Overview

We are a pioneer and a global market leader in the personal aviation industry, according to Frost & Sullivan. We design, develop, manufacture, and sell premium aircraft recognized across the industry, which incorporate innovations in safety, technology, connectivity, performance, and comfort. Our two aircraft product lines, the SR2X Series and the Vision Jet, have successfully set the industry standard for owner-piloted aircraft and are currently certified and validated in more than 60 countries. The SR2X Series aircraft has been the best-selling single-engine piston model for the last 22 consecutive years, according to GAMA. First delivered in 2016, our Vision Jet is designed for owners to fly at jet speed without requiring support from a full-time pilot or flight department and has been the best-selling business jet for the last six consecutive years, according to GAMA and Frost & Sullivan. We aim to cultivate a distinctive "The Cirrus Life" experience for our customers to make owning and operating an aircraft more convenient to access and productive for everyone through our products and the wide-ranging services associated with them, which includes maintenance, upgrades, training, and Cirrus-branded social events.

Our Aircraft and Their Key Features

Since our inception in 1984 in Wisconsin, United States, we have relentlessly developed and upgraded our products to deliver a comfortable, convenient, and premium aviation experience that is the "pinnacle of innovation, quality, and safety." As of the Latest Practicable Date, we have delivered over 9,700 SR2X Series aircraft and over 500 Vision Jet aircraft since inception.

As part of our wide-ranging product offering strategy, our SR2X Series consists of an entry level aircraft, the SR20, as well as the SR22 and SR22T, both of which offer increasing levels of performance and capabilities addressing different customer needs and preferences for a single-engine piston aircraft. SR2X Series aircraft can typically carry up to four adults and one child. The Vision Jet targets a different and more premium segment of the personal aviation market and offers significantly enhanced performance, capabilities and specifications at a higher price point. The Vision Jet can typically carry up to five adults and two children.

				
Model	SR20	SR22	SR22T	Vision Jet
Engine	Piston	Piston	Piston	Jet
Max Cruise Speed (KTAS)	155	183	213	311
Max Operating Altitude (ft)	17,500	17,500	25,000	31,000
Max Range (55% Power) (nm)	709	1,169	1,021	1,275
Useful Load (lbs)	1,028	1,328	1,246	2,450
Max Takeoff Weight (lbs)	3,050	3,600	3,600	6,000
Takeoff (ft)	1,685	1,082	1,517	2,036
Max Passengers	5	5	5	7
Price Range as of the Latest Practicable Date[(1)(2)]	US$626,900–US$922,000	US$838,900–US$1,295,900	US$963,900–US$1,493,800	US$3,240,000–US$3,634,700
First Delivery	July 1999	February 2001	June 2010	December 2016
Total Deliveries as of the Latest Practicable Date	1,862	4,527	3,349[(3)]	548
Approximate Product Life Cycle[(4)]	<——— 12,000 flight hours ——— >			24,000 flight hours

Notes:

(1) Performance figures and prices reflect aircraft delivered in 2024.

(2) The price range shown above represents the difference between the base price of the aircraft and a fully customized version of the same aircraft.

(3) SR22T's predecessor was the SR22TN. The SR22T in its current configuration was first delivered in 2010. Total deliveries of the SR22T include deliveries of the SR22TN.

(4) Represents the certified service life, the service life limit documented in the airworthiness certificate.

The hallmarks of our innovation process are rooted in our design philosophy. This design philosophy is customer-centric and focuses on enhancing the aviation experience by surrounding the operators and occupants with safety, advanced technology and architecture, and connectivity, as well as ease of use, comfort and personalization, and performance. The resulting design features are tightly integrated to deliver a convenient product experience.

Safety. Continuous improvement of safety has been our core priority since the founding of our Company. Our co-founder, Alan Klapmeier, experienced a mid-air collision in the 1980s and since that time, along with his bother Dale, advanced a passion for bringing both active and passive safety systems to personal aviation. We seek to address each primary causal factor for incidents and accidents with various innovative features and systems. We are well-known for equipping each aircraft with a patented CAPS, which has saved over 250 people since its introduction in 1999. Our recent and future Vision Jet aircraft are and will be equipped with Safe Return, an emergency auto-landing system which allows a passenger in the cabin to land the aircraft safely with the single touch of a button in the event of a pilot's incapacitation.

Our safety innovation extends beyond to numerous active and passive mitigations for different situations, including loss of control, mid-air collision, pilot incapacitation, loss of engine power, flight into terrain, adverse weather conditions, and runway incursion. Our commitment to safety in addition to our award-winning training and learning systems, Cirrus Approach and Cirrus Embark, and our engaged community of owners and operators, has allowed us to achieve general aviation's safest accident records in the United States. Our total accident rate per 100,000 flight hours is three times lower than the general aviation industry average, according to Frost & Sullivan.

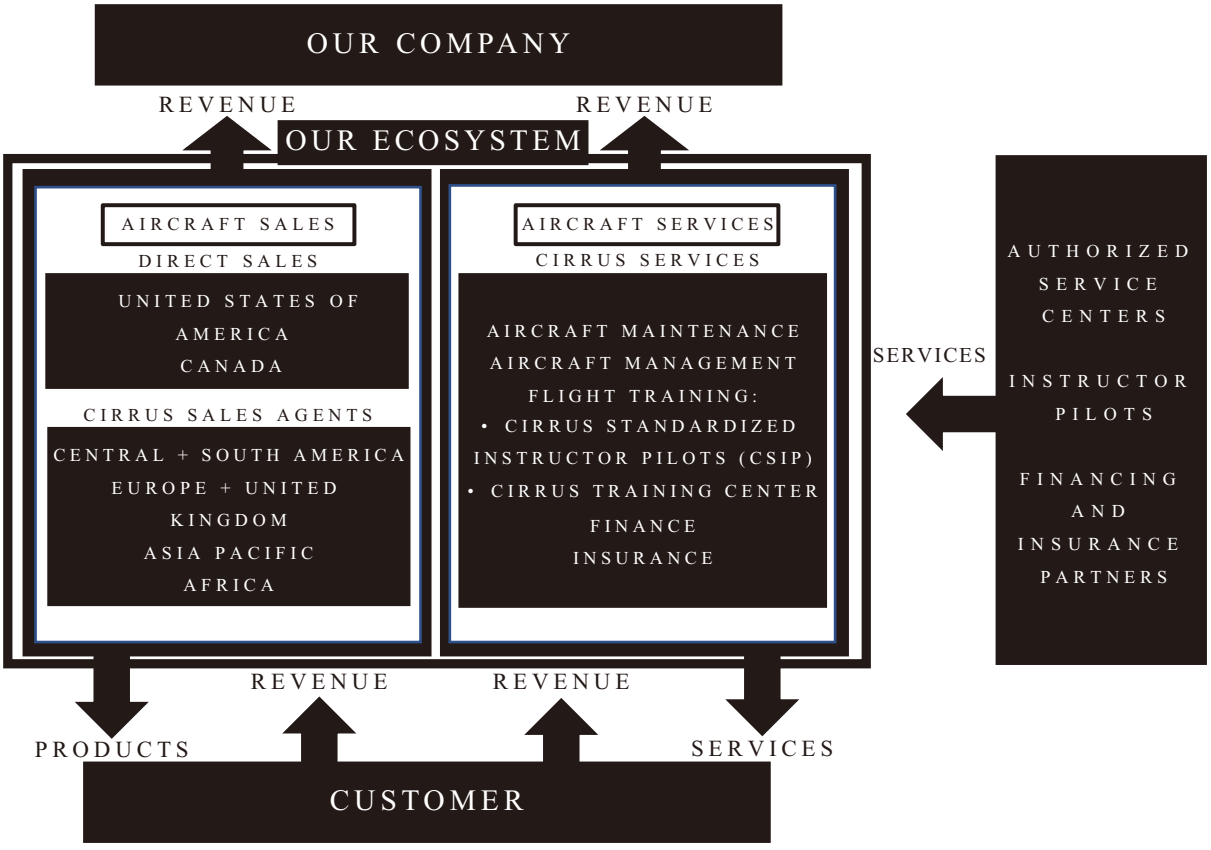
Advanced Technology & Architecture and Connectivity. We are a recognized industry leader in aircraft innovation. We not only leverage advanced technologies and systems architecture, but also have proven capabilities for seamless and smart integration of technologies into our aircraft. Many of these technologies are linked to safety systems as described above, but more importantly we bring these technologies and other features together to deliver what we view as exceptional reliability and performance.

The introduction of technology supporting a connected environment has opened new opportunities for improved safety, reliability, and ease of ownership. Our patented Cirrus IQ system allows owners and operators to remotely wake their aircraft to monitor systems status such as fuel quantity and battery condition, and also connects the customer and the aircraft to us for data diagnostics to improve reliability and the overall experience. We intend to continue enhancing our aircraft with more advanced connected aircraft technologies supporting in-flight data communications and services. We expect connected capability in addition to an intelligent aircraft architecture and continued automation to eventually support significantly simplified vehicle operations with the potential to dramatically reduce traditional barriers to the easy access and consumption of personal aviation. Increased automation will progressively reduce training requirements and further increase safety.

Ease of Use, Comfort, and Performance. The pilot-vehicle-interface and passenger-interface are also a primary design focus for us. Whether piloting the aircraft or experiencing the cabin as a passenger, the intuitive ease of use, comfort, and ergonomic design of the aircraft space shape the experience. During the design and development process, we thoughtfully consider each element of human interaction — from how the side-yoke in the SR2X Series and side-stick in the Vision Jet and door handles feel in the hand, to simplification of the systems interfaces, to the operational ergonomics. Examples in the SR2X Series include the elimination of the propeller control handle, the position of the flight management system interface, and a mixture leaning indicator making fuel-air mixture adjustments easy. The Vision Jet was also designed with ease of use in mind and equipped with the custom developed touch-screen flight management system displays, automatic pressurization control system, and the vertical navigation system integrated with an advanced auto-throttle system for easy climbs, descents, and routing speed control. From a performance perspective, we continue to improve the capabilities of each of our product lines including engine power improvements, gross weight increases, and processing power in our flight decks. These features and benefits not only make our products easy to fly and interact with, but they are also integral to the safety system.

Our Commercialization Model Enabled by our Connected Ecosystem

Our commercialization model is enabled by our connected ecosystem, which encompasses maintenance services, upgrades, training services, and Cirrus-branded social events. Through our products, innovative products and design team, and wide-ranging services provided through our ecosystem, we seek to cultivate a distinctive "The Cirrus Life" experience for our customers.



Direct-to-Customer Commercialization and Sales Model. Since inception, we have focused on a "close-to-customer" model as an enterprise priority. Under this model, we are able to quickly respond to customer needs and ensure a close connection between our prospective and existing owners and operators in each aspect of the aircraft sales process, including dedicated sales person, product demonstration, contracting, finance, insurance, delivery, and resale, making Cirrus aircraft ownership convenient and efficient.

We have also established a sales presence in more than 36 countries around the world through our sales agents and our CSAs, enabling us to reach customers on a global scale. Our sales network consists of our in-house sales team based in the United States, Canada, United Kingdom and France. We require all of our sales team to be experienced pilots qualified to provide flight demonstrations directly to customers.

Wide-ranging Consumer Support Capabilities Through Cirrus Services. We have developed a wide-ranging global post-sale ownership and support ecosystem that makes owning and operating our aircraft as convenient to access as owning and operating a car. Through our dedicated business unit "Cirrus Services" and adjacent products and solutions, we provide service and support, maintenance, parts fulfillment, flight training, pilot services and aircraft management services that collectively enable easy aircraft ownership. As of the Latest Practicable Date, our global customer base owned in excess of 10,000 of our aircraft and continues to grow.

Our Vision Center in Knoxville, Tennessee provides the flagship customer experience, including aircraft delivery, personalization consultations, flight training, maintenance and parts fulfillment, and complete aircraft management services. The wide-ranging customer support capabilities are further enhanced by convenient maintenance and repair services provided through our own four factory service centers in Minnesota, Tennessee, Florida, and Texas and a global partner network of 242 authorized service centers located in 33 countries, as of December 31, 2023.

We also provide a wide range of personalized flight training programs to our existing and new customers. The SR2X Series requires a private pilot's license to operate, and the Vision Jet requires both a private pilot's license and a Type Rating. These flight training certifications, along with many other certifications, are offered through our Cirrus Services global training network. We have factory training facilities in Tennessee, Arizona, Texas and Florida, as well as more than 100 authorized training facilities throughout the world.

Our Cirrus Services full customer support capability and network, together with additional ancillary services such as our Cirrus Finance™ and Cirrus Insurance™ programs, form an aircraft ownership ecosystem. This ecosystem is fully connected via digital and online systems and applications, such as Cirrus IQ, as well as authorized brand assets, tools and identification to provide wide-ranging, multi-faceted ownership and operating solutions for Cirrus owners and operators.

Our Production and Supply Chain Capability

Our manufacturing philosophy centers on product quality, continuous improvement, flexibility, and high operating efficiency. We operate two primary Cirrus-owned manufacturing sites, including a high volume composite parts manufacturing facility in Grand Forks, North Dakota and a final aircraft assembly and production flight test campus located in Duluth, Minnesota. The Grand Forks, North Dakota operation produces composite parts using a variety of advanced materials including carbon composites. We leverage the right materials and process for the application — fiberglass composites for the SR2X Series and high-strength, light-weight oven and autoclave cured carbon composites for the Vision Jet. Our composite structures manufacturing capabilities are a core strength and competitive advantage given the required investments and lengthy process for know-how development in the design, manufacturing, and non-destructive inspection processes. Further, we also maintain our competitive advantage through our tooling processes and capability. We both produce our own composite molds in-house and leverage several strategic partners for large parts and complex bonding operations.

We have designed our manufacturing and assembly capabilities to be seamlessly connected and provide efficient development cycles. For example, we purchased a supplier facility that specializes in metal fabrication to add to our Duluth, Minnesota campus to further vertically integrate key components for our aircraft. In addition, we further increased vertical integration of our manufacturing processes with another facility in our Duluth, Minnesota campus that makes sub-components/sub-assemblies that we sequence into the line for final assembly, such as flight controls. Additionally, integration of our production process gives us the flexibility to quickly implement incremental design modifications to enhance aircraft performance and simplify the manufacturing process.

To optimize production efficiency and facilitate integration across system applications, we have introduced the proprietary Cirrus Operating System to establish and standardize operational methods, integrate our business processes, and promote the flexibility to produce the parts and finished products of multiple models simultaneously on the same production line in the future. The continuous investments we have made in our FAA-certified manufacturing processes would be difficult for potential competitors to replicate, providing us with a significant moat and competitive advantage.

We view the supply chain as a strategically critical area. Due to the limited volumes, high switching costs, and challenges in developing multiple supplier relationships, we depend on relationship development, market analysis, and long-term agreements to maintain a healthy supply base. We also engage with key suppliers on strategic product development to advance critical technologies and continuous improvement in reliability and quality. We are executing on a strategic sourcing plan that segments areas that are commodities for consistent market competition, segments to partner with such as Garmin, and segments to vertically integrate. We compliment this strategy with inventory control methods such as vendor managed inventory and just-in-time delivery of goods and materials.

Our Financial Performance

By leveraging our market leadership and continuous product innovation, we have achieved a strong financial track record. For the years ended December 31, 2021, 2022 and 2023, we recorded revenue of US$738.1 million, US$894.1 million and US$1,067.7 million, respectively, representing a CAGR of 20.3%, and profit for the year of US$72.4 million, US$88.1 million and US$91.1 million, respectively, representing a CAGR of 12.2%. We achieved a return on equity and adjusted EBITDA margin (non-IFRS measure) of 21.1% and 15.2% for 2023, respectively. As of December 31, 2023, our gearing ratio was 0.1.

As of the Latest Practicable Date, we had a backlog of 1,320 aircraft, which will support our production for several years. Due to our backlog, we take reservations from our customers to purchase a Vision Jet, which gives the customer a place in the queue. As of the Latest Practicable Date, our backlog included 260 reservations. See "— Sales and Marketing — Aircraft Orders and Delivery" for more information.

Our Competitive Strengths

We believe that the following competitive strengths are important to our current success and future growth:

Established market leader widely recognized in the personal aviation industry

We are a pioneer and an established global market leader in the personal aviation industry, according to Frost & Sullivan. Our SR2X Series has been the best-selling single-engine piston aircraft for 22 consecutive years with 612 deliveries in 2023, according to GAMA. First delivered in 2016, our Vision Jet represents the next evolution of our aircraft and has been the best-selling business jet for the last six consecutive years, according to GAMA and Frost & Sullivan.

Our premium brand is also widely acknowledged in the aviation industry for our safety innovations. In 2016, we won the Joseph T. Nall Safety Award for our Cirrus Approach training program and in recognition of our continued efforts to improve safety standards across all facets of aviation. In 2017, we won the prestigious Robert J. Collier Trophy for our Vision Jet aircraft. The award is given annually by the US National Aeronautic Association for the greatest achievement in aeronautics or astronautics with respect to improving the performance, efficiency, and safety of air or space vehicles.

Complementary product portfolio with compelling market positioning that appeals to a diversified customer base

We offer a complementary product portfolio that covers multiple entry points to personal aviation, enabling us to target a wide range of potential customers and cover the lifetime of a customer's personal aviation experience. Our SR2X Series aircraft have a base selling price ranging from US$626,900 to US$963,900 and provide a product "ladder" with increasing levels of performance and specifications that satisfy various customer demands at different price points, often resulting in multiple purchases from the same customer as they move up our product ladder.

The Vision Jet introduces the next step into a more premium segment of the personal aviation market and offers significantly enhanced performance, mission capabilities and specifications. Our Vision Jet aircraft targets and challenges the light turbine aircraft market, offered at half the price compared to other aircraft with similar performance with costs between US$4.5 million to US$7.0 million, according to Frost & Sullivan.

We believe our market leading products are well positioned to address the diverse needs of the personal aviation market. During the Track Record Period, approximately 200, or 75%, of our Vision Jet deliveries were made to owners who had already owned a Cirrus aircraft.

Direct-to-Customer model enabled by connected ecosystem

Our direct-to-customer model is enabled by our ecosystem. From tailored flight demonstrations to purchase and delivery of the aircraft and beyond, our sales director and delivery experience advisors develop a closer connection with our customers, reducing brand dilution, and in turn promoting purchases of post-sales products and related services.

We strive to make owning and operating an aircraft, convenient to access and enjoyable through a wide-ranging global ownership ecosystem that connects owners and operators of our aircraft with a wide range of services. Through Cirrus Services and other ancillary products and services, not only are we able to generate a steady stream of recurring revenue, but we have also created a safer and more engaged Cirrus flying community. In 2021, 2022 and 2023, the revenue

generated from Cirrus Services and Other, which includes ancillary products and services, was US$118.5 million, US$134.3 million and US$152.1 million, respectively, representing a CAGR of 13.3% from 2021 to 2023.

Our ecosystem is further enhanced by our digital connectivity capabilities. Our full-package of services is convenient to access through Cirrus IQ, a connected digital platform and mobile application with which our recently delivered aircraft are equipped. While providing real-time access to information about an aircraft to the owner, we can also use the data collected by Cirrus IQ throughout our organization to improve decision making and efficiency in multiple functional areas, enhancing our ability to deliver services effectively within our ecosystem.

Customer centric designs and features supported by advanced proprietary technology

We have accumulated extensive experience in building certified aircraft with market-leading innovations that are quintessential components of our products and brand. We possess the in-house expertise needed to develop, certify and manufacture an aircraft from scratch, while working with world-class suppliers to incorporate cutting-edge technologies and designs. The combination of both has given us the ability to cater to a wide range of needs of our customers, while consistently delivering products that meet the high standards in the personal aviation industry.

