LAW AND REGULATIONS RELATING TO OUR GROUP'S BUSINESS AND OPERATIONS IN THE UNITED STATES

We engage in manufacturing, sales, marketing and customer service activities through Cirrus Design, a corporation headquartered in Duluth, Minnesota, but organized under the laws of the State of Wisconsin, the United States, and manufacturing activities through Dakota Aircraft Corporation, a corporation headquartered in Duluth, Minnesota, but organized under the laws of the State of North Dakota, the United States. Both Cirrus Design Corporation and Dakota Aircraft Corporation are our indirect wholly-owned subsidiaries. The following is a summary of certain U.S. federal and state laws and regulations that are material to our operations. This summary does not purport to be complete or describe applicable U.S. federal, state, or local laws in their entirety. The summary highlights material laws, rules, and regulations to illustrate the legal issues that arise in the conduct of our business, but does not explain every single law, interpretation or application. In many cases, the outcome of a legal matter will be highly fact-specific.

Environmental Laws and Regulations

Our activities in the U.S. are subject to U.S. federal, state, and municipal laws governing the release of pollutants into the water, air, and soil. These laws affect how we receive, handle, store, market, label, and sell our products, and how our customers use our products. The U.S. Environmental Protection Agency ("**EPA**") is primarily responsible for promulgating and enforcing environmental regulations. U.S. states are generally free to adopt laws that are more stringent than U.S. federal law. Most U.S. states have adopted and enforce environmental laws and regulations applicable to businesses conducting activity in their states. Environmental laws in the U.S. are strictly enforced by federal, state, and local law enforcement agencies.

The U.S. Resource Conservation and Recovery Act gives the EPA and delegated state agencies broad authority to regulate the generation, treatment, storage, transportation, and disposal of hazardous materials and hazardous waste. To the extent our products include hazardous material or hazardous materials are used in our production or fueling processes, we are subject to regulations that provide how we must handle such materials and manage the disposal of such materials, among other matters. We may be required to send waste that we generate to a permitted hazardous waste disposal facility or a recycler.

Product Liability and Consumer Protection

As a manufacturer and seller of personal aircraft, we may be liable for injuries and damages caused by our products under broad and consumer-friendly products liability laws if the products are proven to be defective. Each of the 50 states in the United States has different laws and judicial precedents that can vary significantly from one another. While circumstances and jurisdictions can differ in significant ways, the following provides a broad overview of the product liability law concepts that are generally followed in the majority of the states within the United States.

Product liability lawsuits may be brought against manufacturers by individual plaintiffs who have sustained injury, death, or property damage due to a defective product. In addition, lawsuits may be brought by groups of plaintiffs who have suffered similarly-situated claims relating to a defective product and who are certified by a court as a proper class of plaintiffs to act together to bring a class action suit in the United States. Manufacturers may also be subject to cross-claims or third-party claims for indemnity or contribution brought by other defendants in a product liability suit who may be upstream or downstream in the supply chain.

The types of product liability claims brought by plaintiffs generally fall into three broad categories: (1) design defect claims, which are based upon inherent flaws in the intended design or make-up of the product, (2) manufacturing defect claims, which are based on product flaws caused during the construction or production of the particular item that deviate from the intended design, and (3) failure to warn claims, which are based on inadequate product warnings or instructions, and whether inherent dangers could have been mitigated or avoided through adequate warnings to the user. Some states have also added an additional post-sale duty to warn of later discovered latent defects, designed to prevent future injuries involving the same product.

Plaintiffs generally assert product liability claims premised on legal theories of liability based on negligence, strict liability, or breach of an express or implied warranty. Most jurisdictions permit the submission of a case under multiple theories, so it is common to see a plaintiff plead his or her complaint under all of the aforementioned theories of liability. Regardless of the theory a plaintiff chooses to pursue, the burden is generally on the plaintiff to establish and prove (1) that the product in question was defective, (2) an injury and/or damages, and (3) a causal relationship between the defect and the injury.

Negligence is the failure of a manufacturer to do something that a manufacturer exercising reasonable care under the circumstances would have done in the same or similar circumstances. Generally, a negligence claim requires the plaintiff to demonstrate that the defendant owed a legal duty of care, the defendant breached that duty, and such breach caused the plaintiff's injury.

Strict liability is another theory of liability adopted by most states. A lawsuit based on strict liability does not depend on the fault or lack of care by the manufacturer. Rather, such a lawsuit is based solely on the presence of a defect that renders the product unreasonably dangerous and that causes injury.

