shareholders' right to take action against our Company and/or our Directors are governed by the common law of the Cayman Islands. However, the rights of the Shareholders and the fiduciary duties of Directors owed to us under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in Hong Kong, and the Cayman Islands has a less developed body of securities laws than Hong Kong. In addition, Cayman Islands companies may not have the standing to initiate a shareholder derivative action in a Hong Kong court. As we conduct substantially all of our operations and most of our Directors and senior management reside outside of Hong Kong, it may be difficult for you to effect service of process upon us or our management.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests than they would as public shareholders of a company incorporated in Hong Kong or the United States.

You should only rely on the information included in this Document to make your [REDACTED] decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our Shares or the [REDACTED].

There has been, prior to the publication of this Document, and there may be, subsequent to the date of this Document but prior to the completion of the **[REDACTED]**, press and media coverage regarding us and the **[REDACTED]**. We have not authorized the disclosure of any information concerning the **[REDACTED]** in the press or media and do not accept responsibility for the accuracy or completeness of such press articles or other media coverage. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this Document, we disclaim responsibility for them. Accordingly, prospective **[REDACTED]** are cautioned to make their decisions on the basis of the information contained in this Document only and should not rely on any other information.

Forward-looking statements contained in this Document are subject to risks and uncertainties.

This Document contains certain forward-looking statements and information relating to us that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this Document, the words "aim," "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "going forward," "intend," "ought to," "may," "might," "plan," "potential," "predict," "project," "seek," "should," "will," "would," and similar expressions, as they relate to our Company or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, business operations, liquidity and capital resources, some of which may not materialize or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this Document. Subject to the ongoing disclosure obligations of the Listing Rules or other requirements of the Stock Exchange, we do not intend publicly to update or otherwise revise the forward-looking statements in this Document, whether as a result of new information, future events or otherwise. **[REDACTED]** should not place undue reliance on such forward-looking statements and information.

Facts, forecasts and statistics in this Document may not be fully reliable.

Facts, forecasts and statistics in this Document relating to the personal aviation industry are obtained from third-party reports, either commissioned by us or publicly accessible, and other publicly available sources. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, [the **[REDACTED]**], [the **[REDACTED]**], the **[REDACTED]** nor our or their respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this Document relating to the personal aviation industry may be inaccurate or may not be comparable to statistics produced for other markets and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Further, there can be no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as may be the case elsewhere.