Since our inception, we have continuously enhanced the safety, technology, connectivity, performance, and comfort of our aircraft by integrating various technologies and innovative designs that differentiate us. For example, responding to evolving customer needs and industry trends, in iterative generations of the SR2X Series aircraft, we have introduced Cirrus IQ, electronic locking of luggage door and additional aerodynamic features. Similarly, in iterative generations of the Vision Jet aircraft, we have also upgraded the avionics system to Cirrus Perspective Touch+ improving the ease of operation, and have added more thrust in hot and high conditions, along with the Safe Return and Wi-Fi features. We believe this product strategy increases the appeal of our products and enhances customer stickiness.

Distinctive development and commercialization capabilities fortify industry position

Our entrenched market leading position is fortified by our experience in development, engineering, material expertise, supply chain and systems integrations — all required for obtaining FAA and other required certifications for our aircraft — as well as our production systems and procedures, our scale and volume of operations, including our manufacturing facilities and service network, our extensive supply chain network, and our strong direct sales network. All these capabilities collectively constitute our moat and have allowed us to benefit from operational efficiencies and synergies that create very substantial barriers to entry to potential new entrants.

For more than 30 years, we have been building a deep competitive moat and strong foundations for long-term success in the personal aviation industry — a loyal base of customers who are well-served and eager for the latest personal aviation products, services, experiences and technologies. Our focus on technology, product, and service development and personalized customer experiences is a significant competitive differentiator that continuously reinforces loyalty to our Cirrus brand, drives repeat sales, attracts customers and creates new customer business. We believe we have created and established a successful modern personal aviation ecosystem serving a broad spectrum of customers that no other aircraft OEM has been able to replicate. With over 10,000 aircraft deliveries worldwide as of the Latest Practicable Date, we believe we are well-positioned to continue to capture the growth in the personal aviation industry.

According to Frost & Sullivan, the certification of a new aircraft type can take between five to nine years, while amended type certificates typically take three to five years to be obtained. We have accumulated extensive experience in building and obtaining FAA-certification for award-winning personal piston and turbine aircraft. In addition, our notable productivity is achieved through over 2,400 employees, using parts produced ourselves and sourced from an extensive network of suppliers. For the years ended December 31, 2021, 2022 and 2023, we delivered 528, 629 and 708 aircraft, respectively, significantly higher than the average annual deliveries of our peers, according to GAMA.

Our high marketing and post-sales service efficiency is achieved through our direct-to-customer team in the United States as well as our CSA Model operating outside the United States, four factory service centers and a global partner network of 242 authorized service centers located in 33 countries as of December 31, 2023. This established network enhances success in bringing new products and services to market and providing aircraft maintenance to our aircraft owners and operators around the world.

Experienced senior management team with proven track record

We are led by an experienced and dedicated management team with not only extensive experience in the aviation and automobile industries but also leadership positions at public multinational companies. The leadership team has an average of more than 20 years of experience at industry-leading companies such as Tesla, Bang & Olufsen, James Hardie, Navistar, Cub Crafters, Delta Air Lines, Textron, and Garmin. See "Directors and Senior Management" for their biographies. In addition, several of our management members are active pilots themselves.

Our senior management is led by our Chief Executive Officer, Zean Nielsen, President of Customer Experience, Todd Simmons, President of Innovations and Operations, Patrick Waddick, and Chief Financial Officer and Executive Vice President, George Letten. The senior management team brings a skilled mix of strategic planning, tactical and rapid execution, efficient capital

allocation, effective marketing, and innovative product design capabilities to our Company. As testament to the success of our management's vision of delivering a holistic personal aviation experience, we have experienced significant growth since 2019, when Mr. Nielsen was appointed our Chief Executive Officer. In particular, during the Track Record Period, our profit for the year increased from US$72.4 million in 2021 to US$91.1 million in 2023, representing an increase of 25.9%.

Our Strategies

To deliver a wide-ranging and connected premium aviation experience and expand our market leadership in the personal aviation industry in the United States and globally, we intend to focus on the following key strategies:

Monetize installed base

With our ecosystem and established customer base, we seek to expand our maintenance, training and management service offerings, which will not only enhance our customer loyalty but also increase our recurring revenue streams.

By leveraging the success of our JetStream program, we will continue to establish new maintenance programs and deliver additional features in the existing programs to make owning an aircraft simpler, safer and more convenient for our customers. We will also continue to provide a wider range of aircraft upgrades as well as enhance our overhaul capabilities. For example, we will expand the range of post-sales upgrades available through our Cirrus Direct program, which would provide our customers with more modification options such as adding hot-and-high and WiFi features to their aircraft.

We plan to expand the aircraft management solutions to more customized services and in more locations after receiving exceptional feedback from our customers on our turnkey Vision Jet ownership program VisionAir and a similar program for the SR2X Series called Cirrus One. In addition, we plan to expand our ability to support trade-in opportunities to our existing aircraft owners and expand to facilitate greater secondary sales of aircraft to further expand our customer base through increased personnel support and technology enhancements. By increasing the number of employees supporting secondary sales and upgrading the platform we have, we expect to be able to sell more aircraft through the secondary market. These investments will also support our ability to refurbish or upgrade aircraft for the secondary market. Furthermore, we aim to expand financing options for existing and new customers to facilitate their purchase of new aircraft and aircraft upgrades.

Enhance flight training solutions

We will continue to scale up our customized flight training solutions to support our growing customer base. For example, we have introduced Cirrus Flight Training which includes our concentrated 35-day flight training program that teaches our customers the basic aeronautical skills and experience to become a FAA-certified pilot. We also intend to expand our current Type Rating training program and further enhance our simulation capabilities to increase our training solution offerings. In July 2023, we introduced a new private pilot program designed to teach anyone to learn how to fly a SR2X Series aircraft and earn their pilot's license. The program provides an intensive ground school training partnered with a dedicated instructor pilot through our training facilities to help students complete their private pilot license in our aircraft.

In addition, we strive to make it easy to operate our aircraft and introduce personal aviation to more potential customers. For example, we have started to introduce training programs for prospective buyers such as factory-direct flight training in our four factory training facility locations where we train our prospective customers to fly using the Cirrus Approach system in a premium environment with new Cirrus planes. Through these programs, we can introduce personal aviation to customers who have not previously considered it a viable mobility solution.

Advance and expand our aircraft and services portfolio

We intend to maintain the long-term competitiveness of our core SR2X Series and Vision Jet aircraft through model upgrades and generational changes. We plan to incorporate new technologies and features into our aircraft that enhance the safety, automation, connectivity, and ease of use. For example, we seek to increase the level of automation to enable simplified vehicle operations by leveraging advanced flight control and on-board computing systems to simplify and automate certain tasks that normally belong to pilots. For example, our recently launched seventh generation of the SR2X Series features such enhancements as Taxiway Routing and 3D SafeTaxi for simplified ground navigation, Automatic Fuel Selector System to reduce workload during flight, Flap Airspeed Protection to prevent incorrect flaps deployment based on air speed, and an all-new Cirrus Perspective Touch+ flight deck featuring touch-screen controls, easier-to-use checklists, and easier-to-use radio communications interface, all of which help simplify and make tasks more intuitive for the pilot. In addition, we will continue to work with existing and new strategic partners to make advances in connectivity solutions that support data analytics to improve reliability and expand customer services. For example, we plan to further expand the services available on Cirrus IQ to include flight quality analysis and feedback, maintenance and training scheduling, and integrated flight planning solutions.

Our customers consistently express a strong desire to perform missions at faster speeds, across greater distances, and at higher altitudes to avoid weather and improve routing. They want aircraft that can carry more weight, passengers, and cargo with improved reliability and dependability. Many customers want additional customization and comfort upgrades, in particular at higher markets and price points. They want simplification and automation across the entire flight, continuing to make the aircraft as simple to operate as their own automobile. And finally, as technology continues to integrate even more into our daily lives and improve, they expect the same in their aircraft — they want improved connectivity while maintaining or improving simplicity and performance. It is in these key areas that we will focus our product development efforts.

We will continue to increase the reach of our product portfolio by expanding the products available along the product "ladder." In addition to our existing SR2X Series and Vision Jet aircraft, we plan to develop derivative aircraft and new platform aircraft to expand the product "ladder." Derivative aircraft are aircraft developed based on the same platform as existing aircraft; for example, in the past we developed our SR22 aircraft in our SR2X Series by building on the same platform as our SR20. On the other hand, our Vision Jet is built on a platform distinct from our SR2X Series. These products can further complement our existing product portfolio, enabling us to retain existing customers, penetrate new markets, and attract additional customers.

Advance production capabilities

We will continue our Cirrus Operating System transformation of all production processes involving standard work with a focus on IT infrastructure modernization and integration to simplify the manufacturing process and achieve better productivity management. For example, we plan to integrate the current manual process to document work orders in the enterprise resource planning ("**ERP**") system with our Cirrus Operating System to allow our work to be registered digitally and the process to be highly traceable. We will also upgrade and expand our facilities to support implementation of our Cirrus Operating System and streamline the production flow. For example, we are currently conducting tests on automated sanding equipment and plan to implement the equipment into actual production to replace labor intensive manufacturing processes. We believe that the combination of Cirrus Operating System efficiencies and automation not only can further reduce the cost and labor hours per unit, but can also increase safety and quality of our production process.

We also plan to seek opportunities to provide flexibility to implement incremental design modifications quickly. For example, we plan to implement Demand flow technology, a system that accommodates a mixed-model production environment and provides us with the flexibility to easily adjust the mix ratios between the various SR2X Series aircraft. Demand flow technology reduces lead-time for order configuration, and allows us to assemble various SR2X Series aircraft down the same production line.

In addition, we will explore production capacity expansion in various strategic locations to support our growth. This can include expansion in the United States and internationally to serve those markets more closely. We will also further expand the production capacities of composite parts, which are essential to our products, and seek vertical integration of suppliers depending on the prevailing future economic environment.

Expand our markets globally

We will continue to expand the geographic reach and presence of our Cirrus Services network and to enhance its capabilities to service more customers. As of December 31, 2023, our products were sold to customers in 44 countries and territories around the world and we had authorized service centers in 33 countries. In addition, we seek to repeat the success of our direct-to-consumer model domestically by increasing the number of our sales agents and expanding that model outside of the United States. We require all of our sales agents to be experienced pilots that are qualified to provide flight demonstrations directly to customers. We intend to add more physical locations in addition to our four existing factory service centers, focusing on underserved areas. Similarly, we will continue to expand and enhance our authorized service center and

authorized training facility network through cooperating with existing partners and adding new partners. We plan to expand our virtual and electronic offerings to provide services in more locations and improve our ability to service more customers in our ecosystem.

Establish on-demand personal aviation solutions

We aim to establish our aircraft as the ultimate on-demand personal aviation solution that addresses the gap between ground transportation and regional air services. We plan to expand the offerings of our ownership management programs VisionAir and Cirrus One to more locations to provide Cirrus aircraft owners, an on-demand flying experience with our global network of professional pilots. In addition, we plan to further collaborate with fleet operators and training schools to use Cirrus aircraft for charter flight services when owners are not actively using the aircraft. This way, not only would we be able to generate additional revenue for us, our partners, and our customers, but we can also build up our reputation as the top choice for on-demand air services.

In addition, we will continue to invest in infrastructure that enables us to advance in the on-demand air services market. For example, the expansion of our flight training programs will increase the number of qualified pilots to operate on-demand Cirrus aircraft. Moreover, the continuous upgrades of Cirrus IQ and our e-commerce platform would allow us to eventually connect available pilots and customers who seek on-demand flights, and to connect directly to our e-commerce platform to purchase merchandise. We believe our initiatives will keep us in the forefront of on-demand personal aviation services as they become more widely accepted.

OUR BUSINESS MODEL

We design, develop, manufacture, and sell single-engine piston and jet aircraft, delivering a comfortable, convenient, and premium aviation experience that is the "pinnacle of innovation, quality and safety." Our global post-sale ownership and support ecosystem enable easy aircraft ownership.

We currently offer two aircraft product lines: (1) the SR2X Series, our single-engine piston aircraft primarily for retail customers which is comprised of three models: the SR20, the SR22 and the SR22T with specialized configurations for fleet and other specific applications; and (2) the Vision Jet, our single-engine jet aircraft primarily for retail customers and to a lesser extent charter operational use. Our aircraft are available for sale and delivery around the world and have a base price ranging from US$626,900 to US$3,240,000.

Each of our aircraft is designed to prioritize safety, advanced technology and architecture, and connectivity, as well as ease-of-use, comfort and performance. We integrate advanced technologies, such as CAPS (our award-winning, whole airframe plane parachute), Cirrus IQ (our connected digital platform and mobile application which collects a wide range of flight data and aircraft data during flight to provide pilots useful data on their aircraft) and Safe Return (our emergency auto-landing system) on the Vision Jet, bringing a safe, premium and enhanced experience to our customers. We also personalize and customize our aircraft for specific purposes, such as for institutional flight training or charter fleets, as well as customers for other specific applications, otherwise known as special mission. Our continued focus on product improvement leads to model upgrades and ongoing generational changes to equip our aircraft with new technologies and designs to remain at the forefront of the industry.

We consider the production and sale of our aircraft to be the beginning of a life-long relationship with our customers. In 2018, we launched Cirrus Services, our customer-centric business unit that provides lifestyle-based solutions for flight training, aircraft maintenance and management and financing for individual aircraft owners and operators with a wide range of flight needs. Through Cirrus Services, we address the challenges of a fragmented aircraft market by creating lifestyle-based solutions for our customers, regardless of the ownership cycle of our aircraft. By leveraging the smooth integration of our advanced technologies to create aircraft that directly connect to the customer and their lifestyle, combined with the various benefits offered as part of our Cirrus Services business unit, we have created a wide-ranging ecosystem that enhances customer satisfaction and brand loyalty. Our direct-to-customer model is enabled by our global ecosystem. See "— Our Ecosystem" for more information. As of December 31, 2023, we had established a sales presence in more than 36 countries, through our sales agents and CSAs, enabling us to reach our customers globally.

The following table sets forth the breakdown of our revenue by revenue stream for the years indicated:

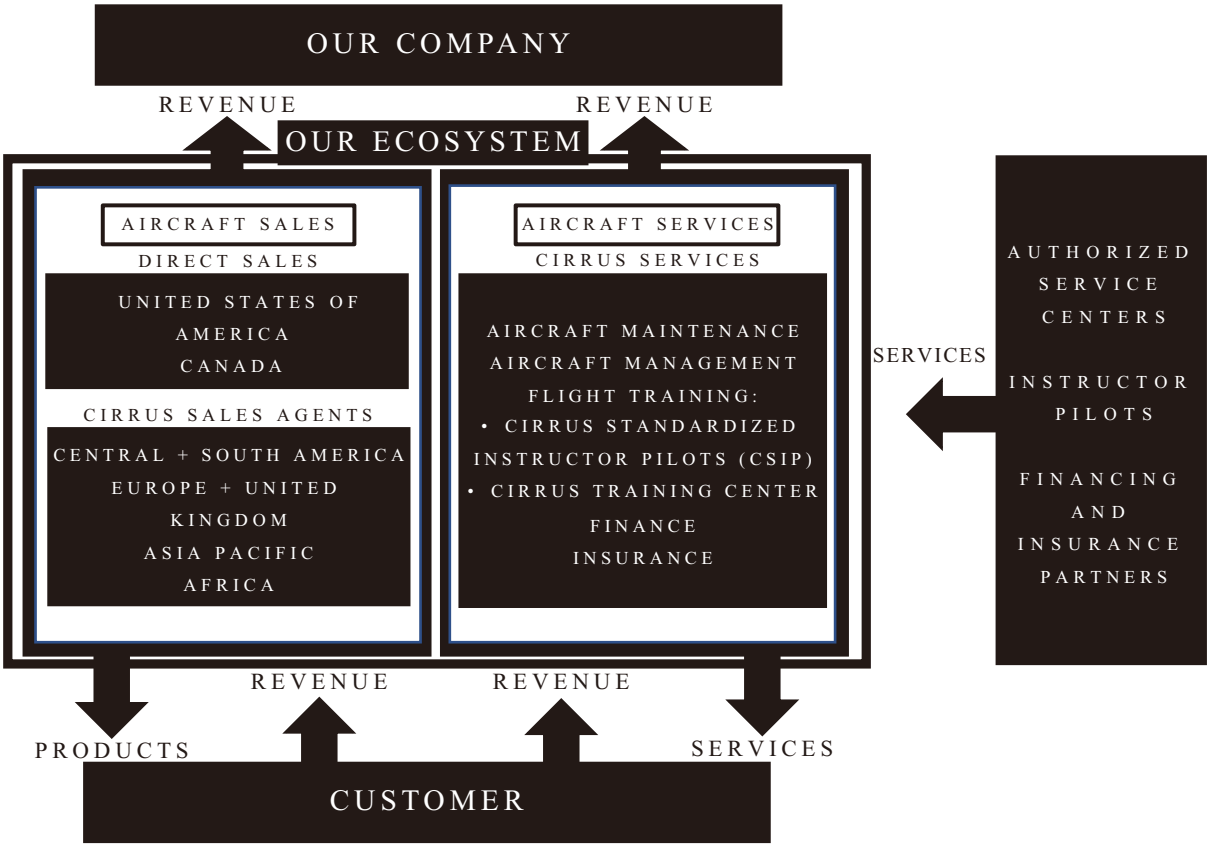
	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Revenue						
Aircraft	619,612	83.9	759,740	85.0	915,654	85.8
SR2X Series	384,638	52.1	492,825	55.1	613,340	57.4
SR20	42,618	5.8	57,049	6.4	69,690	6.5
SR22	111,920	15.2	142,772	16.0	138,667	13.0
SR22T	230,100	31.1	293,004	32.8	404,983	37.9
Vision Jet	234,974	31.8	266,915	29.9	302,314	28.4
Cirrus Services and Other	118,518	16.1	134,342	15.0	152,054	14.2
Aftermarket Parts/ Maintenance [(1)]	47,996	6.5	63,996	7.2	80,711	7.6
Training	12,712	1.7	15,787	1.8	19,800	1.9
Preowned Aircraft	10,320	1.4	23,611	2.6	26,648	2.5
Other	47,490	6.5	30,948	3.4	24,895	2.2
Total	**738,130**	**100.0**	**894,082**	**100.0**	**1,067,708**	**100.0**

Note:

(1) Aftermarket Parts/Maintenance includes extended warranty and JetStream program.

OUR ECOSYSTEM

Our wide-ranging global post-sale ownership and support ecosystem makes owning and operating our aircraft as convenient to access as owning and operating a car. Through our dedicated business unit Cirrus Services and adjacent products and solutions, we provide service and support, maintenance, parts fulfillment, flight training, pilot services and aircraft management services that collectively enable easy aircraft ownership. Our direct-to-customer model is enabled by our global ecosystem.



We have established a wide-ranging global ownership ecosystem to make owning and operating an aircraft, convenient to access and enjoyable. Our ecosystem provides the following:

- *Support and Maintenance:* Customers enjoy access to our factory service centers and global partner network of authorized service centers. See "— Sales and Marketing — Our Marketing Strategies" and "— Our Services — Aircraft Maintenance and Support" for more information.

- *Training:* Our factory training facilities, authorized training facilities, network of more than 1,000 Cirrus standardized instructor pilots and in-person and online flight training programs help customers hone their skills and earn their private pilot's license. See "— Our Services — Flight Training Services" for more information.

- *Management Services:* Our services extend beyond the initial aircraft purchase and include access to on-demand professional pilots and aircraft maintenance. See "— Our Services — Aircraft Management" for more information.

- *Financing and Insurance Services:* Cirrus Finance and Cirrus Insurance offer financing and insurance solutions through their strong relationships with preferred third-party financing and insurance partners in the U.S. and abroad in more than 140 countries. See " — Our Services — Financing and Insurance Services" for more information.