A claim for breach of warranty is generally governed by contract law. The vast majority of states have adopted Article 2 of the Uniform Commercial Code ("**UCC**"), which governs the sale of goods. Under Article 2 of the UCC, there are express warranties and implied warranties. An express warranty can be created by a representation by the seller, a description of the good which is made part of the basis of the bargain, or by showing a sample or model of a product to the buyer where the buyer reasonably assumed that the whole of the goods would conform to the sample. An implied warranty, on the other hand, covers those expectations common to all products (e.g., that the product is fit for its ordinary purpose) and is presumed to have been made by the seller unless it is clearly and unambiguously disclaimed in writing as part of the sales agreement.

In all jurisdictions, numerous defenses are available to the manufacturer in a product liability lawsuit. While the defenses, like the claims themselves, are dependent upon the facts, the common defenses include: product alteration, where the plaintiff or others have altered or modified the product after manufacture; product misuse/abuse, where the plaintiff was using the product outside the recommended or normal use; comparative negligence, where the plaintiff through their own actions was negligent and contributed to the cause of their injury; and assumption of risk, where the plaintiff knew the dangers of using the product in a certain way and knowingly assumed the risk of injury.

If a product liability claim is proven, the following types of damages, among others, may be recoverable by the plaintiff depending on the particular facts and the specific jurisdiction: (1) money damages for pain and suffering; (2) money damages for lost earnings or medical expenses; (3) long-term care expenses; (4) loss of financial support; (5) loss of consortium; (6) damage to property; and (7) punitive damages in the event the plaintiff can demonstrate reckless or intentional behavior on the part of the manufacturer. Punitive damages awards can be many times higher than the amount of compensatory damages and they are not awarded to compensate an injured party but rather to punish past and deter future misconduct. In some jurisdictions, plaintiffs may also be able to recover statutory damages and attorneys' fees if a state or U.S. federal statute permits such recovery. Usually, such statutes target specific goods or industries. The sources for these regulations are either state statutes or administrative regulations that place specific requirements on certain industries. Such requirements often take the form of labeling or licensing requirements and are usually enforced by public health or state safety agencies or by state attorneys-general. Civil and/or criminal penalties may be imposed for violations of the safety-driven consumer product regulations.

Federal Aviation Administration Regulations

As a designer, manufacturer, dealer, and servicer of aircraft, as well as a training provider, we are subject to compliance with Federal Aviation Administration ("**FAA**") regulatory requirements located in Title 14 of the Code of Federal Regulations, otherwise known as the Federal Aviation Regulations ("**FARs**"), and statutory requirements under the Federal Aviation Act (Title 49, Subtitle VII, Part A of the United States Code), as amended.

Design Approval, Production Approval, and Airworthiness Approval

The production of civil aircraft in the United States generally requires three types of safety approvals from the FAA: a design approval, a production approval, and an airworthiness approval, the requirements for which are set forth in the FARs. With these three approvals, the FAA regulates the safety of the aircraft design, the production system, and each individual aircraft.

A design approval typically takes the form of a type certificate that defines the approved design of the aircraft. The type certificate includes the type design, the operating limitations, the certificate data sheet, the applicable FARs requiring compliance, and any other conditions or limitations prescribed by the FAA. Issuance of a type certificate also generally requires compliance with environmental requirements pertaining to emissions, fuel venting, and noise. A design approval may also take the form of a supplemental type certificate, which is an FAA approval to modify an aircraft or other aeronautical product from its original design.

Type certificates and supplemental type certificates enable the holder to pursue production and airworthiness approvals from the FAA. Type certificates and supplemental type certificates are freely transferable via licensing agreements. The licensee of a type certificate or supplemental type certificate may also pursue production and airworthiness approvals associated with the aircraft or other aeronautical products for which they have licensed the design approval. After producing an aircraft, the holder of a type certificate or supplemental type certificate remains responsible for continued oversight and support of its product in the form of Instructions for Continued Airworthiness.

A production approval is an FAA authorization to produce a product or article under an FAA-approved type design and in accordance with an FAA-approved quality system. Any entity that holds a type certificate or supplemental type certificate, or has rights to the benefits of a type certificate or supplemental type certificate under a licensing agreement with the design approval holder, is eligible to apply to the FAA for a production certificate. The holder of a production certificate may obtain an airworthiness certificate for aircraft produced under the production

certificate without further showing to the FAA. A production certificate holder must comply with the production certification regulatory requirements contained in Part 21 of the FARs and the procedures contained in the holder's FAA-approved quality manual.