We employ a direct sales team in the United States, which has the greatest concentration of Cirrus owners, supplemented with a network of Cirrus Sales Agents who promote our aircraft throughout the rest of the world (the "**CSA Model**"). This direct-to-customer model provides a competitive advantage by expediting the speed at which our sales team can schedule flight demonstrations with customers and reduces brand dilution that would occur as a result of third-party dealer involvement. Unlike our peers that use a dealership model in which each dealer may sell product lines from various brands at the same time, our CSA Model is advantageous in that our CSAs are generally required to sell Cirrus aircraft exclusively.

Increasing the scope of Cirrus Services expands the reach of our Cirrus community, attracts new customers, improves our customer satisfaction and brand loyalty and generates aftersales recurring revenue. As of the Latest Practicable Date, our global customer base owned in excess of 10,000 of our aircraft and continues to grow. For the years ended December 31, 2021, 2022 and 2023, Cirrus Services and Other generated revenue of US$118.5 million, US$134.3 million and US$152.1 million, respectively, representing 16.1%, 15.0%, and 14.2% of our total revenue for the corresponding years, respectively.

OUR PRODUCT PORTFOLIO

We design, produce and sell single-engine piston and jet aircraft with a focus on continuously improving performance, safety and comfort by leveraging our innovative technologies and advanced systems. We offer an innovative and complementary product portfolio that covers a range of personal aviation solutions. Our aircraft are primarily operated for personal and business travel and are typically piloted by the aircraft owners who have earned certification to fly the aircraft. Each of our aircraft is produced with composite materials and equipped with advanced features. See "— Technically Advanced Aircraft Features" for more information.

				
Model	SR20	SR22	SR22T	Vision Jet
Engine	Piston	Piston	Piston	Jet
Max Cruise Speed (KTAS)	155	183	213	311
Max Operating Altitude (ft)	17,500	17,500	25,000	31,000
Max Range (55% Power) (nm)	709	1,169	1,021	1,275
Useful Load (lbs)	1,028	1,328	1,246	2,450
Max Takeoff Weight (lbs)	3,050	3,600	3,600	6,000
Takeoff (ft)	1,685	1,082	1,517	2,036
Max Passengers	5	5	5	7
Price Range as of the Latest Practicable Date[(1)(2)]	US$626,900–US$922,000	US$838,900–US$1,295,900	US$963,900–US$1,493,800	US$3,240,000–US$3,634,700
First Delivery	July 1999	February 2001	June 2010	December 2016
Total Deliveries as of the Latest Practicable Date	1,862	4,527	3,349[(3)]	548
Approximate Product Life Cycle[(4)]	<———— 12,000 flight hours ————>			24,000 flight hours

Notes:

(1) Performance figures and prices reflect aircraft delivered in 2024.

(2) The price range shown above represents the difference between the base price of the aircraft and a fully customized version of the same aircraft.

(3) SR22T's predecessor was the SR22TN. The SR22T in its current configuration was first delivered in 2010. Total deliveries of the SR22T include deliveries of the SR22TN.

(4) Represents the certified service life, the service life limit documented in the airworthiness certificate.

The SR2X Series

Initially certified by the FAA in 1998, the SR2X Series is comprised of a series of single-engine piston models of aircraft that have been certified and validated in more than 60 countries. Our SR2X Series, currently in its seventh generation with over 9,700 aircraft delivered as of the Latest Practicable Date, has been the best-selling high-performance, single-engine piston aircraft for 22 consecutive years in the U.S., according to GAMA.

Since our inception, we have sought to design and build a personal aircraft that is safer, faster and more comfortable than market alternatives. The SR2X Series design includes a premium interior, advanced avionics including high-resolution instrument displays, touch controllers, and a digital autopilot. It also includes a whole airframe parachute that is a unique feature in single-engine piston aircraft. Over the years, the SR2X Series has been refined and enhanced with improvements to performance, comfort, convenience and, most importantly, safety.

As part of our wide-ranging product offering strategy, our SR2X Series provides a product "ladder" with increasing levels of performance and capabilities addressing different customer needs and preferences for a single-engine piston aircraft at different price points and providing a stepping stone to our Vision Jet resulting in multiple purchases from the same customers as they move up our product ladder. We offer an entry-level training aircraft, the SR20 model, as well as the SR22 and SR22T models, both of which offer increasing engine and aircraft performance. Each model is a single-engine, piston-powered aircraft with automated propeller control and a range of features and customizable options for enhanced aesthetics, performance, safety and comfort. Each model of the SR2X Series has also been modified for flight training purposes as part of our TRAC Series, which often supports our fleet and customers requiring aircraft configured for specific applications.

Our SR2X Series is designed for functionality and comfort without compromising performance and safety. Each model is equipped with standardized features, including a remote and keyless baggage door, high-powered USB ports, advanced avionics and premium leather seating and interiors. Our interiors are designed to replicate the feel of a premium automobile. Our SR2X Series aircraft are also equipped with our proprietary Spectra™ wingtip lighting and Spectra illuminated steps, which increase brightness and visibility. These features together contribute to the premium feel of our aircraft.

For the years ended December 31, 2021, 2022 and 2023, the SR2X Series generated revenue of US$384.6 million, US$492.8 million and US$613.3 million, respectively, representing 52.1%, 55.1% and 57.4% of our total revenue for the corresponding years, respectively.

The SR20 Model

Initially designed in 1994, the SR20, our entry-level model, redefined the single-engine piston aircraft category by bringing modern automotive-like styling and features, all-composite construction, an intuitive flat-panel avionics display with advanced sidestick controls, and the distinctive benefits of a full-airframe parachute to a segment of the market that had long suffered from little research and development and new product investment, according to Frost & Sullivan. Certified by the FAA in 1998 before entering into service in 1999, the SR20 model has continued to evolve over the past 30 years. The SR20 model is equipped with a 215 horsepower Lycoming engine. The aircraft has a maximum cruising speed of 155 KTAS, a maximum range of 709 nm and a maximum operating altitude of 17,500 feet. The SR20 model has a useful load of approximately 1,028 pounds and can typically carry up to four adults and one child.

Our SR20 model comes equipped with our standard range of features. See "— Technically Advanced Aircraft Features" for more information. We also offer a pre-bundled package of premium features for the SR20 model, which includes the following:

Dual 14-inch Display Screens — offers improved situational awareness and screen display bigger than the standard 12-inch screens.

Taxiway Routing — allows the pilot to enter taxi clearances with ease and follow clearly displayed progressive instructions on the map and in a 3D environment.

The above premium features are in addition to a remote and keyless baggage door, interior and exterior ambient convenience lighting to facilitate access to the aircraft during non-daylight hours and premium appearance options. There are also a series of a la carte customizable options, including air conditioning, connectivity options (e.g., satellite phone) and an engine pre-heater for cold weather.

The first SR20 model was delivered in 1999. As of the Latest Practicable Date, we have delivered 1,862 SR20 aircraft.

The SR22 Model

The SR22 model focuses on higher performance with a larger wing, higher fuel capacity and more powerful engine than the SR20 model. The SR22 model is equipped with a 310 horsepower Continental engine. It has a maximum cruising speed of 183 KTAS, a maximum range of 1,169 nm and a maximum operating altitude of 17,500 feet. The SR22 model offers a useful load of 1,328 pounds and can typically carry up to four adults and one child. In addition to the standard features included and additional a la carte options available for the SR20 model, the SR22 model also

offers five premium packages of additional features, such as the FAA-certified Flight Into Known Ice (FIKI) system (a fluid-based ice protection system that coats aircraft flight surfaces, including vertical stabilizer and elevator tips, with anti-ice fluid and allows pilots to fly into limited icing conditions), as well as enhanced active traffic monitoring, large display screens and the ability to activate aural and visual alerts while at the airport.

The first SR22 model was delivered in 2001. As of the Latest Practicable Date, we have delivered 4,527 SR22 aircraft.

The SR22T Model

The SR22T model builds upon the high performance of the SR22 model with a turbo-charged engine that enables the SR22T model to maintain the same high level of horsepower at even higher altitudes. The SR22T model is equipped with a 315 horsepower Continental turbo-charged engine and has an increased maximum cruising speed of 213 KTAS, a maximum range of 1,021 nm, and a higher maximum operating altitude of 25,000 ft. The SR22T model offers a useful load of 1,246 pounds and can typically carry up to four adults and one child. The same standard features, additional a la carte options and five premium packages offered for the SR22 model are available for the SR22T model.

The first SR22T model was delivered in 2010. As of the Latest Practicable Date, we have delivered 3,349 SR22T aircraft.

TRAC Series

Launched in 2019, the TRAC Series is a purpose-built configuration of the SR2X Series initially developed for flight training institutions and often purchased as part of a fleet. The TRAC Series includes the TRAC20, TRAC22 and TRAC22T models based on the three models of the SR2X Series. The TRAC Series provides additional tailored features, such as rear set push-to-talk functionality and a landing gear simulator.

The TRAC Series is equipped with several advanced features that optimize it for training, such as the integrated Cirrus Perspective Touch+, mimicking features typically found in advanced airliners to make the TRAC Series an optimal tool for flight training programs. We have applied our design approach to the TRAC Series to optimize its functionality by redesigning the interior of the SR2X Series to meet the specific needs of a high-utilization training environment. Our TRAC Series is further bolstered by our wide array of interactive, tailored flight content offered through Cirrus Approach.

The Vision Jet

Our Vision Jet is the first and only personal single-engine jet that has been certified and put into production according to Frost & Sullivan. As of the Latest Practicable Date, the Vision Jet was certified and validated in 45 countries and has been the best-selling business jet for the last six consecutive years, according to GAMA and Frost & Sullivan. The Vision Jet is designed for owners to fly at jet speed, includes an advanced avionics system and has a Williams International engine that can travel at a cruising speed of 311 KTAS at a maximum operating altitude of 31,000 ft and a maximum range of 1,275 nm. In addition to high performance, the Vision Jet can hold a high useful load of 2,450 pounds and can typically carry up to five adults and two children. The Vision Jet is designed for optimized travel at jet speed without requiring support from a full-time pilot or flight department, reducing ownership costs when compared to full-service options. The Vision Jet is supported by our exclusive VisionAir aircraft management program. See "— Our Services — Aircraft Management" for more information.

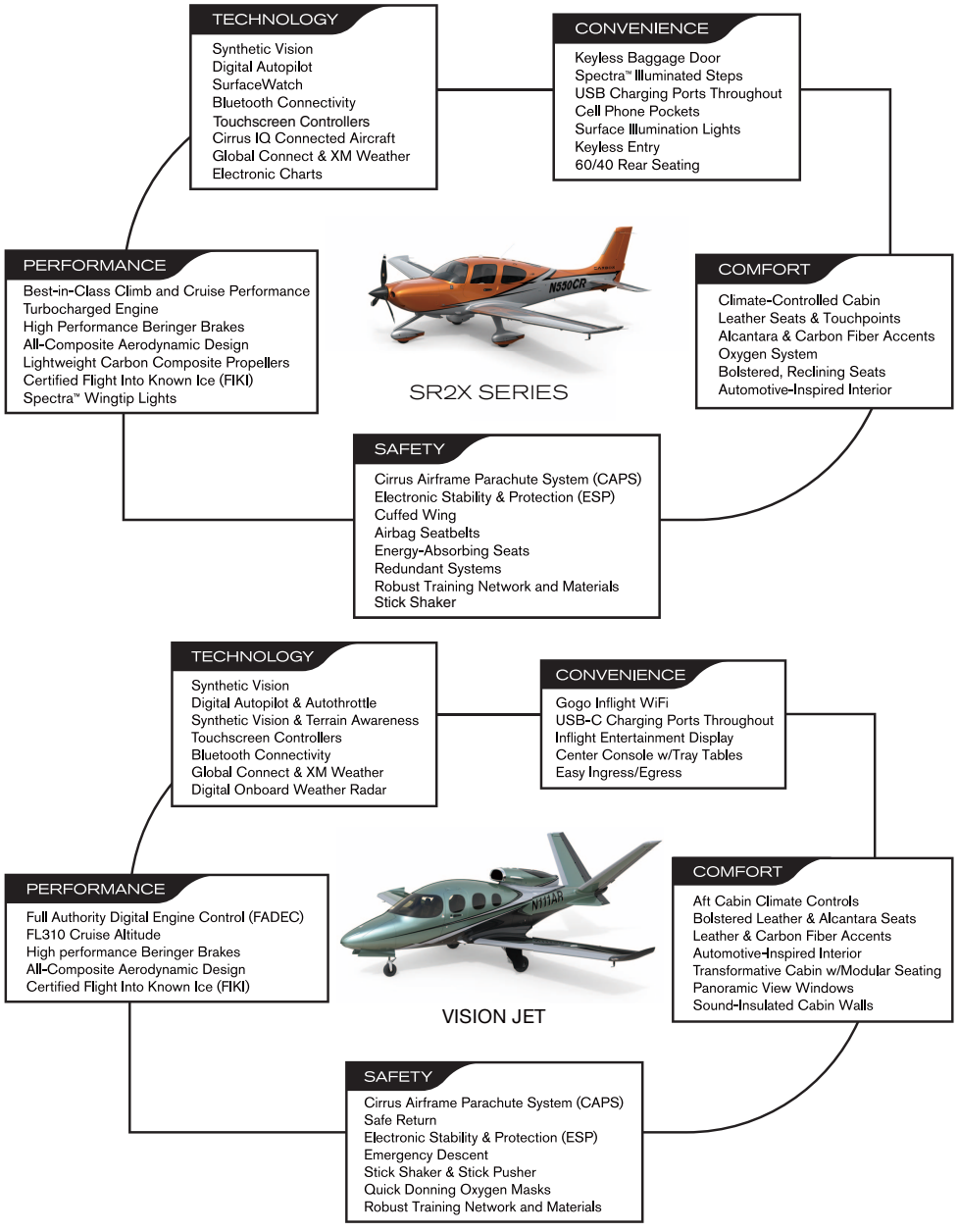
The Vision Jet uses carbon fiber technology to provide an advanced monocoque carbon fuselage. The use of carbon fiber materials provides numerous competitive advantages such as allowing for a smoother airframe surface, providing improved aesthetics and fit-and-finish, reducing lower production cycle-time, improving first-time production quality, and improving fuel efficiency and lowering carbon emissions by improving aerodynamic drag, according to Frost & Sullivan. The "backpack" engine placement (in which the engine is placed on the top of the aircraft as opposed to the sides given the aircraft's single-turbine nature) and V-tail design reduce cabin noise. Safety remains at the forefront of our design. The Vision Jet includes CAPS and Safe Return as standard features.

We offer five premium packages for the Vision Jet that are designed to fit effortlessly into our customers' increasingly, digitally connected world through a variety of advanced features. These features add convenience and additional connectivity through, for example, the Cirrus Perspective Touch+™ by Garmin flight deck with added touch screen capability, as well as Gogo® Inflight WiFi, Bluetooth® and satellite connectivity and SiriusXM® weather and radio options offered in the U.S. and Canada. Other premium packages include enhanced mission capabilities with weather tracking tools that provide precision analysis in real-time, active traffic monitoring and premium interior and exterior features, including multi-tone paint and customized seating options.

The first Vision Jet aircraft was delivered in 2016. As of the Latest Practicable Date, we have delivered 548 Vision Jet aircraft. For the years ended December 31, 2021, 2022 and 2023 the Vision Jet generated a revenue of US$235.0 million, US$266.9 million and US$302.3 million, respectively, representing 31.8%, 29.9% and 28.4% of our total revenue for the corresponding years, respectively.

Technically Advanced Aircraft Features

Each of our SR2X Series and Vision Jet aircraft has been designed to focus on addressing five key priorities: safety, advanced technology and architecture and connectivity, ease of use, comfort and personalization, and performance. The successful integration of various technologies and innovative designs has distinguished us from our competitors. Each of our SR2X Series and Vision Jet include our advanced technologies as standard or premium features, depending on model.



Safety:

Safety has been at the core of our product design since we designed our first aircraft. All of our aircraft include active safety features including our hallmark CAPS. Our recent and future Vision Jet aircraft include, and will include, our Safe Return auto-landing system.

Cirrus Airframe Parachute System — CAPS is a whole-plane parachute system that is included as standard equipment on all of our aircraft. Inspired by a mid-air collision that one of our co-founders survived, CAPS was the industry's first general aviation parachute system implemented into a FAA-certified aircraft, and as of the Latest Practicable Date, we remained the

only company to include a whole airframe parachute as standard equipment in each of our certified aircraft, each according to Frost & Sullivan. In the event of an emergency, activation of CAPS will release the parachute and facilitate a slow descent. As of the Latest Practicable Date, our aircraft installed with CAPS had accumulated a total worldwide flight time of over 16.5 million hours and had featured 129 aircraft recovered under parachute that involved 265 survivors and has contributed to our strong safety record and profile.

In the SR2X Series, CAPS is deployed with a handle above the pilot activating a rocket system that extracts the parachute pack from the aircraft. In the Vision Jet, CAPS is similarly deployed with a handle above the pilot activating an inflator bag ejecting the parachute pack from the aircraft and is assisted by a rocket ballistic system. The Vision Jet is the first and only jet with a ballistic parachute, according to Frost & Sullivan. Our Vision Jet was awarded the 2017 Robert J. Collier Trophy, given annually by the U.S. National Aeronautic Association for "the greatest achievement in aeronautics in America, with respect to improving the performance, efficiency, and safety of air or space vehicles." See "— Awards and Recognition" for more information.

Safe Return — Safe Return is an emergency auto-landing system that was created in collaboration with Garmin, a worldwide leader in general aviation avionics. Safe Return allows passengers in the cabin to land the aircraft safely with the touch of a button in the event of a pilot's incapacitation. Once pressed, Safe Return transforms the aircraft into an autonomous vehicle that utilizes all available data streams to navigate the aircraft safely to a suitable airport where the aircraft makes a landing and comes to a full stop on the runway, allowing passengers to open the door and step out safely.

The following diagram illustrates the use of Safe Return feature by simply pressing the button:

Auto Radar — Auto Radar is a radar setting that is powered by Garmin technology that reduces the need for a pilot to conduct radar scans of upcoming weather systems manually. Pilots select their desired radar range and Auto Rader automatically scans the area ahead to provide a composite, real-time depiction of the weather which is enhanced with a 16-color palette to give as much detail as possible to a pilot while automatically suppressing ground clutter.

Our aircraft also includes several passive safety features embedded in the design of each model, including our cuffed wing technology that provides a safer flying experience, our Digital Autopilot, and our Cirrus Electronic Stability & Protection system. Our SR2X Series aircraft are the only single-engine aircraft with airbags in our seatbelts, according to Frost & Sullivan.

Digital Autopilot — Digital Autopilot is a fully digital, dual-channel Automated Flight Control System that delivers precise lateral and vertical navigation guidance for each phase of flight. The system also incorporates a return-to-level mode, which provides the pilot with a single-touch auto-pilot engage button to roll the wings and pitch to a level altitude if momentarily distracted or disoriented. Digital Autopilot has been a standard feature in all of our aircraft since 2008 and was also produced in collaboration with Garmin.

Cirrus Electronic Stability & Protection — Cirrus Electronic Stability and Protection ("**ESP**") is an avionics system that is available in all of our aircraft and automatically monitors an aircraft's flight condition. Cirrus ESP was produced in collaboration with Garmin, utilizing Garmin's advanced, attitude and heading reference system that consists of sensors on three axes to apply a control force to stabilize flights in the event of pitch or roll deviations that exceed recommended limits.

The following table represents our robust safety features:

Situation	Active Mitigation	Passive Mitigation
Loss of Control	• Synthetic Vision • Electronic Stability Protection (ESP™) • Stick Pusher/Stick Shaker • Blue Level Button • Advanced Autopilot • CAPS • Autothrottle • Flap Airspeed Protection	• Wide-aspect Ratio Electronic Displays • Wing Leading Edge Technology • Simplified Engine Control • Dynamic Seat Technology • Crashworthy Composite Structure
Mid-air Collision	• CAPS • Traffic Awareness/Synthetic Vision	• Window Visibility • Dynamic Seat Technology • Crashworthy Composite Structure
Pilot Incapacitation	• Safe Return • CAPS	• Dynamic Seat Technology • Crashworthy Composite Structure
Loss of Power	• Digital Engine Monitoring • CAPS	• Dynamic Seat Technology • Crashworthy Composite Structure
Flight Into Terrain/ Crashworthiness	• Terrain Awareness/Synthetic Vision • Air-bag Seatbelts	• Dynamic Seat Technology • Crashworthy Composite Structure • Side-stick Control
Weather/Icing	• Known-Ice Protection • Advanced Weather Products • Weather Radar • Lightning Detection System • High-altitude Capability	• Advanced Lightning Protection System
Runway Incursion	• Electronic Flight Displays • ADSB/Traffic Awareness • Safe-Taxi Technology • Taxiway Routing	• Window Visibility • Dynamic Seat Technology • Crashworthy Composite Structure

Advanced Technology & Architecture and Connectivity:

Several of our aircraft features were created based on ongoing integration of innovative technologies and a focus on connectivity. This includes Cirrus IQ, our connected-aircraft technology which improves the customer experience by creating an integrated application that provides valuable insights.

Cirrus IQ — Each of our aircraft comes equipped with Cirrus IQ, a connected-aircraft technology that currently collects a wide range of flight data and aircraft data during flight and transmits the data off the aircraft upon landing for a wide range of uses, including dispatch support, preventative maintenance, training, engine health and incident-related data, all accessible via a clean interface by mobile device. The application tracks fuel, other fluid levels, maintenance intervals and flights and achievements. The application also supports push notifications for

technical publication updates applicable to specific aircraft, as well as important inspection, maintenance and warranty events, providing users with quick reference to nearby authorized service centers and authorized training facilities. Cirrus IQ was introduced for the SR2X Series and Vision Jet in 2020 and 2023, respectively, is offered in English and available in 36 countries.

Ease of Use:

An integral part of our aircraft is their ease of use and accessibility for a wide range of experience levels, including first-time pilots. We are focused on continuing to integrate advancements in simplified vehicle operations (the flight systems and user interfaces that apply technology to provide assistance to pilots) in all of our aircraft. A standard feature in our aircraft that supports this is Cirrus Perspective Touch+, our avionics flight deck with state-of-the-art and intuitive safety, communications, and navigational capabilities.

Cirrus Perspective Touch+ — The system is comprised of two large flight displays, touch screen flight management system controllers, our Cirrus ESP system, as well as an integrated engine indication and crew alert system. Cirrus Perspective Touch+ integrates all aircraft flight, communication and navigation system information with external data, and displays it in real time over a clear and intuitive set of large displays. It includes an enhanced vision system, flight envelope protection, real-time datalink weather updates with moving map displays, stabilized approach advisories, wireless database uploads and additional glass back-up instrumentation. The flight deck is designed to assist the pilot's decision-making process by providing all relevant information to the pilot in an easy-to-assess way. Designed in collaboration with Garmin, Cirrus Perspective Touch+ is available in our SR2X Series aircraft.

Our design is purpose-driven, including our side-stick, auto-throttle design which places the throttle in a more convenient location for pilots at their side, instead of the traditional centered design which takes up space in front of the pilot making the experience less comfortable or convenient for the pilot to reach for.

Comfort and Personalization:

The premium look and feel of our aircraft is based on several intentional design elements and features in our aircraft. This includes our ergonomic window design, which balances visibility and functionality for a pressurized cabin and our passenger-centric cabin design which utilizes space effectively. We also allow for customers to customize their aircraft with preferred modifications to optimize their comfort based on their preferences and to create a personalized aesthetic with our Cirrus Xi program.

Cirrus Xi — Our Cirrus Xi program provides our customers with the ability to add custom and personalized specifications to their aircraft. This is facilitated by our Xi specialists, who work directly with the customer to plan and execute personalized modifications to their aircraft, from exterior paint to the stitching of seating. The process includes a remote evaluation and selection of materials and options for the aircraft, followed by custom sketches and samples created by our team to ensure that the details are tailored and approved to the customer's specifications. This process is completed with a special visit by our customers to the Xi Design Studio in Knoxville, Tennessee. From the exterior paint to the stitching of the seating, this customized process enhances the look and individuality of the aircraft.

Performance:

The utility of our aircraft as a viable mobility solution is driven by their performance metrics and can also be equipped with a platform for aircraft configured for specific applications, known as Cirrus Perception. Since its inception we have increased the performance of the SR2X Series multiple times with updates to our models including new powerplants and gross weight increases, and we have increased the performance of our Vision Jet twice since its launch in 2016 with the addition of a new avionics system, improved thrust and the introduction of Wi-Fi.

We outsource design manufacturing (where the supplier optimizes a component's design) and manufacturing (where we provide the design specifications) of certain of our technologies, as noted in the table below:

Item	Process / Technology	Series	Sourcing
Avionics	Electronic Flight Displays	SR2X	Design
	Flight Management System	Vision Jet	Manufacturing
	Autoflight System		
	Safe Return		
	ESP Technology		
	Traffic Awareness		
	Weather Radar		
Propulsion	Engine	SR2X	Design
		Vision Jet	Manufacturing

Item	Process / Technology	Series	Sourcing
CAPS Parachute	Canopy Assembly	SR2X	Manufacturing
		Vision Jet	
CAPS Rocket	Solid-propellant Ballistic Rocket	SR2X	Design
		Vision Jet	Manufacturing
Flight Controls	Aluminum Control Surfaces	Vision Jet	Manufacturing
Lighting	Conformal LED Exterior Lighting	SR2X	Manufacturing
Interior System	Molded interior panels	SR2X	Manufacturing
		Vision Jet	
Seating	Seat Assembly	SR2X	Manufacturing
	Upholstery	Vision Jet	
Restraint System	Restraints	SR2X	Design
	Air Bag Technology	Vision Jet	Manufacturing
Connectivity	Gateway / IQ	SR2X	Design
		Vision Jet	Manufacturing
Connectivity	Wi-Fi	Vision Jet	Design
			Manufacturing
Comfort	Environmental Control System	SR2X	Design
		Vision Jet	Manufacturing
Pressurization	Inflow valves	Vision Jet	Design
	Outflow valves		Manufacturing
	Pressure control		
	Bleed control valves		
Ice Protection System	TKS Weeping Wing (SR2X)	SR2X	Design
	Pneumatic Boot System (Vision Jet)	Vision Jet	Manufacturing

PRODUCT DEVELOPMENT AND INNOVATION CAPABILITIES

Constant technological and design innovation leading to continuous improvement and new feature launches and generational upgrades are critical to our success. For this reason, we have dedicated a substantial amount of resources to our product development team, comprising 364 employees as of December 31, 2023, representing approximately 15.1% of our workforce. Our product development investment was US$23.3 million, US$39.4 million and US$49.1 million for the years ended December 31, 2021, 2022 and 2023, respectively.

We have been continuously renewing our product portfolio since our inception, which we believe is a key driver to sustaining the growth of our business and to continue providing a premium experience for our customers. Our key capabilities are being able to develop innovative safety features and design, our proficiency with advanced materials (and specifically, with composite carbon fiber technologies), our ability to get aircraft certified in a highly regulated

environment and bring them to market and our ability to successfully integrate advanced technologies and materials. These capabilities create an expertise in product development and innovation that gives us a competitive advantage.

We will continue to evolve our aircraft in accordance with new capabilities and as technology evolves. We are committed to integrating new technologies and applications into our models to further enhance the technological competitiveness of our aircraft. We may, in the process of developing certain designs, or functionalities, develop our own proprietary technologies, solutions or applications, or proactively work in collaboration with several external suppliers to co-develop.

Due to our focus on renewing our product portfolio, our SR2X Series is in its seventh generation since its inception and our Vision Jet is in its second generation since its inception. We will continue to extend product lines and add new products and services into market segments and spaces where we can add distinct value as we have done for the past two decades.

OUR SERVICES

We consider the production and sale of our aircraft to be the beginning of a life-long relationship with our customers. In 2018, we launched Cirrus Services, our customer-centric business unit that provides lifestyle-based solutions for aircraft support and maintenance, flight training, and management and financing for individual aircraft owners and operators with a wide range of flight needs. Through Cirrus Services, we address the challenges of a fragmented aircraft market by creating lifestyle-based solutions for our customers, regardless of the ownership cycle of our aircraft.

As of December 31, 2023, we had 317 employees dedicated to Cirrus Services across our factory service centers and factory training facilities. For the years ended December 31, 2021, 2022 and 2023, our Cirrus Services and Other revenue stream generated revenue of US$118.5 million, US$134.3 million and US$152.1 million, respectively, representing 16.1%, 15.0% and 14.2% of our total revenue for the corresponding years, respectively. We set pricing for Cirrus Services annually. Pricing is then reviewed quarterly based on market factors, including competitive offers in local markets, costs, and margin. We are not required to hold any material licenses to provide our service offerings, as such services can be provided by our network of external providers. However, we have obtained certain material licenses in order to provide certain services directly as part of our comprehensive service offering, which differentiates us from our competitors. For further details, see "— Licenses, Certificates and Permits."

The following table sets forth the breakdown of our revenue from Cirrus Services and Other by service line for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Revenue						
Aftermarket						
Parts/Maintenance [(1)]	47,996	40.5	63,996	47.6	80,711	53.1
Training	12,712	10.8	15,787	11.8	19,800	13.0
Preowned Aircraft	10,320	8.7	23,611	17.6	26,648	17.5
Other	47,490	40.0	30,948	23.0	24,895	16.4
Total	**118,518**	**100.0**	**134,342**	**100.0**	**152,054**	**100.0**

Note:

(1) Aftermarket Parts/Maintenance includes extended warranty and JetStream program.

In expanding and strengthening our service offerings, we believe that we will attract new customers while improving customer loyalty and strengthening our competitive advantage. We believe that this approach differentiates our business from many of our competitors who manufacture and sell aircraft but do not provide after-sale services.

Aircraft Maintenance and Support

We provide global maintenance solutions for our customers through the support of our 118 employees (as of December 31, 2023) at our factory service centers and strong partner network of trained technicians at our authorized service centers which provide access to our branded aircraft parts and our latest services. We sell parts to our authorized service centers at wholesale pricing, and such parts are then sold to end customers at retail prices. Customer orders for parts typically range between US$1,500 to US$10,000 per order. Risk of loss is transferred to our customer upon shipment if they are purchasing directly, or receipt at a participating service center location. Maintenance pricing is based on labor rates in the markets where services are being offered, and any work quoted that is not covered by warranty must be approved by our customer in advance. Our aircraft maintenance and support services include (1) aircraft maintenance, including 24/7 global coverage and mobile aircraft on the ground ("**AOG**") support; and (2) aircraft management, including our exclusive turnkey ownership program.

As of December 31, 2023, we had a network of 242 authorized service centers, of which 183 were in North America, 29 were in Europe, seven were in Asia, eight were in Australia and New Zealand, 13 were in South America, one was in Central America and one was in Africa. Certain authorized service centers, upon approved creditworthiness, are extended credit for their purchase of parts from us, typically payable net 30 days from order. With the exception of AG Services, our connected person which operates an authorized service center in the PRC on a non-exclusive basis, to the best of our knowledge, each of our authorized service centers was an independent third party during the Track Record Period and up to the Latest Practicable Date. See "Connected Transactions" for additional information regarding our connected relationship and transactions with AG Services.

Aircraft Maintenance and Modifications

Our maintenance solutions include our JetStream program, Cirrus ASSIST™, and Cirrus Direct programs.

The JetStream program is the comprehensive, pre-paid ownership program available to every Vision Jet customer that includes benefits beyond the standard warranty including, for example, coverage for normal wear replacement, recurrent training (e.g., our Vision Jet pilots are required by FAA rules and regulations to receive an annual re-certification for their type instrument ratings), subscription renewals, 10-year overhauls on the CAPS and direct access to our expert technicians. As part of the JetStream program, the expert technicians at our four factory service centers and 242 authorized service centers provide recurrent maintenance for the Vision Jet aircraft, as well as annual or semi-annual proficiency checks with our certified instructor pilots. Customers pay for JetStream program in advance based on a one to three-year service agreement for a pre-determined maximum number of hours. The program is payable upon entry into the agreement, and revenue is recognized in monthly intervals over the duration of the agreement. Costs are recognized when services are rendered. Our JetStream program annual pricing typically ranges between approximately US$96,000 to US$225,000, and is set based on the age of the aircraft, length of agreement and aircraft utilization based on flight hours. As of the Latest Practicable Date, we maintained nearly 100% enrollment rate for all of our Vision Jet owners in the JetStream program. We also provide optional, extended warranty packages for the SR2X Series aircraft for three to five years from the time of purchase. See "— Sales and Marketing — Aircraft Orders and Delivery" for more information.

Our Cirrus ASSIST program provides 24/7 global coverage mobile AOG support with our team of expert technicians for expedited parts delivery, which addresses maintenance and modification upgrades for interior and exterior aspects of the aircraft, such as lighting, tires, wheels and brakes, avionics, powerplant, fuel system, and comfort and convenience. Customers are charged through our factory service centers on a job-by-job basis based on the number of hours

and type of services performed, as well as parts used, payable at the completion of services. Given customers are charged on a job-by-job basis for the services performed under the Cirrus ASSIST program, the range of fees we charge varies widely depending on the service provided, and an average of fees charged would not be representative of the service fees charged under the program.

The Cirrus Direct program, launched in 2014, is an in-house, online platform by which customers can place direct orders for modifications and upgrades, as well as replacement parts, to their SR2X Series and Vision Jet aircraft. The program supplements the robust, existing partner network of authorized service centers and offers complete Cirrus aircraft, engine and avionics. Customers are charged on a part-by-part basis, payable at the time the part is shipped to the customer. Given that customers are charged on a part-by-part basis for the parts that are purchased under the Cirrus Direct program, the range of service fees charged varies widely depending on the parts purchased, and an average of service fees charged would not be representative of the service fees charged under the program.

Pre-Owned Cirrus Network

Pre-Owned Cirrus Network is our platform that connects prospective pre-owned Cirrus aircraft buyers and sellers across the globe, and is the largest and most active marketplace for previously owned Cirrus aircraft. We receive used aircraft as trade-ins from sellers and hold the aircraft as inventory until new buyers are identified. First-time buyers, as well as sellers looking to upgrade into the latest Cirrus aircraft model are supported by our dedicated Cirrus Pre-Owned team at every stage of the pre-owned aircraft buying and selling process. By putting the full resources of a global team to work for those seeking to buy or sell a Cirrus aircraft, this program helps to facilitate a smooth process and to support an active secondary market for our aircraft. Aircraft sold through our Pre-Owned Cirrus Network are payable at the time of the aircraft's delivery to the customer. We do not earn a specific service fee in connection with pre-owned aircraft that we sell through our Pre-Owned Cirrus Network, but instead earn an amount representing the difference between the price at which an aircraft is traded-in and the price at which the same aircraft is resold.

Flight Training Services

Our flight training services include (1) in-person flight simulations and training at our facilities and partnered flight schools; (2) Cirrus Approach, our on-demand, online learning platform, for potential and existing customers of our SR2X Series and Vision Jet aircraft; and (3) Cirrus Embark, our complimentary program designed for customers who purchase pre-owned SR2X Series or Vision Jet aircraft. Our SR2X Series aircraft require a private pilot's license to operate, and our Vision Jet aircraft requires a Type Rating certification that requires renewal on an

annual basis. All of our flight training services are offered on a pay-per-course basis. In addition to attracting new customers to the personal aviation industry, our training programs foster loyalty among existing customers.

As of the Latest Practicable Date, over 1,200 pilots have completed our Type Rating courses, as well as transitionary courses for licensed pilots who want to learn how to operate Cirrus aircraft. These courses generate a steady stream of recurring revenue. We typically price our flight training services as a package based on our actual or historical costs of delivering similar training. Factors we consider to determine pricing for our training include instructor hours required, aircraft flight hours (including the rental rate comprising consumables and allocated fixed costs), simulator rental rates and margin considerations. Training offered on an incremental or standalone basis is typically priced on an hourly basis. Customers are charged prior to starting training based on the estimated cost, and any overages are charged at the completion of training.

As of December 31, 2023, we had four factory training facilities in Tennessee, Arizona, Texas and Florida, as well as 118 authorized training facilities in 13 countries, of which 94 were in the United States and 16 were in Europe. The Tennessee location is an FAA-certified training center, whereas the flight training provided at the Arizona, Texas, and Florida locations is under the authority of FAA-certified individuals at those three locations. Each of the operators of our authorized training facilities was an independent third party during the Track Record Period and up to the Latest Practicable Date.

In-Person Flight Simulation and Training

Our worldwide network of more than 1,000 standardized instructor pilots are experts in Cirrus Flight Training and have significant experience to guide customers in earning their private pilot's license. At our Vision Center in Knoxville, Tennessee, which is one of our factory training facilities, we offer a pilot-friendly training experience for both our SR2X Series and Vision Jet customers, including our proprietary, FAA-certified full-motion Level D flight simulator with two fixed base training devices. Level D simulators have the highest level of realism and simulation capabilities certified by aviation authorities. Having a Level D simulator at our Vision Center allows us to scale our training operations efficiently for both new and returning Vision Jet pilots, as we are not subject to weather or other constraints related to training in a real aircraft. In addition, training in a Level D simulator allows us to provide a thorough and high-quality training program, as we can simulate a wide range of failures and emergencies that cannot be simulated in a real aircraft. At our authorized training facilities, we require our training partners to use our training materials when offering any courses related to our aircraft, which promotes standardization of our training and safety protocols.

In July 2023, we introduced a new private pilot program designed to teach anyone to learn how to fly a SR2X Series aircraft and earn their pilot's license. The program provides an intensive ground school training partnered with a dedicated instructor pilot through our training facilities to help students complete their private pilot license in our aircraft. The program includes 11 modules with 40 lessons that take the student through the pre-study material, ground instruction lessons, flight instruction videos, performance assessment and quizzes. The program is a highly specialized training program offering specific flight training content to learn to fly a Cirrus aircraft in conjunction with a dedicated training facility and instructor pilot by leveraging study materials designed and written by our flight training experts.

Cirrus Approach

Cirrus Approach offers a total of seven categories of over 60 on-demand video courses on a variety of topics, such as airframe parachute system training, instrument procedures, engine management, icing awareness, avionics and emergency procedures for our SR2X Series and Vision Jet aircraft. The courses are offered through interactive, bite-sized content for customers to learn at their own pace, with one of the program's main goals being to teach Cirrus pilots how to decide in advance when to use the CAPS and to create a culture in which pilots who pull the chute are applauded for their actions. As of the Latest Practicable Date, we had over 45,000 Cirrus Approach users. Cirrus Approach was awarded the 2016 Joseph T. Nall Safety Award. See "— Awards and Recognition" for more information.

Cirrus Embark

Cirrus Embark is a complimentary program that provides one-on-one training at one of our partnered flight schools, as well as access to our Cirrus Approach platform, for customers who purchase pre-owned SR2X Series or Vision Jet aircraft. We categorize an aircraft as pre-owned if its delivery date to the original customer occurred more than 12 months ago. This safety-driven program is designed to address the operational differences between our aircraft and other aircraft models. With over 700 of our aircraft changing ownership each year during the Track Record Period, Cirrus Embark incentivizes individuals who have purchased pre-owned SR2X Series or Vision Jet aircraft, either directly through us or indirectly through a third party, to become a part of our Cirrus community, attracting new customers to our service offerings and increasing brand loyalty. As of December 31, 2023, we had held over 3,200 training events through our Cirrus Embark program, including more than 460 training events in 2023.