An airworthiness certificate is issued to an individual aircraft and signifies that the produced aircraft conforms to its approved design and is in a condition for safe operation. Generally, all civil aircraft operated in the U.S. National Airspace System must have a valid airworthiness certificate. An applicant for a standard airworthiness certificate for a new aircraft manufactured under a production certificate is entitled to receive a standard airworthiness certificate for the aircraft without further showing, although the FAA may elect to inspect the aircraft to determine conformity to the type design and condition for safe operation.

Repair Stations

An FAA-certified repair station may perform maintenance, preventive maintenance, or alterations in accordance with the FARs on any article for which the repair station is rated and within the limitations of the repair station's FAA-issued operations specifications. A certificated repair station must prepare and follow a repair station manual acceptable to the FAA. It must also establish and maintain a quality control system acceptable to the FAA that ensures the airworthiness of the articles on which the repair station or any of its contractors performs maintenance, preventive maintenance, or alterations.

Flight Training

The FARs authorize multiple formats for providing flight training. Among these, one format is under the authority of an FAA-certified flight instructor, which does not require the training program curriculum to be approved by the FAA. Another format for flight training is an FAA-certified training center, which is an organization that provides certain training, testing, and checking under contract or other arrangement. A training center must be operated according to FAA-issued training specifications that prescribe the center's training, checking, and testing authorizations and limitations, and specify training program requirements.

Organization Designation Authorization

The FAA's Organization Designation Authorization ("**ODA**") program grants designee authority to organizations or companies to conduct certain functions related to engineering, manufacturing, operations, airworthiness, or maintenance that would normally be conducted by the FAA. These ODA functions must be performed in accordance with the procedures contained in the

ODA's FAA-approved procedures manual and the requirements of Part 183, Subpart D of the FARs. The FAA may terminate or temporarily suspend an ODA for any reason, including, among others, if the FAA determines that the ODA holder failed to properly perform its duties.

Dealer's Aircraft Registration Certificate

Aircraft manufacturers and dealers may apply to the FAA for a Dealer's Aircraft Registration Certificate ("**DARC**"), which allows manufacturers and dealers to operate, demonstrate, and merchandise aircraft to prospective customers without the need to obtain an individual Certificate of Aircraft Registration for each aircraft produced or sold.

Airworthiness Directives

FAA airworthiness directives are legally enforceable rules that apply to aircraft, aircraft engines, propellers, and appliances. The FAA issues an airworthiness directive addressing a product when the FAA finds that an unsafe condition exists in the product and the condition is likely to exist or develop in other products of the same type design. Airworthiness directives specify inspections that must be carried out, conditions and limitations that must be complied with, and any actions that must be taken to resolve an unsafe condition. In some cases, an airworthiness directive incorporates by reference a manufacturer's service document. In these cases, the service document becomes part of the airworthiness directive.

Oversight and Enforcement

The FAA has authority to investigate possible violations of the FARs, and may reinspect at any time any civil aircraft, aircraft engine, propeller, appliance, design organization, production certificate holder, repair station, or training center. Among the FAA's enforcement authorities, the FAA has authority, where warranted, to issue orders amending, modifying, suspending, or revoking any part of a certificate issued under its authority; suspend or revoke a certificate of registration when an aircraft no longer meets registration requirements; suspend or revoke a DARC; impose civil penalties for violations of FAA requirements; and issue immediately effective orders in response to air safety emergencies.

Civil Aviation Accident Investigations

The National Transportation Safety Board ("**NTSB**") investigates and determines the probable cause of transportation accidents, and issues safety recommendations aimed at preventing future accidents. The NTSB is responsible for investigating each civil aviation accident that occurs in the United States, as well as accidents involving U.S.-registered civil aircraft that occur in international waters. NTSB investigations are fact-finding proceedings with no adverse parties, and

are not conducted for the purpose of determining the rights, liabilities, or blame of any person or entity. Once the final accident investigation report has been adopted, the final copy of the report will be prepared for public release. NTSB safety recommendations can be directed to regulatory agencies, manufacturers, state and local jurisdictions, companies, and other organizations involved in the specific transportation area.

Labor and Employment Laws

The employment of individuals in the United States is governed by federal, state and sometimes local laws. Labor and employment laws can generally be categorized under the headings of (i) equal employment opportunity (including anti-harassment and other forms of discrimination), (ii) wage and hour (including worker classification), (iii) medical/disability (including workers' compensation), (iv) union rights, and (v) workplace safety. Typically, national laws set the minimum legal standard for employee rights, and state and local laws, if adopted, enhance those rights. Most employees in the United States are hired "at-will," meaning that their employment can generally be terminated at any time, with or without notice, cause, or government-mandated severance pay. However, individual employment agreements between an employee and employer may vary this status, and even an at-will employee may not be terminated for an illegal reason (such as discrimination), nor may an employee be terminated or otherwise retaliated against for engaging in protected activity under the law. In addition, employers are required to maintain workplaces that are free of harassment based on protected characteristics such as sex, race, etc. Different jurisdictions (federal, state, and local) protect varying characteristics under their equal employment opportunity laws. Employers must also generally provide employees with overtime premium pay when they work over 40 hours a week, unless employees fall under specific exemptions under federal or state law; some states also provide for greater wage-and-hour protections.