Aircraft Management

In 2020, we launched our exclusive VisionAir aircraft management program for our Vision Jet customers. VisionAir is a complete, turnkey ownership program that includes access to on-demand professional pilots and world class aircraft management that covers the dispatch, flight and maintenance of the aircraft for customers who do not have prior experience flying or a private pilot's license. Customers pay for the VisionAir program in advance based on a one-year service agreement for a pre-determined maximum number of hours. Our VisionAir program pricing typically ranges between approximately US$300,000 to US$485,000. The program is payable upon entry into the agreement and operates on a pre-paid, subscription basis and renews annually. A similar program for our SR2X Series customers called Cirrus One was launched in 2022. We charge customers for different service under our Cirrus One program. For example, our aircraft management services start from US$1,500 per month, depending on location, our hangar/storage services start from US$1,000 to US$4,000 per month, depending on location and aircraft type and our pilot services start from US$600 per half day to US$2,500 per full day, depending on aircraft type.

Financing and Insurance Services

Established in 2003, Cirrus Finance and Cirrus Insurance offer financing and insurance solutions through their strong relationships with preferred third-party financing and insurance partners in the U.S. and abroad in more than 140 countries. Our third-party financing and insurance partners have dedicated employees to us who serve as brokers to help owners access financing and insurance at a competitive rate for the payment and operation of their aircraft and to attract new customers who may not have purchased an aircraft but for accessible financing options and insurance options. These providers have a deep understanding of both the general aviation industry and our products. We do not act as a lender for any of the financing solutions or an underwriter for any of our insurance solutions, as we connect our customers with our third-party financing and insurance solutions partners who act as lenders and underwriters to our customers. We conduct risk-based due diligence on our third-party financing and insurance partners and are provided with a flat commission fee upon successful referral of a client. The aggregate commissions we received for referrals in connection with our financing and insurance services was US$1.6 million, US$1.6 million and US$2.7 million for 2021, 2022 and 2023, respectively. As we do not act as a financier, broker, underwriter nor sponsor of these services, we are not required to hold licenses associated with the sale of these products.

Services offered by our partners include domestic conventional lending, used aircraft financing, shared ownership financing, aircraft improvement loans and a range of insurance options. As of December 31, 2023, Cirrus Finance had provided financing solutions for over 3,100 purchases by our customers and was providing insurance solutions for over 900 aircraft through Cirrus Insurance.

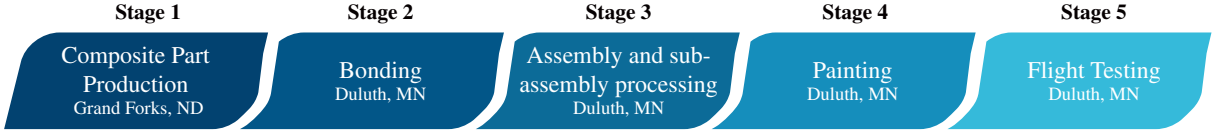
PRODUCTION

Production Process and Facilities

Production Process

Our manufacturing philosophy centers on product quality, continuous improvement, flexibility, advanced automation and high operating efficiency. We possess proprietary knowledge to manufacture an aircraft from the initial composite material to the final assembly and processing. Moreover, we are continuously optimizing our machining technique. Combining our proprietary knowledge and our machining technique supports our control over the components of our aircraft during the manufacturing process.

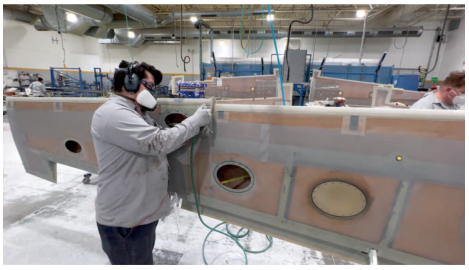
Our production cycle starts in our manufacturing facility in Grand Forks, North Dakota and finishes in our final aircraft assembly and production flight test campus in Duluth, Minnesota. The diagram below sets forth the key stages and sub-stages of the production cycle of our aircraft:



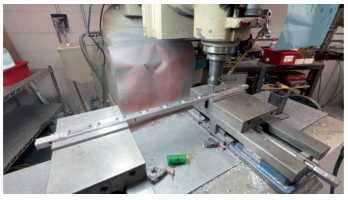
Stage One: Composite Materials — We source most of our two primary composite materials, pre-impregnated fiberglass and carbon fiber, from a supplier located in the United States. Composite materials are corrosive resistant, which permits us to form weight-efficient and aerodynamic airframes and lends to our competitive advantage, according to Frost & Sullivan. We produce all of our composite molds in-house.

The following images demonstrate various stages of aircraft production from composite lay-up, wing bonding, metal works, final assembly to painting:

Various stages of aircraft production from composite lay-up



Wing bonding



Metal works

Final assembly

Painting

A. *Ply-cut:* Once received, the composite materials must remain at a pre-specified, cold temperature to reach a certain level of pliability, which the production team tracks using a first-in, first-out method. Once the composite materials are prepared for cutting, they are nested to capture the most use out of the composite materials so as to reduce costs and minimize waste, and both automated and manual ply-cutting technologies are used. The ply-cutting process is monitored by strict quality control procedures to ensure that all quality control requirements are met.

B. *Lay-up:* Once the plys have been prepared, they are put into kits and transferred for mold lay-up sequencing. The production team carefully factors in daily and weekly production needs to determine which parts are molded first. The lay-up process involves the parts being pressed into exact locations at certain temperatures by use of heat guns.

C. *Bagging:* Once the parts have been laid-up into their molds, they are packaged with an airtight plastic film that exerts a vacuum to hold the plys together and to remove air.

D. *Oven Curing:* There are two types of curing: oven curing and autoclave curing. Autoclave curing involves curing the parts in a pressure vessel that exerts high pressure and temperature.

E. *De-tooling:* Once hardened, the plastic film is removed, and the parts undergo a de-tooling process by which the parts are removed and organized into their various functions.

F. *Trim and drill:* The parts undergo clean-ups through automated and manual trim and drill procedures.

G. *Clean and coat:* Once in final form, the parts are cleaned and the molds coated with a release agent in preparation for another cycle to produce the next part.

H. *Quality control:* Various quality control processes are in place, such as visual inspection, 12 axis ultrasonic testing, non-destructive inspection and more. Our quality control team members assess the finalized parts to eliminate possible defects such as voids, wrinkles, dimensions, porosity and more.

Stage Two: Bonding — The finalized parts are then shipped to our manufacturing facility in Duluth, Minnesota, where the parts undergo a composite bonding (adhesive gluing) process. In the bonding process, the composite part surfaces are carefully prepared to bond the parts together. After the part surfaces are prepared, the adhesive is applied and the parts are bonded together under heat and pressure. The assemblies are then body-worked to a smooth finish and primed with a first layer of primer.

Stage Three: Assembly — The assemblies, now aircraft, are processed on the assembly line at successive stations for major assembly attachment, wire harnesses installation, mechanical systems and components from metal works installation, avionics installation, propulsion installation and other processes.

Stage Four: Paint — Next, the aircraft goes through the painting process at our painting center in Duluth, Minnesota which is adjacent to the main manufacturing facility.

Stage Five: Flight Test and Certification — Once assembled and painted, the aircraft undergoes rigorous quality control inspections and production flight testing. The flight testing involves at least three cycles of flights before being approved for a certificate of airworthiness at our facility in Duluth, Minnesota.

The entire process requires approximately 51 days and 98 days for the SR2X Series and Vision Jet, respectively excluding optional upgrades and customization.

We purchase certain of our components (e.g., propulsion and avionics components) from our third-party suppliers, which we believe affords us with greater scalability and flexibility. However, we retain production of components in-house whenever we have an interest in preserving or developing technological know-how or whenever we believe that outsourcing would impair the efficiency and flexibility of our production process such as our composite parts, which we can manufacture for a lower cost and at a higher quality as compared to our competitors, according to Frost & Sullivan. During the Track Record Period, we purchased a supplier facility that specializes in metal fabrication to add to our Duluth, Minnesota campus to further vertically integrate key components for our aircraft. In addition, we further increased vertical integration of our manufacturing processes with another facility in our Duluth, Minnesota campus that makes sub-components/sub-assemblies that we sequence into the line for final assembly, such as flight controls. Integration of our production process gives us the flexibility to quickly implement incremental design modifications to enhance aircraft performance and simplify the manufacturing process.

Production Facilities

We own and operate two manufacturing facilities, including a composite parts manufacturing facility in Grand Forks, North Dakota and a final aircraft assembly and production flight test center in Duluth, Minnesota. See "— Property" for more information about our facilities.

The final aircraft assembly center is where all inputs from the production process are assembled to complete an aircraft for delivery. Given the highly specialized nature of aircraft manufacturing, certain parts of our respective production processes specialize in either the SR2X Series or the Vision Jet. In other areas of our operation, we can mix both products (the SR2X Series and the Vision Jet) together to achieve higher efficiency and lower cost.

Following assembly, completed aircraft are verified to meet regulatory and quality standards including production flight tests. During the Track Record Period, we produced 1,937 aircraft for delivery, which includes aircraft kits that can be assembled into aircraft. Current production operations are primarily conducted first shift supplemented by limited second shift and weekend operations in composites part fabrication in Grand Forks, North Dakota and paint and finishing in Duluth, Minnesota. See also "— Aircraft Orders and Delivery" for discussions on the constraints we face in increasing our production rate.

Our manufacturing facilities generate gaseous chemical wastes, liquid wastes, wastewater and other industrial wastes at various stages of the manufacturing process. As a result, we are subject to stringent environmental, health and safety laws and regulations addressing air pollutant emissions and discharge of treated wastewater and establishing standards for the treatment, storage and disposal of hazardous wastes. Some of these laws and regulations require our facilities to operate under permits that are subject to renewal or modifications. We have adopted various policies to address a broad range of possible scenarios within our manufacturing facilities, including emergency response plans, spill prevention control and countermeasures, fire prevention plans, hazardous waste program, explosive material handling policy, and stormwater pollution plans. Such policies typically make provision for appropriate employee training, monitoring requirements, reporting procedures, site restoration measures and the appointment of designated members of staff who have been trained to ensure compliance, and are reviewed and updated periodically.

The health and safety of our employees is of critical importance to us and we are required to comply with a range of health and safety laws and regulations. We review our health and safety standards on an ongoing basis and our operations are subject to health and safety inspections by government authorities at regular intervals. Our proprietary training program, Cirrus University, provides both new and existing employees with access to more than 100 courses, including courses which emphasize safety within the workplace such as safety orientation, safety reporting procedures, the proper use of plant site equipment, production floor protocol and personal protective equipment requirements. We also conduct walk-through inspections of our manufacturing facilities to verify safety conditions on a weekly basis and plant audits on a monthly basis.

Our production capacity and utilization rate by number of certified aircraft produced during the Track Record Period is reflected below:

SR2X

	Production Capacity[1] (Weekly Output)	Actual Units Produced[2] (Avg Weekly Output)	Utilization Rate[1]
2021	10.0	10.3	103%[3]
2022	12.3	11.4	93%
2023	14.0	13.0	93%

Vision Jet

	Production Capacity[1] (Weekly Output)	Actual Units Produced[2] (Avg Weekly Output)	Utilization Rate[1]
2021	2.0	1.8	90%
2022	2.0	1.9	95%
2023	2.2	2.0	91%

Notes:

(1) Production capacity and utilization rate are based on the shift schedules, staffing and equipment available during the relevant period, based on the management's estimates.

(2) Actual units produced is based on number of aircraft and kits produced.

(3) We were able to overperform the capacity estimates on SR2X.

We do not believe the utilization rate and efficiency of our assembly lines for aircraft during the Track Record Period accurately reflects our production capability, primarily because of pandemic-related labor force anomalies, constrained regional labor (particularly in Grand Forks, North Dakota and Duluth, Minnesota), supply chain disruption, and currently available facility space. Our near-term measures have addressed processes where we have bottlenecks. For example, we have alleviated regional labor constraints with contract labor, and the transition of our Product Development group to our Innovation Center in Duluth, Minnesota, which is over 180,000 square feet, allowed for further production expansion. We have mitigation strategies in place to continue to overcome constraints at our production facilities. At our Grand Forks, North Dakota production center, to reduce the time required to onboard new employees, we have implemented improved training systems including training curriculum, increased training staff and created a dedicated training area. In addition, we are developing standardized work instructions, including sequence of events and operational methods sheets. To help mitigate impacts from the challenging labor market, we have developed relationships with contract labor firms which has resulted in shorter lead times to acquire staff. In addition, rate tooling and equipment that are not upgraded or re-calibrated in advance of production rate increases can also become bottlenecks if not addressed as these take time to upgrade or recalibrate and may need to be done sequentially to other updates. To mitigate, we conduct planning to ensure requirements for rate tooling and equipment are thoroughly understood and planned out in advance of production rate increases.

To increase efficiency and assist in growth though reduced unit labor requirements, we have been developing our proprietary Cirrus Operating System to establish and standardize operational methods, integrate our manufacturing systems, promote mixed model capability on the same production line and automate current work processes. Additional resources are also required to develop the supply chain and tighten supplier agreements to not only ensure growth support, but to increase predictability of delivery and costs.

Production Capacity

We are focused on expanding our production capacity by increasing our weekly output of deliverable aircraft of our existing series and expanding our production lines to accommodate newer models in the future. As of the Latest Practicable Date, we had a backlog of 1,320 aircraft. Since inception up to the Latest Practicable Date, we have delivered over 9,700 SR2X Series aircraft and over 500 Vision Jet aircraft.

Our production cycle follows a master production schedule that is reviewed by an executive committee comprised of individuals in the operations organization and is prepared to account for and mitigate the effects of seasonality, including any production delays that may arise as a result of fluctuations in cold weather at our facilities, particularly in Duluth, Minnesota and Grand Forks, North Dakota, which typically experiences a lot of snow, as well as other factors, such as shortages from suppliers and workforce availability and retention. Our production processes operate on a first-in, first-out method to ensure that we utilize our available inventory with efficiency. See "Risk Factors — Risks Relating to Our Business and Industry — Our financial results may vary significantly from period to period due to the seasonality of our business and fluctuations in our operating costs" for more information.

Suppliers and Procurement

Our five primary areas of procurement are (1) avionics and electrical, (2) fabrication, composites and raw material, (3) propulsion and landing gear, (4) interior/environmental control system/safety, and (5) indirect sourcing. We value our strong relationships with our suppliers who play an integral role in helping us deliver quality and safe aircraft to our customers, and we seek strategic collaborations with qualified suppliers to streamline our supply chain. See "— Top Customers and Suppliers" for more information about our top five largest suppliers in each year during the Track Record Period.

We view the supply chain as a strategically critical area. Due to the limited volumes, high switching costs, and challenges in developing multiple supplier relationships, we depend on relationship development, market analysis, and long-term agreements to maintain a healthy supply base. We also engage with key suppliers on strategic product development to advance critical

technologies and continuous improvement in reliability and quality. We are executing on a strategic sourcing plan that segments areas that are commodities for consistent market competition, segments to partner with such as Garmin, and segments to vertically integrate. We compliment this strategy with inventory control methods such as vendor managed inventory and just-in-time delivery of goods and materials.

We have stringent procedures and screening criteria for the selection of our suppliers, including, but not limited to technical performance, production capacity, timeliness of delivery, quality control, safety procedures and cost. All of our suppliers are required to comply with FAA rules and regulations, as well as our internal standards and policies, by which we conduct periodic reviews (including on-site evaluations) to assess quality and performance. We require our suppliers to be punctual in their deliveries and to meet our quality processes for the components they supply to us. See "Risk Factors — Risks Relating to Our Business and Industry — 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" for more information. Other than as discussed in the section "Summary — Recent Developments and No Material Adverse Change — Recent Regulatory Developments — Recent Airworthiness Directives — February 2023 Airworthiness Directive," we did not experience any significant delays from any of our third-party suppliers during the Track Record Period and as of the Latest Practicable Date. During the Track Record Period, approximately 95% of our supplies in terms of costs were sourced from suppliers located in the United States. Apart from one supplier located in the United Kingdom, all critical flight systems and components were sourced from suppliers located in the United States.

We constantly seek to diversify our supply chain to mitigate the risks associated with potential dependence on individual suppliers or supply chain disruptions. Geopolitical events and economic conditions continue to interrupt the global supply chain, increasing lead times and increasing inflationary pressures on costs.

While the components that we purchase for our aircraft are generally commercially available, lead times for our various parts and components fluctuate significantly and are dependent on multiple factors, including contract terms, demand and the particular supplier involved. Given the intensely specialized nature of the manufacturing process, particular design parts are typically produced by single, qualified suppliers. However, we do not believe we have material reliance on our key suppliers, as commercially viable alternatives exist for components provided by all of our key suppliers and can be implemented into existing airframes following FAA program approval (if needed). We have multiple qualified third-party suppliers for our parachute design for our CAPS to mitigate risk of any disruptions to our supply chain. We regularly monitor for and maintain a list of alternative suppliers with commercially reasonable terms. Furthermore, we have long term

agreements with each of our key suppliers, and have an established relationship with each of our key suppliers, with at least 10 years of commercial dealings, making it unlikely that there would be a material change of our relationship with our key suppliers. Our key suppliers have also invested time and cost to create components specifically tailored to the specifications of our aircraft, making them dependent on us to make a return on their investment. As a result, our relationships with our key suppliers are mutually dependent and complementary. In addition, we have procured components from our key suppliers because they are significant manufacturers in their field. As a result, in the general aviation industry, it is an industry norm for aircraft manufacturers to use single source suppliers for specific components, especially considering the high cost entry barriers, including the need to obtain FAA certification for components, and long program development times for alternatives, according to Frost & Sullivan.

We enter into long-term agreements with suppliers for our engine, avionics and composite raw materials, with the key terms of our agreements including a detailed description of the specifications and quantity of the products to be received (and any ability to change such specifications), the purchase price, the delivery conditions and the consequences in the event of supplier's delay in delivery. Our major obligations as a purchaser under our long-term agreements are to make specification selections, to take timely delivery of the products from the suppliers and to make the required payments in accordance with the agreements. We also maintain supply agreements with suppliers providing license rights to use embedded technology in our aircraft.

Our agreements with suppliers typically include terms ranging from three to six years, with some containing automatic renewal provisions that range between two and three years, providing us with predictability and greater control of pricing. Our agreements with suppliers do not include minimum purchase commitments. Instead, we place orders with our suppliers from time to time according to our supply requirements and may, as applicable, provide our suppliers with non-binding, good faith quarterly forecasts for the quantities and delivery dates of the products estimated to be required during future periods from 12 to 18 months on average. We are generally obligated to pay our suppliers net 30 to 60 days after receipt of invoice in accordance with the pricing terms set out in our supply agreements. Most of our supply agreements contain price adjustment provisions that allow for the base prices of products to be adjusted on an annual basis. Product price adjustments are typically determined by the prevailing market and economic conditions and are subject to our review and feedback. All of our key suppliers are independent third parties, save for Continental which is our connected person. Continental is a wholly-owned subsidiary of Continental Aerospace Technologies Holding Limited (大陸航空科技控股有限公司), which as of the Latest Practicable Date was indirectly held as to approximately 46.40% by AVIC, our Controlling Shareholder, and therefore an associate of AVIC and a connected person of our Company. See "Connected Transactions" for additional information regarding our connected relationship and transactions with Continental. Termination of supply agreements is generally

permitted in instances of a default by either party. During the Track Record Period and as of the Latest Practicable Date, we did not experience any breaches of our key supply agreements by our key third-party suppliers, nor did we breach any such terms.

Inventory Management

As a build-to-order manufacturer, we use a rolling, twelve-month forecast based on order history; product, service and warranty demands; backlog and anticipated product orders. We have inventory management policies and systems in place to monitor fluctuations in the supply chain and to ensure that we carry appropriate inventory to account for variations in demand and possible disruptions while reducing cost of ownership. For example, we hold inventory of our most costly items (e.g., propulsions and avionics systems) to cover demand for one to 1.5 weeks, whereas we hold inventory of low-cost items (e.g., small engine components) to cover demand for four to six weeks. We utilize a consignment approach with many of our suppliers, in which the parts received from our suppliers and held in our possession remain the property of our supplier and are not counted as our inventory until we open the boxes or consume the material in our manufacturing process. The suppliers for low-cost items are on a third-party logistics system in which we do not pay for the parts until we consume them. These suppliers regularly monitor and replenish our inventory as needed.