Employees who believe they have suffered discrimination, harassment, or other alleged wrongs may pursue claims against us through state and U.S. federal governmental agencies and the courts. If we are found to violate applicable labor and employment laws, we may have to compensate affected employees and may face fines and penalties (monetary and otherwise), including attorneys' fees and costs.

Laws and Regulations concerning International Trade

The summary below addresses key U.S. legal and regulatory issues associated with international trade, and sanctions programs adopted by the United Nations, the European Union, and the United Kingdom. Our cross-border operations include the exportation of goods from the United States. As a result, our business requires compliance with export controls, U.S. economic and other sanctions programs, and anti-bribery laws and regulations.

U.S. Export Controls

The U.S. primarily regulates the export of items including goods, technology or technical data, software, and some services through two sets of regulations.[2] The International Traffic in Arms Regulations ("**ITAR**") implements section 48 of the Arms Export Control Act of 1976. The ITAR is administered and enforced by the U.S. State Department and regulates the export and temporary import of defense articles. A separate set of export controls that regulate almost all other exports from the U.S. is administered by the U.S. Department of Commerce under the Export Administration Regulations ("**EAR**"), which implements the Export Control Reform Act of 2018. Other agencies may impose requirements on exports above and beyond those of the ITAR and EAR, such as the Drug Enforcement Agency or the Nuclear Regulatory Commission.

Both the ITAR and EAR primarily regulate exports, reexports, certain transfers and retransfers and, in the case of ITAR, temporary imports. Although these terms all carry their own definitions, an "export" can be broadly understood to be the movement of an item, software, or technology outside of the U.S.

Exports subject to control under the ITAR and EAR can be made by the physical transfer of goods, or by visual, oral, or electronic transmission. Transfers of certain data or technology that take place within the borders of the United States can still be subject to export control laws if the transfer is to a non-U.S. person.

Generally, compliance with U.S. export controls requires an exporter to understand the export control jurisdiction and classification of the item (including software, technology, technical data, or service) it intends to export, the destination of the export, the end use of the items, the end user of the items. By understanding these aspects of the intended export, the exporter can determine whether the export requires government authorization or is permitted at all.

We entered into transactions during the Track Record Period with AG Zhejiang to develop a light-weight general aviation training aircraft and with AG Huanan for sales of aircraft kits and program services to be reassembled and resold to civil end users. AG Zhejiang and AG Huanan were designated by the BIS on the Military End-User List on December 23, 2020 and are restricted from receiving items subject to the EAR and listed in supplement no. 2 to part 744 of the EAR without a license. See "Business — International Sanctions Relevant to Certain Business Activities and Affiliates — Business Activities with AG Huanan and AG Zhejiang" for details.

[2] This overview covers the ITAR and EAR at a high level, but there are other agencies and regulations that can and do regulate certain exports such as the Department of Energy. Any export activity should be reviewed on a case-by-case basis to determine what legal requirements exist.

With respect to defense articles, manufacturers, exporters, or brokers of defense articles that are controlled under the ITAR, are subject to an additional registration requirement with the U.S. Department of State and annual renewals. Such manufacturers, exporters or brokers are required to register with the U.S. Department of State Directorate of Defense Trade Controls ("**DDTC**") and keep the registration current. When certain changes occur within the registered company, such as a change of control, a merger or acquisition, or a change in executive leadership, those changes must be reported to DDTC and the company's ITAR registration must be updated. At a minimum, ITAR registration must be renewed annually. The Group's business does not involve any defense articles or any other ITAR-related activities, and we have implemented an export management compliance policy which prohibits us and any of our employees from being involved with ITAR controlled products and technologies, and details when exceptions might be applicable and how to be handled if they should arise in the future.

To determine one's obligations under these regulations, one must know the ultimate end use and user of the item it will export. The EAR specifically prohibits exports of anything subject to the jurisdiction of the EAR[3] for certain prohibited end uses such as use in the development or production of weapons of mass destruction among other end uses. In addition to these broadly prohibited end uses, the EAR defines specific end use restrictions on certain types of items to certain destinations. For example, recent amendments have expanded the restrictions on exports for military end use or to military end users in Belarus, Myanmar (Burma), Cambodia, China, Russia, and Venezuela. The diligence necessary to determine whether a party is a military end user is a combination of confirming against BIS Lists and independent research and knowledge of the party. This is a developing set of controls and an enforcement focus, particularly with respect to Russian military end users and export for military end use in support of Russia.

Penalties for individuals and companies for non-compliance with U.S. export control laws can be both civil and criminal. Civil penalties can include substantial monetary fines, loss of export privileges, and government contract debarment. For knowing and willful violations, the government can enforce criminal penalties that include large fines and imprisonment.

[3] There are several ways an item (including software or technology) can be subject to the EAR and some of those extend to items manufactured outside of the U.S. As noted above, a careful analysis and understanding of the export control jurisdiction and classification of an item is crucial to understanding one's regulatory obligations.

Economic Sanctions

U.S.

OFAC is the primary agency responsible for administering U.S. sanctions programs against targeted countries, entities, and individuals. "Primary" U.S. sanctions apply to "U.S. persons" or activities involving a U.S. nexus (e.g., funds transfers in U.S. currency even if performed by non-U.S. persons), and "secondary" U.S. sanctions apply extraterritorially to the activities of non-U.S. persons even when the transaction has no U.S. nexus. Generally, U.S. persons are defined as entities organized under U.S. law (such as companies and their U.S. subsidiaries); any U.S. entity's domestic and foreign branches (sanctions against Iran and Cuba also apply to U.S. companies' foreign subsidiaries or other non-U.S. entities owned or controlled by U.S. persons); U.S. citizens or permanent resident aliens ("green card" holders), regardless of their location in the world; individuals physically present in the United States; and U.S. branches or U.S. subsidiaries of non-U.S. companies. Depending on the sanctions program and/or parties involved, U.S. law also may require a U.S. company or a U.S. person to "block" (freeze) any assets/property interests owned, controlled or held for the benefit of a sanctioned country, entity, or individual when such assets/property interests are in the United States or within the possession or control of a U.S. person. Upon such blocking, no transaction may be undertaken or effected with respect to the asset/property interest; and no payments, benefits, provision of services or other dealings or other type of performance (in case of contracts/agreements), except pursuant to an authorization or license from OFAC.

OFAC's comprehensive sanctions programs currently apply to Cuba, Iran, North Korea, Syria, and the Crimea region of Ukraine as well as the self-proclaimed Luhansk People's Republic and Donetsk People's Republic regions. OFAC also prohibits virtually all business dealings with persons and entities identified in the Specially Designated Nationals and Blocked Persons List (the "SDN List") . Entities that a party on the SDN List owns (defined as a direct or indirect ownership interest of 50% or more, individually or in the aggregate) are also blocked, regardless of whether that entity is expressly named on the SDN List. Additionally, U.S. persons, wherever located, are prohibited from approving, financing, facilitating, or guaranteeing any transaction by a non-U.S. person where the transaction by that non-U.S. person would be prohibited if performed by a U.S. person or within the United States.

In addition to the comprehensive sanctions programs, the U.S. maintains "list-based" sanctions programs against targeted regimes, entities and individuals that have been found to have taken actions contrary to the foreign policy or national security interests of the United States.

Specifically, Executive Order 14032 restricts the ability of U.S. persons to invest in specified companies involved in the defense (or related materiel) and surveillance technology sectors of the Chinese economy which have been designated as a Chinese Military-Industrial Complex company ("**CMIC**") to the Non-SDN Chinese Military-Industrial Complex Companies List (the "**NS-CMIC List**"). From the effective date for the designation of a CMIC, U.S. persons are prohibited 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 any person listed as a CMIC, unless authorized or licensed by the relevant U.S. authority. A CMIC designation and associated restrictions only apply to the entity designated and specifically named on the NS-CMIC List, and do not restrict U.S. persons from purchasing or selling the publicly traded securities of any affiliate of such named legal entity which is not identified on the NS-CMIC List, so long as such affiliate's publicly traded securities are neither derivative of nor designed to provide investment exposure to the publicly traded securities of the named CMIC.

United Nations

The United Nations Security Council (the "**UNSC**") can take action to maintain or restore international peace and security under Chapter VII of the United Nations Charter. Sanctions measures encompass a broad range of enforcement options that do not involve the use of armed force. Since 1966, the UNSC has established 30 sanctions regimes.

There are 14 ongoing sanctions regimes which focus on supporting political settlement of conflicts, nuclear non-proliferation, and counter-terrorism. Each regime is administered by a sanctions committee chaired by a non-permanent member of the UNSC. There are ten monitoring groups, teams and panels that support the work of the sanctions committees.