Airworthiness Directives, Quality Control and Assurance

We are required to comply with U.S. federal regulations as they relate to our quality system, oversight of suppliers, design control and control of tooling and software. Our quality control team is responsible for ensuring the quality and reliability of our aircraft through a team of over 100 employees as of December 31, 2023, that is independent from our production team. This quality control and assurance system is a basis for our production certificate from the FAA, which together with our FAA type certificates enables us to produce aircraft that receive FAA airworthiness certificates that support the sale and operation of an aircraft. This includes demonstrating compliance with federal regulations that dictate the quality system, the oversight of suppliers, the control of design, the control of tooling and the control of software.

From time to time, the FAA issues airworthiness directives, which are legally enforceable rules that apply to certain products, namely aircraft, aircraft engines, propellers, and appliances. FAA regulation places the compliance obligation of airworthiness directives on anyone who operates a product that does not meet the requirements of an applicable airworthiness directive. With respect to delivered aircraft, the owner or operator of an aircraft is primarily responsible for maintaining that aircraft in an airworthy condition, including compliance with airworthiness directives. Accordingly, legal enforceability of an airworthiness directive does not run directly to the manufacturer of an aircraft as a general matter, except that the manufacturer is responsible for

complying with an applicable airworthiness directive for any aircraft it owns or operates itself, and where the manufacturer is the type certificate holder for the product concerned it may be responsible for submitting design changes to the FAA for approval and then making descriptive data for approved changes available to operators of affected aircraft. FAA airworthiness directives are common in the personal aviation industry, according to Frost & Sullivan. During the Track Record Period, the aircraft of our major competitors (including Textron, Diamond, Piper Aircraft, Bombardier and Pilatus) were subject to requirements under an average of approximately 6.4 airworthiness directives that were issued by the FAA.

Distinct from an obligation to the FAA, for affected delivered aircraft that are in operation, we may be required by commercial contract with our customers (e.g., a warranty) to perform and bear the cost of actions necessary to comply with an airworthiness directive. For undelivered aircraft, we will perform and bear the cost of actions necessary to comply with an airworthiness directive, which is necessary for the aircraft to obtain a certificate of airworthiness before it can be delivered. As a result, we have a process whereby we monitor and assess the impact of airworthiness directives that may apply to our aircraft. In the event our aircraft are impacted, we typically address any issues in our normal course of business.

During the Track Record Period and up to the Latest Practicable Date, the FAA issued four airworthiness directives that were applicable to our aircraft and/or components installed on our aircraft, the details of which are set forth below:

- Airworthiness directive AD 2023-09-09 related to Continental engines installed on some of our aircraft.

  Airworthiness directive AD 2023-09-09 required certain inspection and corrective actions in relation to turbocharged, reciprocating (i.e., piston) aircraft engines with a certain V-band coupling installed, regardless of manufacturer. This airworthiness directive is applicable to our SR22 and SR22T models with turbocharged Continental engines. This airworthiness directive creates no incremental workload on us as annual inspections of V-band couplings similar to the requirement under this AD have been included in the relevant maintenance manual of the relevant engines prior to the effective date of this airworthiness directive, and there is no requirement for inspection on new aircraft pre-delivery as the condition addressed by this airworthiness directive is fatigue failure of spot-welded, multi-segment V-band couplings. We do not foresee any incremental cost on us as caused by this airworthiness directive. The engine manufacturer (i.e., Continental) is responsible for carrying out and bearing the costs arising from the various compliance steps required under this airworthiness directive if the affected aircraft are under associated warranty.

- Airworthiness directive AD 2023-04-20 was adopted for all of our Vision Jet aircraft. For further details on AD 2023-04-20, please see "Summary — Recent Developments and No Material Adverse Change — Recent Regulatory Developments — Recent Airworthiness Directives — March 2023 Airworthiness Directive."

  Airworthiness directive AD 2023-04-20 primarily required implementing procedures set forth in the relevant service bulletin issued by us within 25 hours of time-in-service after the effective date of the airworthiness directive. We are responsible for implementing the service bulletin for our customers' aircraft under our warranty. As a result of airworthiness directive AD 2023-04-20, we incurred and/or expect to incur certain costs for implementing the service bulletin under our warranty, as well as for implementing related product enhancements. For any issues caused by supplier defect, we will seek and get reimbursement via supplier warranty. All such costs to implement and certify the relevant remedies and product enhancements fell within our normal forecasted budget for warranty and sustaining product engineering, and therefore, will not have a material adverse effect on our operations or financial performance. The corrective actions outlined in the service bulletin and the airworthiness directive, when implemented on each affected aircraft, fully satisfy the airworthiness, operating and safety requirements of airworthiness directive AD 2023-04-20. A service bulletin comprising a product enhancement was issued on December 1, 2023 to restore the functionality disabled by the airworthiness directive. For airworthiness directive AD 2023-04-20, (a) in connection with implementing the relevant service bulletins inspections and procedures as well as product enhancements in field, we (i) had, as of the Latest Practicable Date, incurred an aggregate of approximately US$141,000, and (ii) are expected to incur approximately US$1.1 million of additional expenses, and (b) in connection with any redesign and certification processes, we have incurred such costs as product development costs that are part of our ongoing sustaining engineering efforts and did not incur any additional costs beyond our ordinary budget/forecast for ongoing sustaining engineering efforts.

- Airworthiness directive AD 2023-04-08 related to Continental engines installed on some of our aircraft. For more details on AD 2023-04-08, please see "Summary — Recent Developments and No Material Adverse Change — Recent Regulatory Developments — Recent Airworthiness Directives — February 2023 Airworthiness Directive."

  In the case of this airworthiness directive, Continental is responsible for root cause identification and corrective action. We are not required to undergo any re-design or certification, and the direct costs of inspections and repairs are expected to be reimbursed in full by Continental. Specifically, barring any further findings from Continental, we expect the issue identified by AD 2023-04-08 to be fully addressed once all fielded aircraft have had inspection completed. We will continue to operate in accordance with our existing quality control policies and procedures (including supplier quality) to ensure incoming engines are compliant. As of the Latest Practicable Date, 469 out of 537, or approximately 87%, of affected aircraft have had the service bulletin procedures performed.

- Airworthiness directive AD 2022-03-15 related to Garmin's G3X Touch Electronic Flight Instrument System which is installed on some of our aircraft.

  In the case of this airworthiness directive, the component manufacturer, Garmin, is responsible for arranging and expensing the remedy by way of supplier or aftermarket warranty. The implicated components were neither offered nor installed as original equipment by us, nor as a factory-offered option on new Cirrus aircraft. Instead, they were offered by unaffiliated third-party vendors to owners to install as aftermarket upgrades or replacements on Cirrus SR2X aircraft (as well as many other aircraft from other manufacturers). As such, we do not bear any responsibility for implementing or executing the remedies, as such a modification would not be covered under a new aircraft warranty. Therefore, we do not expect to incur any financial impact from airworthiness directive AD 2022-03-15. With respect to airworthiness directive AD 2022-03-15, we are not in a position to assess whether the underlying issues have been fully addressed, which would be an issue for Garmin to address.

The table below summarizes certain details of the four airworthiness directives:

No.	Airworthiness Directive ("AD") document no., issuance date and effective date	Background and Requirements of the AD	Responsible party for rectification	Subsequent measures taken by the Group (if applicable)	Whether the underlying issue(s) were fully addressed	Cost incurred or to be incurred by us
1.	AD 2023-09-09 Issuance date: June 12, 2023 Effective date: July 17, 2023	• This AD was adopted for turbocharged, reciprocating (i.e., piston) aircraft engines with a certain V-band coupling installed, irrespective of manufacturer. • This AD was prompted by the ongoing analysis by the FAA of failure modes of commonly-used V-band couplings which connect the flanges of the turbocharger exhaust housing and the exhaust tailpipe. • The AD primarily includes the following compliance steps: **Nature** / **Timing** 1. Removal and replacement of all spot-welded, multi-segment V-band couplings which will bear a life limit of 500 hours time-in-service ("**TIS**") — 1. At or prior to the life limit of 500 hours TIS 2. Initial review of aircraft maintenance records to determine the number of hours TIS accumulated on each V-band coupling — 2. Within 50 hours TIS of the effective date of the AD 3. Inspection of the V-band coupling — 3. No less frequently than every 12 months • No requirement for grounding the aircraft.	• Engine manufacturer (i.e., Continental) for affected aircraft that are under warranty.	• The FAA issued Special Airworthiness Information Bulletin SAIB CE-18-21 in 2018, which was referred to in this AD, recommending best practices with respect to design, installation, and inspection of V-band couplings, which included annual inspection of V-band couplings similar to the requirement under this AD. The annual inspection of V-band couplings has been incorporated into the relevant maintenance manual of the relevant engines prior to the effective date of this AD; as a result, AD 2023-09-09 creates no incremental inspection workload on us. • No requirement for inspection on new aircraft pre-delivery as the condition addressed by this AD is fatigue failure of spot-welded, multi-segment V-band couplings.	• Not applicable	• No incremental cost on us caused by this AD: a. Annual inspections of V-band couplings similar to the requirement under this AD have been included in the relevant maintenance manual of the relevant engines prior to the effective date of this AD. Furthermore, this AD is not applicable to the majority of our SR22 and SR22T model aircraft delivered and under warranty which used riveted V-band coupling that is not the subject of this AD; b. The engine manufacturer (i.e., Continental) is responsible for carrying out and bearing the costs arising from the various compliance steps required under this AD if the affected aircraft are under associated warranty; the aircraft owner will bear responsibility for replacement costs if the associated warranty provided by the engine manufacturer has expired; c. In the event the V-band coupling shows signs of premature failure prior to its life limit of 500 hours while the aircraft is under its new aircraft warranty, we will replace the part under warranty and seek reimbursement for replacement costs with the engine manufacturer (i.e., Continental) under associated warranty.

No.	Airworthiness Directive ("AD") document no., issuance date and effective date	Background and Requirements of the AD	Responsible party for rectification	Subsequent measures taken by the Group (if applicable)	Whether the underlying issue(s) were fully addressed	Cost incurred or to be incurred by us
2.	AD 2023-04-20 Issuance date: March 6, 2023 Effective date: March 21, 2023 For further details on this AD, please see "Summary — Recent Developments and No Material Adverse Change — Recent Regulatory Developments — Recent Airworthiness Directives — March 2023 Airworthiness Directive."	• This AD was adopted for all Vision Jet aircraft. • This AD was prompted by reports of an accident and an incident due to uncommanded activation of the Cirrus Airframe Parachute System ("**CAPS**") autopilot mode while in flight. • This AD requires implementing the procedures in a Cirrus service bulletin (SB5X-90-14R1) within 25 hours time-in-service ("**TIS**"). • No requirement for grounding the aircraft.	Our Company is responsible for implementing the service bulletins for our customers' aircraft under our warranty.	• We issued a service bulletin to address the issues. • Although not required under the AD, we have developed product enhancements, contained in a service bulletin issued December 1, 2023, to restore any functionality lost as a result of the AD.	The corrective actions outlined in the service bulletin and AD, when implemented on each affected aircraft, fully satisfy the airworthiness, operating and safety requirements of the AD. As a result, we do not expect any material adverse impact on our operations from the AD going forward.	• Costs for Implementing Service Bulletin: We implemented Service Bulletin SB5X-90-15 to address the issue identified in AD 2023-04-20. As of the Latest Practicable Date, we had incurred costs of approximately US$141,000. Expected additional cost of implementation is approximately US$1.1 million. The majority of the costs are expected to be incurred in 2024.
3.	AD 2023-04-08 Issuance date: February 23, 2023 Effective date: February 23, 2023 For further details on this AD, please see "Summary — Recent Developments and No Material Adverse Change — Recent Regulatory Developments — Recent Airworthiness Directives — February 2023 Airworthiness Directive."	• This AD was adopted for certain reciprocating engines manufactured by Continental. • This AD was prompted by a report of a quality escape involving improper installation of counterweight retaining rings in the engine crankshaft counterweight groove during manufacture. • This AD requires implementing the procedures in a Continental service bulletin before further flight.	Continental	• Our production and delivery of all SR22 and SR22T aircraft was slowed down until inspections could be completed on 44 affected Continental engines in production stock and work-in-progress. Such inspections were all completed by March 3, 2023. On March 3, 2023, we had also completed the inspection of all finished aircraft which had received COA and were awaiting customer delivery. • Operations of our corporate fleet of affected aircraft had been suspended. All inspections of affected corporate fleet aircraft had been completed by June 2023. • We immediately contacted affected customers to inform them of the service bulletin and AD. • Production and delivery of new SR22 and SR22T models were affected because we diverted our production resources to complete the inspections and our supply of Continental engines was affected while Continental performed inspections. We estimate that delivery of a total of 40 SR22 and SR22T airplanes were delayed on average by three to four weeks.	We expect the issue to be fully addressed once all fielded aircraft have had inspections completed. As of the Latest Practicable Date, 469 out of 537, or approximately 87% of aircraft have had the service bulletin procedures performed.	• Direct costs of inspections and repairs are expected to be reimbursed in full by Continental. • We are not required to perform any re-design or certification.

No.	Airworthiness Directive ("AD") document no., issuance date and effective date	Background and Requirements of the AD	Responsible party for rectification	Subsequent measures taken by the Group (if applicable)	Whether the underlying issue(s) were fully addressed	Cost incurred or to be incurred by us
4.	AD 2022-03-15 Issuance date: February 14, 2022 Effective date: March 21, 2022	• This AD is adopted for various airplanes modified with certain configurations of Garmin flight instrument systems. • This AD was prompted by a report of a fuel quantity disparity between the amount of fuel indicated and the actual amount of fuel. • This AD requires complying with certain Garmin mandatory service bulletins within 100 hours TIS or within 12 months, whichever occurs first. • No requirement for grounding the aircraft.	Garmin	Not applicable.	Not applicable.	None.

None of these airworthiness directives involved a grounding of Cirrus aircraft without an already identified solution for returning the aircraft to service. Unlike in the automotive industry, recalls of aircraft are not a practice in the aviation industry, according to Frost & Sullivan. All of these airworthiness directives required the owner or operator of affected aircraft to perform an inspection and/or implement certain procedures or remedies within a certain timeframe.

Based on the information in the above table, during the Track Record Period and up to the Latest Practicable Date, none of these airworthiness directives issued by the FAA applicable to our aircraft and/or components installed on our aircraft had a material adverse effect on our operations or financial performance. In addition, based on the information in the above table, these airworthiness directives are not expected to have a material adverse effect on our operations or financial performance in the future.

We have adopted a uniform quality system, which enables our management to monitor our production activities through multiple key performance indicators and to take prompt corrective action whenever necessary. We believe that this approach facilitates the sharing of know-how and best practices across our products. At the same time, we have developed a comprehensive training system for our technicians that includes tailored manuals, procedures and operating instructions for each of our products to protect their distinctive characteristics. We track all technician and specialist training in a learning management system and require additional training for specialized processes, such as welding and non-destructive inspections.

We have an air safety team dedicated to handling significant incidents and accidents in accordance with our aircraft incident/accident response plan. Our air safety team reviews all reported aviation safety events relative to risk assessments used in Type Certification, designs system safety assessments for certification and assesses each event relative to the safety management system. Our air safety team is normally a designated party member or technical advisor for certain NTSB investigations, fully participating in accident investigations. Our air safety team also coordinates with our Airworthiness and Organization Designation Authorization department for independent assessments of significant incidents and accidents relative to certain FAA reporting requirements.

In the event of an aircraft accident subject to NTSB investigation involving our aircraft, our air safety team will, if possible, go to the accident site, and will, if invited, work with authorities including the NTSB and FAA to determine the cause of the accident. The NTSB has the authority to investigate each accident involving a civil aircraft in the United States, and U.S.-registered civil aircraft when an accident occurs in international waters, as well as to participate as an accredited representative in certain international aviation investigations of civil aircraft accidents in foreign countries. U.S. federal aviation law and regulations provide for detailed procedures to be followed by the aircraft operator in the event of an "aircraft accident" or a "serious incident" as defined by the NTSB. In particular, the operator of an aircraft (not the manufacturer) is required to notify the nearest NTSB office immediately in the event an accident has occurred, an aircraft is overdue and is believed to have been involved in an accident, or there has been a serious incident. The operator must also file a detailed report within ten days after an accident or after seven days if an overdue aircraft is still missing; such a report for a serious incident is filed only upon NTSB request. An operator that fails to comply with NTSB civil aircraft notification and reporting requirements is subject to civil penalties.

According to the NTSB, if an accident or serious incident occurs in a foreign state involving a U.S.-registered civil aircraft, U.S. operator, or U.S.-designed or U.S.-manufactured aircraft, and the foreign state is a signatory to the Chicago Convention on International Civil Aviation, that state is responsible for the investigation and controls the release of all information regarding the investigation. The foreign state must notify the NTSB of the accident, which begins the NTSB's participation in the international aviation accident investigation under the process set forth in Annex 13 of the Convention on International Civil Aviation. Annex 13 outlines how accident investigation participating states are determined, as well as the process leading to the issuance of an accident investigation preliminary report (within 30 days of the event) and final report (as soon as possible or within 12 months of the event). As a result, from time to time in the ordinary course of our business, our aircraft are subject to reports and investigations by certain aviation regulatory authorities.

For the years ended December 31, 2021, 2022 and 2023, we recorded a non-fatal accident rate per 100,000 flight hours across our fleet of 1.43, 2.24 and 1.60, respectively, and a fatal accident rate per 100,000 flight hours across our fleet of 0.68, 0.64 and 0.87, respectively. By comparison, for the year ended December 31, 2022, non-fatal and fatal accident rates per 100,000 flight hours for personal general aviation, as compiled by the NTSB, were 7.99 for non-fatal accidents and 1.70 for fatal accidents.

Unlike in the automotive industry, recalls of aircraft are not a common practice in the aviation industry, according to Frost & Sullivan. When the FAA issues an airworthiness directive, the FAA assigns responsibility to the owner or operator (not the manufacturer) of an affected aircraft to accomplish certain actions within a certain timeframe to ensure that the aircraft is airworthy. This legal framework differs from a product recall whereby a product is asked to be returned to the manufacturer after the discovery of safety issues or product defects that might endanger the consumer. During the Track Record Period and up to the Latest Practicable Date, none of the airworthiness directive applicable to the Company's aircraft and/or components which could be installed on our aircraft involved a grounding of our aircraft without an already identified solution for returning the aircraft to service. Based on the foregoing, during the Track Record Period and up to the Latest Practicable Date, we have not experienced any material recalls on our aircraft.

During the Track Record Period and up to the Latest Practicable Date, (i) we have not been found liable or at fault by any regulatory or judicial authority with respect to any accident or serious incident (as each such term is defined by the NTSB) involving our aircraft, (ii) there has not been any regulatory enforcement action against us as a result of any accident or serious incident (as each such term is defined by the NTSB) in connection with our aircraft, and (iii) there have been no accidents or fatalities involving our aircraft that were judicially determined to be a result of any product defect, in each case, including in connection with the circumstances leading to the issuance of each of the airworthiness directives applicable to the Company's aircraft and/or components which could be installed on our aircraft. Based on the foregoing, during the Track Record Period and up to the Latest Practicable Date, no material manufacturing defects have been identified by any regulatory or judicial authority. Even if the results of any regulatory investigation are inconclusive or may involve an issue with the aircraft, we maintain adequate insurance levels to address litigation or other resolutions of disputes, regardless of the location of the accident or incident.

During the Track Record Period and up to the Latest Practicable Date, we have addressed all customer complaints received regarding certain aircraft issues appropriately in a timely manner, and we did not receive any material claims or penalties as a result of these issues. Based on the foregoing, we did not receive any material complaints during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period and up to the Latest Practicable Date, (1) taking into consideration our insurance coverage, we have not experienced any material disputes and/or product liability claims due to a product defect for which we have been found liable, and (2) we have not been found liable for any product defect. During the Track Record Period, our accrued product liability was US$33.4 million, US$57.5 million and US$35.3 million as of December 31, 2021, 2022 and 2023, respectively. During the Track Record Period, our reinsurance recoverable was US$19.5 million, US$42.2 million and US$21.4 million as of December 31, 2021, 2022 and 2023.

During the Track Record Period, in the ordinary course of our business, we have been subject to product liability claims based on various tortious theories of liability arising from incidents involving our aircraft, including based on product defect (for details of the theories of liability that can be made in connection with product liability claims, see "Regulatory Overview — Product Liability and Consumer Protection"). Although we have disputed — and continue to dispute — each and every one of the claims made on any of these theories (including product defect) during the Track Record Period, we must accrue for product liability based on the actuarial valuations. Furthermore, given the accrued product liability is an estimate based on various factors and does not correlate specifically to particular incidents or cases, it is not possible to determine what amount relates to each particular theory of product liability claims, including for example product defect.

Our reserves for product liability loss exposure and recovery from insurance providers is determined by reviewing loss estimates of our lead underwriter as well as an actuarial assessment performed by our insurance broker. The exposure and recovery from insurance provider is calculated by taking into account the ultimate self-insured retentions for that specific year and represent 100% values. The lead underwriter determines estimated total loss exposure by examining field-related incidents; establishing an estimate of potential liability exposure based on the facts of the incident and possible theories of liability, jurisdiction, and other factors; and determining legal and other fees that may be incurred. See Note 2.17 to the Accountant's Report included in Appendix I to this Prospectus for more information on the relevant accounting policy. The accrued product liability is therefore an estimate based on various factors within the policy years and does not correlate specifically to particular incidents or cases. Actuarial valuation is performed at least annually to determine the amount. Any new development of existing cases or change of number of cases will affect the size of the liability.

As we carry product liability insurance, with a portion of this insurance coverage being done via reinsurance instruments, we recognize as current assets reinsurance recoverable for product liability that represents both the direct and reinsurance markets. Therefore, although the amount of accrued product liability may be adjusted following updates to the estimate of overall loss exposure for all cases at least annually based on the various factors discussed above, to the extent any adjustment results in product liability exceeding our aggregate exposure amounts, we will correspondingly recognize reinsurance recoverable as a current asset and a corresponding liability for this exposure. See "— Insurance" for more information on our insurance coverage.

Cirrus Operating System

The Cirrus Operating System establishes and standardizes advanced manufacturing and supply chain processes by helping to integrate our end-to-end business systems and processes and supporting mixed model capability (i.e., the ability to produce parts and assemblies of various models simultaneously on the same production line). See "— Production — Production Process and Facilities." We will continue to introduce our Cirrus Operating System into our workflows to find additional opportunities to capitalize on improved efficiency including cost reduction and output growth. Our Cirrus Operating System is designed to bring about cost efficiencies, including but not limited to the following benefits: (i) streamline our supply chain; (ii) standardize our manufacturing processes; (iii) improve our quality processes; (iv) enable flexibility to market changes; (v) optimize product and employee safety; (vi) optimize direct labor and manufacturing overhead employee productivity; and (vii) reduce unnecessary inventory.

SALES AND MARKETING

Our Sales Model

Our sales model is premised on maintaining a direct presence in strategic, geographical markets, and maximizing our market coverage through a solid and extensive partner network of authorized service centers and authorized training facilities. As of December 31, 2023, we had established a sales presence in more than 36 countries around the world, enabling us to reach customers on a global scale. Each of our four geographic regions is managed by an individual executive director per region who oversees the sale of our SR2X Series and Vision Jet aircraft.

The following table sets forth geographical locations of customers in terms of number of aircraft for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Units	*%*	*Units*	*%*	*Units*	*%*
Aircraft						
North America	422	79.9	486	77.3	578	81.7
Europe	50	9.5	60	9.5	47	6.6
Other[(1)]	56	10.6	83	13.2	83	11.7
Total[(2)]	**528**	**100.0**	**629**	**100.0**	**708**	**100.0**

Notes:

(1) Other refers to Africa, Asia, Australia, and Latin America. We did not sell any aircraft to customers located in the PRC.

(2) Does not include aircraft kits that can be assembled into aircraft.

The following table sets forth revenue from aircraft based on geographic locations of customers during the Track Record Period:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
North America	489,674	79.0	600,334	79.0	761,184	83.1
Europe	66,764	10.8	68,418	9.0	60,925	6.7
Other[(1)]	63,174	10.2	90,988	12.0	93,545	10.2
Total	**619,612**	**100.0**	**759,740**	**100.0**	**915,654**	**100.0**

(1) Other refers to Africa, Asia, Australia, and Latin America.

Substantially all of our aircraft are delivered at our Knoxville, Tennessee facility.

The following table sets forth the breakdown of the number of aircraft purchased by customers under the two models for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Units	*%*	*Units*	*%*	*Units*	*%*
Aircraft						
Direct Sales Model	420	79.5	483	76.8	584	82.5
CSA Model	108	20.5	146	23.2	124	17.5
Total[(1)]	**528**	**100.0**	**629**	**100.0**	**708**	**100.0**

(1) Does not include aircraft kits that can be assembled into aircraft.

The following table sets forth the breakdown of revenue for aircraft purchased by customers under the two models for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Aircraft						
Direct Sales Model	487,679	78.7	597,554	78.7	772,924	84.4
CSA Model	131,933	21.3	162,186	21.3	142,730	15.6
Total	**619,612**	**100.0**	**759,740**	**100.0**	**915,654**	**100.0**

The following table sets forth the breakdown of the number of aircraft and revenue for aircraft sold under the CSA model by (i) contracts signed directly with the customer and (ii) contracts signed by the CSA:

CSA Model	For the year ended December 31,					
	2021		2022		2023	
	Units	*%*	*Units*	*%*	*Units*	*%*
Aircraft						
Contracts with Customers	69	63.9	91	62.3	67	54.0
Contracts with CSAs	39	36.1	55	37.7	57	46.0
Total	**108**	**100.0**	**146**	**100.0**	**124**	**100.0**
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Revenue						
Contracts with Customers	94,881	71.9	109,980	67.8	80,274	56.2
Contracts with CSAs	37,052	28.1	52,206	32.2	62,456	43.8
Total	**131,933**	**100.0**	**162,186**	**100.0**	**142,730**	**100.0**

Note: The fluctuation in the number of aircraft and revenue for aircraft sold under the CSA model by (i) contracts signed directly with the customer and (ii) contracts signed by the CSA during the year ended December 31, 2023 as compared to the years ended December 31, 2021 and 2022 was primarily driven by (a) individual customer preferences, as the end customer may prefer to enter into the contract with the CSA for assistance with financing or delivery timing and (b) CSAs placing orders for aircraft without a prospective end customer in place in order to shorten the lead time for end customers. See "— Our CSA Model" below for details.

During the Track Record Period, seven of the CSAs were both our customers and suppliers for each of 2021, 2022 and 2023, respectively. Such CSAs contributed to 5.0%, 5.8% and 5.8% of our revenue during the same years, respectively, and 39, 55, and 57 aircraft were delivered pursuant to contracts with such CSAs during the same years, respectively.

During the Track Record Period, our total revenue generated from aircraft sold pursuant to contracts signed directly with our customers was US$582.6 million, US$707.5 million and US$853.2 million for 2021, 2022 and 2023, respectively, representing 94.0%, 93.1% and 93.2% of our total Aircraft revenue.

The following table sets forth the breakdown of the number of aircraft purchased by retail and fleet customers for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	Units	*%*	*Units*	*%*	*Units*	*%*
Aircraft						
Retail	522	98.9	597	94.9	658	92.9
Fleet	6	1.1	32	5.1	50	7.1
Total[(1)]	**528**	**100.0**	**629**	**100.0**	**708**	**100.0**

(1) Does not include aircraft kits that can be assembled into aircraft.

The following table sets forth the revenue breakdown of aircraft purchased by retail and fleet customers for the years indicated:

	For the year ended December 31,					
	2021		2022		2023	
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*
Aircraft						
Retail	616,307	99.5	738,553	97.2	884,625	96.6
Fleet	3,305	0.5	21,187	2.8	31,029	3.4
Total[(1)]	**619,612**	**100.0**	**759,740**	**100.0**	**915,654**	**100.0**

(1) Does not include aircraft kits that can be assembled into aircraft.

As of December 31, 2023, our direct sales network consisted of our in-house sales team of 30 employees. Our in-house sales team has extensive experience in sales and aviation. Sales team members are also demonstration pilots with commercial pilot certificates, responsible for both the customer business relationship and the flight demonstration experience, which promotes an enduring relationship with our customers and highlights the strength of our direct-to-customer model. In addition, we have extensive geographic sales coverage in our primary and secondary markets, ensuring quick response times to inquiries and provision of team members through flight demonstrations and informational sessions to prospective customers.

Direct-to-Customer Model

We build and operate our own sales and distribution infrastructure and sell our products directly to our users. We believe that our direct-to-customer model not only improves economic and operational efficiency significantly, but also provides our users with a distinctive purchasing experience consistent with our values and brand image.

We have deployed a direct-to-customer model in the United States from the outset. The main competitors in the piston segment have historically primarily relied on dealers to provide aircraft sales and service in the United States, according to Frost & Sullivan. Our direct-to-customer model allows us to engage directly with our customers without having to work through an intermediary. We endeavor to establish a personal relationship with each of our customers through our client relations manager system. Our system assigns a delivery experience advisor to accompany each customer throughout their personal aviation experience from flight demonstrations to the delivery of an aircraft and beyond to support a customer when they are interested in upgrading to a newer aircraft. Each of the direct sales teams and executive directors is supported by a sales demonstrator aircraft, and we maintain a rotating fleet of the latest aircraft models for live demonstrations to our customers. Further, the direct-to-customer model provides a competitive advantage by expediting the speed at which our sales team can schedule flight demonstrations with customers and reduces brand dilution that would occur as a result of third-party dealer involvement. It also helps to foster long-standing relationships with customers and help build the Cirrus community.

We provide overseas shipment services to our customers. For example, our Vision Center in Knoxville, Tennessee coordinates complex deliveries, including overnight disassembly and reassembly, equipment maintenance and refinement initiatives. As of the Latest Practicable Date, we have various authorized reassembly centers outside of the United States. For shipments to our reassembly centers outside of the United States, all reassembly is conducted in accordance with our authorized maintenance manual, which was developed by us and provides detailed technical maintenance instructions for our aircraft, and approved published procedures. For parts shipped to reassembly centers, customer contracts contain specific transference of risk terms, with risk

typically passing when the shipment leaves the Cirrus facility in the United States. All aircraft deliveries occur in the United States and customers who reside in other geographic locations arrange for transport back to their locations afterwards.

Our CSA Model

Our international sales efforts are primarily supported by a network of CSAs. Our CSA Model reduces barriers to entry in jurisdictions that we would otherwise find difficult to enter given costs associated with establishing brick-and-mortar locations and navigating various laws and regulations of foreign jurisdictions, such as differences in employment laws. By expediting and simplifying the purchase process for customers, our CSA Model bolsters our international presence and brand. Additionally, many of our CSAs provide post-sales services to customers (i.e., aircraft maintenance, parts sourcing, etc.), thereby helping to provide Cirrus aircraft owners outside the United States with the same ownership experience that our domestic customers enjoy.

Unlike our peers that use a dealership model in which each dealer may sell product lines from various brands at the same time, our CSA Model is advantageous in that our CSAs are generally required to sell Cirrus aircraft exclusively. The CSA Model thus aligns the motives and incentives of our CSAs with those of the Company better than other distribution channels. Our CSAs are remunerated by sales commission, which is based on a certain pre-agreed percentages of the relevant aircraft purchase contract value. CSA sales commission expense amounted to approximately US$8.3 million, US$12.5 million and US$13.3 million for the years ended December 31, 2021, 2022 and 2023, respectively. Each of our CSAs was a private company or natural person and an independent third party during the Track Record Period and as of the Latest Practicable Date.

While the sales agents are not our employees, they source potential end customers and facilitate marketing activities including the eventual sale of our aircraft, for us. All sales agents must operate a demonstration aircraft that is either a SR22 or SR22T model. Such demonstration aircraft must be no more than 12 months old and must be the latest available generation. Such demonstration aircraft may not be resold into the exclusive territory of another sales agent until they are at least 12 months old. Demonstration aircraft are typically sold by the CSAs to an end customer once the CSA obtains a new demonstration aircraft, typically annually. We verify those sales agents who conduct demonstration flights to ensure that they are licensed pilots, consistent with our internal sales team. All sales made through our sales agents must be approved by us.

We usually have a principal-agent relationship with our CSAs and sign the purchase agreement directly with the end customer identified by the CSA. We recognize the revenue generated from sales under our CSA Model with the sales price of the aircraft in accordance with the same principles as our direct-to-customer model as discussed in "Financial Information — Material Accounting Policy Information and Critical Accounting Estimates and Judgments — Material Accounting Policy Information — Revenue Recognition." Once the CSA identifies a prospective end customer, the CSA will facilitate an initial deposit via wire transfer or credit card payment payable by the end customer directly to us, which is due at the time that an order is placed by the CSA for an aircraft. An additional deposit in the amount of 10% of the aircraft's expected total sales price is due 135 days before delivery of the aircraft, payment of which is facilitated by the CSA from the end customer via wire transfer or credit card payment directly to us. In some cases, namely in logistical circumstances to assist an end customer for financing-related reasons (for example, the CSA and end customer may want this arrangement as the CSA may be able to more easily facilitate a loan for the end customer to finance based on local tax regulation or financing entity requirements of the parties involved, requiring the CSA to import the aircraft before transfer to the end customer) or issues with timing of delivery, the contract will be entered into between the CSA and us. Contracts entered into between the CSA and us carry identical terms to the contracts entered into between an end customer and us. There are no differences in the pricing of our aircraft under the Direct-to-Customer Model as compared to the CSA Model.

In addition, in certain circumstances, long lead times for delivery of our aircraft have prompted our CSAs to place orders for aircraft without a prospective end customer in place. As a result of the growth in our backlog and increased demand coupled with longer lead times for delivery, CSAs may decide to order an aircraft prior to an end customer being contracted to shorten the lead time for end customers. See "— Aircraft Orders and Delivery" for more information. If an end customer was contracted prior to delivery, the CSA would reclaim any deposit money by refund from the Company. If an end customer was not contracted prior to delivery, the CSA may either pay for the aircraft in full and store the aircraft as inventory or arrange for the aircraft's transfer to another CSA prior to delivery for a flat US$10,000 transfer fee, payable by the assignee. The US$10,000 transfer fee is paid to the CSA transferring the aircraft in exchange for the new CSA receiving the original CSA's place in the line for receiving an aircraft. Identical to the arrangements between us and end customers, we do not accept returns on aircraft purchased by CSAs, and accordingly, we do not monitor whether the CSAs store the aircraft as inventory. However, as we set annual quotas for our CSAs, which we use to monitor sales agent performance and market evolution and provide them with a written review semi-annually, we do not believe any sales by CSAs would be non-recurring. As CSAs would typically source end customers prior to the delivery of the aircraft, we do not consider that the CSAs exhibit the risks typically associated with distributors.

The table below sets forth the changes in the number of CSAs during the Track Record Period:

	As of December 31,		
	2021	2022	2023
Number of CSAs at the beginning of the year	18	15	15
Number of new CSAs	0	0	1
Number of terminated CSAs[(1)]	3	0	0
Number of CSAs at the end of the year	15	15	16
Turnover rate of CSAs[(2)]	16.7%	0.0%	0.0%

Notes:

(1) During the Track Record Period, we terminated CSAs due to inadequate or unsatisfactory performance. There were no material disputes or legal proceedings with any terminated CSAs during the Track Record Period and up to the Latest Practicable Date.

(2) Turnover rate was calculated by dividing the number of terminated CSAs for a given year by the number of CSAs present at the beginning of that year. We have a long term relationship with our major CSAs. None of our terminated CSAs during the Track Record Period had sales of more than five aircraft in each year of the Track Record Period.

(3) CSAs operated across the following territories as of December 31, 2023: (i) United Kingdom; (ii) Benelux and Scandinavia; (iii) Czech Republic, Slovakia, Hungary and Cyprus; (iv) Italy, United Arab Emirates and Saudi Arabia; (v) Germany; (vi) Romania; (vii) South Africa; (viii) Brazil; (ix) Mexico; (x) Panama, Colombia, Guatemala, El Salvador, Ecuador, Peru, Costa Rica, Belize and Honduras; (xi) Argentina, Uruguay, Paraguay and Chile; (xii) Philippines and South East Asia; (xiii) Japan; (xiv) Australia (New South Wales, Queensland and Australian Capital Territory); (xv) Australia (Tasmania, Victoria and South Australia); and (xvi) New Zealand. Certain of our CSAs operate in more than one country. No two CSAs operate in the same territory.

We enter into standard CSA agreements with our external sales agents. Key terms of our CSA agreements include:

- *Term:* Three years, renewable subject to the attainment of agreed targets.

- *Designated Geographic Area:* Sales agents are assigned a designated geographic area and are not permitted to promote or sell our products outside of that area. This avoids cannibalization of sales between agents.

- *Exclusivity:* Sales agents may be granted the exclusive right to sell our products in their designated geographic areas, though certain of our CSAs are not governed by an exclusivity provision. Notwithstanding any exclusivity rights, we retain the right to act directly in promoting and selling aircraft within the geographic area, though we generally do not sell in any areas in which our CSAs have an exclusive right to sell.

- *Sales Target:* We set annual quotas for our sales agents, which we use to monitor sales agent performance and market evolution and we provide a semi-annual, written review. We determine sales quotas by considering how much revenue is required to meet our company objectives and growth plans, and reviewing each sales territory and the relevant factors that would affect sales performance.

- *Flight Training:* We permit sales agents to arrange training services for prospective end customers for any new SR2X Series aircraft orders and will reimburse the sales agent for certain expenses incurred in connection with such flight training.

- *Price Management:* We set a manufacturer suggested retail price for each model; sales agents have discretion to sell the products at that price or a lower one. Any discounts provided by the sales agent will be subtracted from the sales agent's commission fee.

- *Credit Management:* The CSA will promptly forward to us any checks, drafts, instruments or other payments received directly in payment of accounts due to the Company and will cooperate with us fully in the collection of any outstanding unpaid accounts, including taking appropriate action to correct an end customer's payment procedures and furnishing to us any credit reports or other credit information pertaining to our end customers that we may reasonably request.

- *Commissions:* During the Track Record Period, we paid a range of commissions between approximately 1% to 10% of an aircraft's sale price, depending on model and features. The commission fee is calculated for individual sales of aircraft as a fixed percentage of the relevant contract value that is generally payable 30 days upon settlement of the final payment and acceptance of the aircraft by the end customer. Sales agents are permitted to receive a commission on up to five SR2X Series aircraft sold as part of any deal involving a fleet or aircraft configured for specific applications. Fleet commissions are generally not permitted for the Vision Jet aircraft.

- *Confidentiality:* Each of the parties undertakes not to disclose the other party's trade secrets or other business information to any third party.

- *Non-Compete:* During the term of the CSA agreement and for a period of three months thereafter, the CSA is not permitted to directly or indirectly sell any aircraft or any related products that compete with our aircraft.

- *Assignment:* Under the terms of the CSA agreement, the CSA may not subcontract any obligation under or the whole or part of the CSA agreement without the express prior consent of Cirrus.