European Union, United Kingdom and United Kingdom oversea territories

Under European Union sanction measures, there is no 'blanket' ban on doing business in or with a jurisdiction targeted by sanctions measures. It is not generally prohibited or otherwise restricted for a person or entity to do business (involving non-controlled or unrestricted items) with a counterparty in a country subject to European Union sanctions where that counterparty is not a Sanctioned Person and not engaged in prohibited activities, such as exporting, selling, transferring or making certain controlled or restricted products available (either directly or indirectly) to, or for use in a jurisdiction subject to sanctions measures, provided that no funds and economic resources are made available to the Sanctioned Persons. As of January 1, 2021, sanctions applicable in the UK stem from sanctions adopted by the United Nations or autonomous sanctions regimes adopted by the UK. UK sanctions are in force under the Sanctions and Anti-Money Laundering Act 2018, the Act is implemented through regulations setting out the specific measures

under each UK sanctions regime. UK sanctions measures have also been extended by the UK on a regime by regime basis to apply to and in the UK Overseas Territories (without requiring enactment of any further legislation by them), including the Cayman Islands as of January 1, 2021.

The Foreign Corrupt Practices Act and Other Anti-Bribery Laws

The U.S. federal Foreign Corrupt Practices Act ("**FCPA**") includes two key elements:

- *Anti-bribery provisions*. A person may not give or offer money, gifts, or anything of value to a foreign government official to obtain or retain business.

- *Accounting requirements*. Companies must maintain accurate books and records and adequate internal accounting controls to avoid disguising corrupt payments. The U.S. Department of Justice and Securities and Exchange Commission enforce the FCPA. This Note focuses on the FCPA's anti-bribery provisions.

The FCPA applies to two broad categories of persons: those with formal ties to the US and those who take action in furtherance of a violation while in the U.S. Recently, foreign companies in both categories have been the focus of an increasing number of enforcement actions.

In addition to the FCPA, U.S. state criminal laws generally prohibit bribery of government officials and private commercial actors.

Laws and Regulations concerning Foreign Investment in the United States

The CFIUS is a nine-member U.S. interagency committee that is chaired by the Secretary of the U.S. Department of the Treasury and is authorized to conduct a national security review of certain direct and indirect foreign investments in the United States and certain U.S. real estate transactions involving foreign persons. CFIUS operates pursuant to section 721 of the Defense Production Act of 1950, as amended (codified at 50 U.S.C. § 4565), and regulations at 31 C.F.R. Parts 800-802.

CFIUS has jurisdiction over "covered transactions," which include: (a) any transaction in which a foreign person could gain control of a U.S. business (a "**Covered Control Transaction**"); (b) certain transactions in which a foreign person acquires (i) a non-controlling interest in certain U.S. businesses involved with critical technologies, critical infrastructure, or sensitive personal data of U.S. citizens and (ii) certain investor rights in such U.S. businesses (a "Covered Investment"); (c) any transaction that results in a change in the investor rights of an existing foreign investor in a U.S. business, if the change could result in a Covered Control Transaction or

a Covered Investment; and (d) purchases or leases by, or concessions to, a foreign person of certain U.S. real estate that is in close proximity to certain U.S. ports or sensitive U.S. military installations.

"Covered transactions" that satisfy certain criteria trigger a legal obligation for the parties to submit a filing to CFIUS, and parties to "covered transactions" also may voluntarily submit a filing to CFIUS. Separately, CFIUS may self-initiate a review of any transaction that it believes might be a "covered transaction" and might raise national security concerns. CFIUS may clear a "covered transaction" without imposing any conditions on the parties to the transaction, or if CFIUS finds that the transaction presents national security risks, it may impose conditions on the parties as a condition of its clearance. Finally, under certain conditions, the President of the United States may suspend or prohibit a "covered transaction" if it "threatens to impair the national security of the United States."

See "History, Reorganization and Corporate Structure — Our Corporate Development — Our Principal Subsidiaries — Cirrus Industries and Legacy Cirrus Industries" for the clearance from CFIUS that we obtained with respect to the 2011 Merger.

Tax Law

Federal Government

The U.S. federal government levies a variety of taxes on U.S. businesses, non-U.S. businesses engaging in certain activities in the United States, and business owners and their employees. Our business activities in the U.S. require us to pay U.S. federal income tax, taxes on the sale of certain assets, income tax on dividends, distributions, and interest, sales and other transfer taxes, employee payroll taxes, withholding obligations, and other taxes.

Federal and state tax laws are subject to change, which in some instances can apply to us retroactively. Changes to federal and state taxation adopted into law after the date of this Prospectus could be material to our business.

State and Local Governments

In addition to the federal government, the 50 U.S. states and their political subdivisions play an important role in taxing and regulating business activity within their respective jurisdictions. For example, our business activities within a U.S. state may be subject to the state's business and personal income tax, payroll tax, sales tax, real and personal property tax, franchise tax, withholding obligations, and other taxes. In addition, some local governments, such as counties and cities, may impose their own similar taxes.

Registration and Regulation

There is no such thing as a "U.S. corporation." Instead, corporations in the United States are registered and organized in one of the 50 states. In addition to its legal formation in a particular state, a corporation that does business in more than one state may need to qualify or register to do business in other states if the corporation's activities establish "minimum contacts" for tax purposes in those states.

Individual state laws apply to business transactions occurring in each state, unless such laws conflict with, or are superseded by, U.S. federal law, which takes precedence over state and local law. For this reason, U.S. businesses frequently must comply with separate federal, state and local regulations.

Intellectual Property Law

The United States has both federal and state laws that govern intellectual property rights ("**IPRs**"). Some IPRs are governed exclusively by federal law, while others are governed by both federal and state laws.

Intellectual Property Rights Governed by Federal Law

The IPRs that are the exclusive domain of federal law are copyrights and patents.

Copyrights. A U.S. copyright is a set of exclusive rights owned by the creator of an original work that is fixed in tangible form. A copyright (i) covers expressions, not ideas; (ii) cannot be purely functional; and (iii) must be an original work. U.S. copyright law is governed by the Copyright Act of 1976, codified at 17 U.S.C. 101 et seq.

Patents. A U.S. patent is a government grant providing the patent owner with the right to exclude others from manufacturing, using, offering to sell, selling, or importing a claimed invention within the United States for a limited timeframe. A patent is obtained by filing an application with the U.S. Patent and Trademark Office ("**USPTO**") that satisfies the requirements of the Patent Act (codified at 35 U.S.C. § 1 et seq). Primarily, those requirements are that (i) the invention is novel, nonobvious and not subject to a statutory bar, (ii) the invention is useful and (iii) the inventor satisfies the Patent Act's disclosure requirements. The USPTO is an agency within the U.S. Department of Commerce that examines and grants U.S. patents.

A patent owner may bring a patent infringement claim against an alleged infringer in a U.S. Federal District Court or, if the case includes the importation of allegedly infringing products, before the U.S. International Trade Commission. In the event that a patent is found to be

enforceable and infringed, a patent owner may be entitled to remedies against an infringing party including preliminary and permanent injunctions, direct damages (including lost profits and/or royalties), and, in exceptional cases, treble damages and attorneys' fees.

Intellectual Property Rights Governed by both Federal and State Law

Trademarks and service marks. A "mark" is the use of one or more words, symbols, logos or other indicia to identify the mark owner's goods and/or services and distinguish them from others. A trademark is a mark used for goods; a service mark is a mark used in connection with providing services. U.S. trademarks and service marks must satisfy a number of legal requirements, including that it: (i) not be likely to cause confusion with a prior mark of another, (ii) not be generic, and (iii) not be merely descriptive of the goods or services in connection with which it is used. U.S. federal trademark law is governed by the Lanham Act, codified at 15 U.S.C. § 1051 et seq. The USPTO is responsible for examining trademark and service mark applications and either granting or rejecting applications to register marks. Marks that are approved for registration on the Principal Trademark Register by the USPTO are published for opposition. Once granted, a trademark or service mark provides its owner with presumptions of ownership and an exclusive right to use the mark in connection with the goods and services covered therein.

State law is an alternative basis for trademark and service mark rights, either under specific state laws or under common law. States generally provide common law rights in trademarks and service marks upon their first use in commerce, without requiring registration. Some states have registries for trademarks and service marks. The rights inherent in such marks are limited to the state where they are used.

The owner of a trademark generally has a cause of action for trademark infringement and/or unfair competition against a defendant who uses a mark that is likely to cause confusion, or to cause mistake, or to deceive in the relevant marketplace about the source of goods or services, or as to the affiliation, connection or association of such defendant and the owner. A plaintiff may be entitled to preliminary and permanent injunctions (including destruction of infringing articles), actual monetary damages, accounting of the defendant's profits, and in some cases, attorneys' fees.

Trade secrets. A trade secret is information that (i) has independent economic value from being generally unknown by the public and (ii) is the subject of reasonable efforts under the circumstances to maintain its secrecy. It is a form of intellectual property that refers to confidential, proprietary information used by a company that provides a competitive advantage. This can include a wide range of valuable business-related information, such as formulas, processes, techniques, designs, customer lists, marketing strategies, or other non-public information. Trade secrets are governed by both federal and state law. The Defend Trade Secrets Act, codified at 18 U.S.C. § 1836, et seq. ("**DTSA**"), is the federal trade secret law. Enacted

recently in 2016, the DTSA applies only to trade secrets used in interstate or foreign commerce. The DTSA provides specific remedies for trade secret misappropriation, including ex parte seizure in specific and generally rare instances. The DTSA is similar to the Uniform Trade Secret Act ("**UTSA**"), a model set of laws enacted by almost all fifty states within the U.S. A trade secret owner may often have a choice in enforcing its trade secret rights under the DTSA or a relevant state's version of the UTSA.

Trade secrets are protected by various international agreements and national laws. The most prominent international agreement is the Agreement on Trade-Related Aspects of Intellectual Property Rights ("**TRIPS**"), administered by the World Trade Organization ("**WTO**"). TRIPS establishes minimum standards for the availability, scope, and use of seven forms of intellectual property: copyrights, trademarks, geographical indications, industrial designs, patents, layout designs for integrated circuits, and undisclosed information (trade secrets). Another relevant international agreement is the Paris Convention, which is administered by the World Intellectual Property Organization ("**WIPO**"). Among other things, the Paris Convention provides protection against unfair competition. Additionally, individual countries have their own laws and regulations regarding trade secrets. These laws typically define what constitutes a trade secret, the conditions for protection, and the remedies available in case of misappropriation. Some jurisdictions also offer specific protections for trade secrets through specialized legislation, such as the Defend Trade Secrets Act in the United States. These agreements and national laws aim to provide creators and inventors with protection for their intellectual property rights, ensuring they can benefit financially from their innovations.

See "Business — Intellectual Property" for details of our intellectual property rights.

Antitrust Laws

Generally, a manufacturer or supplier may have liability under U.S. federal antitrust laws, primarily the Sherman Antitrust Act of 1890, as amended ("**Sherman Act**") and the Federal Trade Commission Act of 1914, as amended ("**FTC Act**") and regulations thereunder. The Sherman Act prohibits agreements that unreasonably restrain trade, as well as monopolization, attempted monopolization, and conspiracies to monopolize. Although a monopoly is not inherently illegal under U.S. federal antitrust laws and regulations, use of a monopoly to prevent competitors from entering or effectively participating in the market may violate antitrust laws. The FTC Act gives the U.S. Federal Trade Commission authority to bring claims against unfair competition.

Successful antitrust claims may carry significant penalties (in addition to litigation and defense costs), including without limitation treble damages and/or an injunction prohibiting the defendant from conducting business in a particular manner. Criminal sanctions may include monetary penalties, and individuals convicted of antitrust violations may be sentenced to serve up to ten years in prison in addition to a monetary penalty.

U.S.-Based Data Privacy Regulations

We are subject to federal and individual U.S. state laws and regulations that dictate whether, how, and under what circumstances we can collect, transfer, process, and/or retain certain data that is critical to our operations, as well as when we must notify individuals and governmental authorities if there is a breach of this data. Several federal laws are in place that regulate various types of data, including the Health Insurance Portability and Accountability Act of 1996, which governs the collection and use of certain health information (for example, with respect to our U.S. employees). There are also numerous state laws that are not uniformly adopted by other states, and new laws are being added more frequently than ever before. For example, California, Nevada and Virginia all have differing requirements when collecting personal information about consumers residing in these states, including website disclosures that must be made by the collector.

There have been a number of recent legislative proposals in the United States, at both the federal and state level, that could impose new obligations in areas related to consumer privacy. Various U.S. government agencies, including the Federal Trade Commission, have advocated for greater regulation of data privacy with respect to consumer information, including information collected over the internet, but uniform legislation has not yet been proposed.

Currently, the most comprehensive state data protection law in the United States is the California Consumer Privacy Act, as amended by the California Privacy Rights Act, ("**CCPA**"), which generally regulates the collection, use, and disclosure of personal information of consumers in California (the most populous U.S. state). The California Attorney General enforces the CCPA and may seek civil penalties of up to US$7,500 per intentional violation. The law also allows consumers, under certain circumstances, to bring suits in the event of a data breach. Businesses within the scope of the CCPA are subject to several requirements regarding disclosures, mandatory consumer rights, and contractual provision with vendors. In addition to the CCPA, nine other states have passed comprehensive state privacy legislation.