- *Compliance with International and Local Laws:* The CSA shall perform all of its obligations under the CSA agreement in accordance with all applicable local and international laws and shall assist us in ensuring that sales of the aircraft are in conformity with local and international laws, including compliance with sanctions and anti-bribery laws (e.g., FCPA) and any local statute, regulation, directive or code of conduct where the CSA does business.

- *Insurance:* The CSA shall at all times maintain at its own cost comprehensive general liability insurance covering bodily injury, property damage, contractual liability, products liability and completed operations in such amounts as are reasonably necessary to insure against all risks to its operations, but in no event less than a minimum of: (i) US$3.0 million comprehensive general liability insurance; (ii) workers' compensation as required by local law and employer's liability insurance; and (iii) US$1.0 million automobile insurance. All insurance policies provided under the CSA agreement shall be "occurrence" policies (i.e., policies covering claims in which the injury or damage occurred during the policy period) and not "claims made" policies (i.e., policies that require claims to be made while the policy is in effect) and shall name the Company as an additional insured.

- *Termination:* The CSA agreement may be terminated given three months' written notice for a variety of factors, including, but not limited to: (i) by the non-defaulting party in the event of a material breach; (ii) by either party in the case of winding up, liquidation, bankruptcy or insolvency of the other party; or (iii) by us in the event of certain circumstances which may adversely affect the business and reputation of the sales agent. We do not permit the return of any aircraft previously purchased by CSAs in the event of termination.

CSAs as Our Customers and Our Suppliers

We classify CSAs to be our customer when a CSA enters into a sales contract with us. This occurs when a CSA enters into a sales contract (1) to assist the end customer with the sales process, (2) when they purchase a demonstration aircraft from us or (3) when a CSA places an order for aircraft without a prospective end customer in place due to a long lead time and such CSA cannot source an end customer to contract with us directly prior to delivery. In addition, there are CSAs who perform activities outside of aircraft sales, such as operating service centers or training facilities which require them to purchase related materials from us. The CSAs also receive commissions from us pursuant to the CSA agreements, making them our suppliers.

A CSA may choose to lease a demonstration aircraft from one of its end customers, if such end customer does not yet wish to fly the aircraft. Such CSA may not have entered into any contract with us directly. As a result, not all CSAs were both our customers and suppliers during the Track Record Period.

Our Marketing Strategies

We focus our marketing efforts on first-time pilots and existing customers (i.e., those who have already purchased one of our aircraft), as well as other individuals with a private pilot's license, institutional customers, and private flight schools. First-time pilots represent an important component of growing our customer base. To achieve our goal, we are executing the following marketing strategies:

1. *The Cirrus Life* — Our primary marketing philosophy is captured by our branded *The Cirrus Life* program, a premium lifestyle brand by which we strive to establish and maintain a lifetime relationship with our customers, both in terms of physical proximity and customer support. For example, during the Track Record Period, approximately 200 or 75%, of our Vision Jet deliveries were made to owners who had already owned a Cirrus aircraft. We have established an inclusive community for our customers to enjoy a holistic experience of owning and enjoying our aircraft, which involves Cirrus-branded events, trips and unique training and social events. Our more than 1,000 Cirrus standardized instructor pilots located in 24 countries, who are experts in Cirrus Flight Training, help to guide customers in earning their private pilot's license through our standardized Cirrus Flight Training courseware. In addition, as of December 31, 2023, our global network included 118 authorized training facilities and 242 authorized service centers across the world.

2. *Digital Marketing* — We utilize integrated digital marketing tools through an omnichannel advertising strategy to attract potential customers by maintaining a presence on various social media platforms and leveraging targeted advertisements across such platforms and Google to enhance brand awareness.

3. *Cirrus Aircraft Referral Program* — We offer a competitive referral program for our retail customers to refer potential customers, instructor pilots, authorized service centers and authorized training facilities or pre-owned sales partners in exchange for a tiered referral amount that can be applied to the purchase of Cirrus products and services including, but not limited to, orders placed with our Cirrus Direct program, maintenance and training services and store merchandise.

4. *Trade Shows* — We participate in trade shows of various premium industries that host our target audience, such as boat, golf and automobile trade shows. We also engage in professional air shows to promote our brand, such as the annual Experimental Aircraft Association, AirVenture Oshkosh and Cirrus Migration shows.

5. *Direct Mail Marketing* — We employ a direct mail marketing program that targets a wide array of potential customers, including existing pilots, non-pilots, flight instructors and our existing customer base. Our advertising campaigns include non-aviation and lifestyle publications to reach a target audience beyond the typical aviation enthusiast.

Pricing

The purchase price for our aircraft is comprised of the base price and the price of any optional upgrades, as well as sales tax and any other duties. The base price of the aircraft is based on the cost of raw materials, components and labor and is adjusted with reference to fluctuations in the market price of similar aircraft. During the Track Record Period, we primarily sourced our composite materials from the United States. We assess the base price of the SR2X Series and Vision Jet aircraft on an annual basis and adjust accordingly to keep prices competitive in the

current market. The SR2X Series aircraft cover the single-engine piston aircraft market with a base selling price ranging from US$626,900 to US$963,900. The base price for the SR2X Series aircraft is based on five performance obligations: (1) the aircraft that includes standard features, optional upgrades and the express limited warranty; (2) extended warranty; (3) maintenance services; (4) brokerage services; and (5) flight training services. The Vision Jet aircraft covers the single-engine turbine aircraft market with a base selling price of US$3,240,000. The base price for the Vision Jet aircraft is based on four performance obligations: (1) the aircraft that includes standard features, optional upgrades and the express limited warranty; (2) Type Rating training; (3) the JetStream program package; and (4) brokerage services.

For the SR2X Series, customers pay based on pricing at time of estimated delivery to ensure all upgrades and customizations are included. For the Vision Jet, we have a limited number of prior contracts from inception of the product line that specify the price from the time of signing, indexed further for CPI, upgrades, substitutions and customizations. Our other Vision Jet orders/reservations follow the same pricing model as that of the SR2X Series. Each of the SR2X Series and Vision Jet aircraft undergo annual price increases correlated to model upgrades and generational changes, such as material changes to useful load, altitude limits and access to new airports due to improved certifications and in response to broader inflationary pressures. The above performance obligations do not take into account any discounts applied toward the base price.

There are no material differences in the base price of our aircraft based on the geographic location of our customers or the nature of the sales (i.e. fleet v. individual).

Key Terms of Our Sales Contracts

We enter into standard sales contracts with our customers. Key terms of our sales contracts are set out below:

Key Terms of Our Sales Contracts

	SR2X Series	Vision Jet
Initial Deposit	• We require a deposit on substantially all of our orders	
	• During the Track Record Period and up to the Latest Practicable Date, not less than approximately 95% of our orders were supported by a deposit	
	• US$15,000, due at the time of signing	• US$50,000 as a reservation

Key Terms of Our Sales Contracts

	SR2X Series	Vision Jet
Initial Non-Refundable Installment Payment	• Together with the initial deposits, amount to 10% of the total sales price of the aircraft based on the current base price for that model	
	• Due within 30 days of the order date at which time the initial deposit also becomes non-refundable	• Due approximately 12 months before expected delivery (which the initial US$50,000 is applied towards)
Additional Non-Refundable Installment Payment	—	• 10% of the total sales price of the aircraft based on the current base price for that model, due within six months before expected delivery date
Final Installment Payment	• Remaining balance of the actual total sales price based on the base price in the year in which the aircraft is delivered, plus any configurations or customizations	
	• Due at the time of delivery	
Payment Method	• Substantially all deposit and initial installment payments are made by credit card or wire transfer	
	• Substantially all final installment payments are made by certified check or wire transfer	
Payment Currency	• All payments are made in U.S. dollars	
Failure to Pay	• Our customers must pay all amounts due prior to delivery of the aircraft. In the event that a customer fails to pay an installment payment, seeks relief from debtors or within 10 days after our acceptance cancels an order, we have the contractual right to terminate the sales contract and retain the full deposit and interim payments as liquidated damages	

Key Terms of Our Sales Contracts

	SR2X Series	Vision Jet
Late Delivery	• If we are late in delivering an aircraft (other than for an excusable delay), we do not face any penalties except in special circumstances involving nominal fees for our fleet customers, but the customer has the right to terminate the contract and receive their full deposit if such delay extends for as much as 90 days after the window for delivery has passed	
	• Such special circumstances involve non-material fees paid in the event of a delayed delivery to our fleet customers due to the potential impact on their flight training business	
	• An excusable delay constitutes destruction or damage to the aircraft beyond economic repair or a force majeure event. Such delays were primarily attributable to production delays caused by our suppliers	
Basic Warranty for General Repairs *For further details on warranties, see "— Warranties" below*	• A basic warranty that the aircraft airframe will be free of material and workmanship defects under normal use and service	
	• Included in the base price of the aircraft	
	• For three years (36 months from the time of purchase or 1,000 flight hours, whichever occurs first)	• For two years (24 months from the time of purchase or 1,000 flight hours, whichever occurs first)

Warranties

We provide normal warranty provisions for general repairs for two years on the Vision Jet and three years on the SR2X Series aircraft. The express limited warranty is a part of the base price of the aircraft and includes a basic warranty that the aircraft airframe will be free of material and workmanship defects under normal use and service for a period of 24 months from the time of purchase or 1,000 flight hours (whichever occurs first) for the Vision Jet aircraft and a period of 36 months from the time of purchase or 1,000 flight hours (whichever occurs first) for the SR2X Series aircraft. We also provide optional, extended warranty packages for the SR2X Series aircraft for three to five years from the time of purchase.

We made provision for product warranties of US$19.8 million, US$12.4 million and US$16.9 million in 2021, 2022 and 2023, respectively, for current year sales and prior period Service Bulletins. While the current standard warranty for the SR2X Series aircraft is three years, there are some legacy warranties where extended warranty coverage began after two years, providing an aggregate warranty coverage of five years. To mitigate associated risks, certain components of the aircraft (i.e., engines, avionics) are warranted directly by their manufacturer to cover the period from years three through five. The price of extended warranty options is based on the relative sales value of the base price of the aircraft. Our sales contracts expressly disclaim implied warranty.

Payment Arrangements

We accommodate various payment arrangements for our customers to suit their financial arrangements. In certain circumstances, the registered owners of the aircraft will arrange for payment by other affiliates (such as a company owned by the individual registered owners or another company owned by the corporate registered owners) or designated parties (such as a financial institution financing the purchase or a trust or other individuals designated by the registered owners) which are made through U.S. financial institutions (the "Payment Arrangements"). According to Frost & Sullivan, such payment arrangements are common in the personal aviation industry in the United States and in other similar retail markets where the purchase amount is more sizeable.

The table below illustrates the various scenarios in which we have Payment Arrangements, the relationship between the purchaser/registered owner and the payor for the aircraft who are part of such Payment Arrangements and the reason behind such Payment Arrangements, to the knowledge of our Directors:

Scenario	Purchaser/ Registered owner of aircraft	Payor for aircraft	Relationship between purchaser/registered owner and payor[(1)]	Reason for Payment Arrangement
1	Individual	A company	Paid by a company which is owned by, or related to, the purchaser and/or registered owner who signed the sales contract	Individuals will sign the contract, but make the purchase through either an existing business or a limited liability company related to the individual buyer of the purchased aircraft either for commercial or other personal reasons
2	Individual	A bank or finance company	Paid by a bank or finance company acting as lender to the individual for the purchase	Financing for the purchasing of aircraft, which is quite common, is arranged by the individual buyer of the aircraft either through our finance partner or a third-party finance company

Note:

(1) "Related to" below includes relationships such as, but not limited to, shareholding, employment, trust, financing, business partnership or kinship between the purchaser/registered owner and payor

Scenario	Purchaser/ Registered owner of aircraft	Payor for aircraft	Relationship between purchaser/registered owner and payor[1]	Reason for Payment Arrangement
3	Company	Another company	Paid by a company which is owned by, or related to, the purchaser/registered owner which signed the sales contract	This typically occurs when a person registers his or her aircraft under a limited liability company for that aircraft and sends funds to complete the purchase through another company related to that person, either for commercial or other personal reasons
4	Company	Individual	Paid by an individual or individuals who are typically (i) holders of the equity interest of the company for which payment is being made or (ii) related to the holders of the equity interest of the company for which payment is being made.	This typically occurs when the individual registers his or her aircraft under a limited liability company for that aircraft, but the individual directly pays for it, either for commercial or other personal reasons

None of the payors under the Payment Arrangements during the Track Record Period had any past or present relationship (whether business, employment, family, trust, fund flow, financing or otherwise) with the Company or its subsidiaries, their directors, shareholders, senior management, or any of their respective associates.

As advised by Hogan, (a) as an aircraft seller, we are explicitly exempted from the obligations applicable to "financial institutions" under the U.S. AML Law to establish and maintain an AML compliance program, to know customers' sources of funds or otherwise to ascertain the relationship between (or have a written contract between) us and third-party payors, (b) receiving payments from third parties through U.S. financial institutions complying with their obligations under the Bank Secrecy Act for legitimate transactions without involving money laundering activities does not violate U.S. AML Law; and (c) based on the due diligence conducted (including but not limited to reviewing sales records and other underlying documents for the

Payment Arrangements, documents relevant to the Company's internal control measures and discussions with the management) and that we are not a "financial institution" for purposes of U.S. AML Law that is obligated to establish or maintain an AML program, there has been no non-compliance by us with U.S. AML Law. Notwithstanding the above, we have internal control measures in this regard for our own risk management purposes, including:

(i) we have a designated screening program that guards against illegal activities for our sales and we screen our customers against numerous lists from worldwide government authorities covering, among others, money laundering, fraud, corruption and breach of International Sanctions;

(ii) we only process payments under the Payment Arrangements made through U.S. financial institutions, which are required to establish and maintain effective Bank Secrecy Act compliance programs according to relevant U.S. laws;

(iii) as a matter of our standard procedures and consistent with a risk-based approach to preventing and detecting violations of U.S. AML Law, we have control measures requiring all payment arrangements be made for business transactions involving the actual exchange of goods and are supported by documentation, including but not limited to purchase orders, invoices, payment records or delivery notes that require attestations and identifiers from customers, including the name and address of the final end user, and we ensure payments from customers' designated parties are indeed settled on behalf of the relevant customers by tracking the identifiable serial number or transaction number which is unique for each aircraft sold in the payment records;

(iv) we have policies and procedures set forth in our code of ethics and business conduct in our employee handbook, which are aimed at preventing our employees from, among others, engaging in a transaction that violates U.S. AML Law, and our employees receive training and acknowledge the codes of conduct and other compliance policies upon hire as well as through our annual verification process; and

(v) we have implemented a whistleblower program in place for employees, suppliers and customers to anonymously report violations to the code of conduct, fraud, or questionable accounting or auditing practices, and such program details are available on the Company's intranet and are communicated to all employees.

As advised by Hogan, as a business specifically exempted from the requirements to maintain an AML compliance program under the U.S. AML Law, we do not have an obligation to maintain such controls nor to ensure the legality of payment sources, absent red flags or actual knowledge about the source of funds. Nevertheless, Hogan is of the view that our internal control measures as

disclosed above are consistent with the types of measures that a business would implement as part of effective internal controls and a risk-based compliance program reasonably designed to detect and prevent money laundering transactions, in compliance with U.S. AML Law.

Considering (i) the advice of Hogan that (a) the Company is not a "financial institution" for the purpose of U.S. AML Law and is not obliged to establish or maintain an AML program, (b) there has been no non-compliance by us with U.S. AML Law and (c) our internal control measures in this regard are consistent with the types of measures as part of effective internal controls and a risk-based compliance program reasonably designed to detect and prevent money laundering transactions, and (ii) the findings of the internal control consultant that no material deficiency has been identified on the effectiveness of the internal control measures adopted by us, the Directors are of the view that our Group has been in compliance with U.S. AML Law and the internal controls adopted by us are effective in relation to detecting and preventing money laundering.

Based on the due diligence conducted (including but not limited to reviewing sales records and other underlying documents for the Payment Arrangements, reviewing documents relevant to our internal control measures, discussing with the management, and considering the view of Hogan as mentioned above and the results of the internal control review conducted by the internal control consultant of the Company), nothing has come to the attention of the Sole Sponsor that would cause it to disagree with our Directors' views.

Aircraft Orders and Delivery

Upon placement of an order, we establish and notify the customer of the anticipated delivery date, and the customer has the option to schedule the pickup date, which must be within ten days of our estimated delivery date. Anticipated delivery dates are based on conditions at the time of the order, including current production and backlog. Substantially all of the time, at the time of the order, the customer would also sign a sales contract with us and pay us a deposit. Before taking ownership of the aircraft, the customer must complete a series of delivery acceptance forms and pay the balance of the purchase price. The formal commercial process culminates with a new aircraft delivery experience highlighted by the unique moment when the keys to the new airplane are handed over to the owner during a curated, personalized ceremony at our Vision Center in Knoxville, Tennessee. These events are performed at our 'dedicated' Delivery Center at the Vision Center campus multiple times per day. These special occasions are often attended by owners and their family members, close friends, colleagues and business partners along to share in the experience.

During the Track Record Period, we received orders for approximately 2,600 of our aircraft. Depending on region and configuration, in general, the lead time for delivery of an aircraft to the customer after an order is placed is approximately 18-24 months.

The following table sets forth the breakdown of backlog movement by aircraft product lines:

	SR2X Series	Vision Jet	Total
Total number of backlog at the beginning of 2021	**297**	**306**	**603**
Add: 2021 Net Orders	813	128	941
Less: 2021 Net Deliveries	(442)	(86)	(528)
End of December 2021	**668**	**348**	**1,016**
Add: 2022 Net Orders	896	139	1,035
Less: 2022 Net Deliveries	(539)	(90)	(629)
End of December 2022	**1,025**	**397**	**1,422**
Add: 2023 Net Orders	468	51	519[(1)]
Less: 2023 Net Deliveries	(612)	(96)	(708)[(2)]
End of December, 2023	**881**	**352**	**1,233**

Notes:

(1) The decrease in the number of orders was primarily due to the significant number of orders arising as a result of increased customer demand and consumption preferences following the COVID-19 pandemic in 2021 and 2022, and a change in general macroeconomic conditions, in particular, general increases in interest rates, which affected the level of consumer spending on premium and lifestyle products, including our aircraft. See "Risk Factors — Changes in consumer demand and preferences may affect our financial results" in this Prospectus.

(2) The increase in the number of net deliveries resulting from improvements in our average production rate, when taken together with the decrease in the number of orders over the same period, resulted in a reduction in our backlog for 2023, as compared to the previous year.

While the entire production process for SR2X Series and Vision Jet aircraft is approximately 51 and 98 days, respectively, in 2021, 2022 and 2023, our average production rate for SR2X series was 10.3, 11.4 and 13.0 aircraft per week, and for Vision Jet 1.8, 1.9 and 2.0 aircraft per week, respectively. As a result, our current backlog requires approximately 18 to 24 months to manufacture and deliver based on our production capacity. While we continuously expand our production capacity and capabilities, increasing our average weekly production from 10.3 aircraft in 2021 to 11.4 aircraft in 2022, and to 13.0 aircraft in 2023, for SR2X, and from 1.8 aircraft in 2021 to 1.9 aircraft in 2022, and to 2.0 aircraft in 2023, for Vision Jet, respectively, our backlog grew by approximately 104% over the period of the Track Record Period. The production process cycle time is generally immaterial to the overall lead time from new order to delivery because there is an approximate lead time of 6 to 12 months to make production rate changes, which is a significant factor contributing to the reason why the rate at which production capacity is increasing lags behind the rate at which orders is increasing.

We experience several key constraints to increasing production, for example, supply chain, labor and facilities, equipment and tooling. Our ability to increase supplies to support increased production is affected by sub-tier raw material availability and the lead time to obtain supplies, as an increase in supply orders would also take time to be satisfied by suppliers depending on their operations. Labor is also a critical input to increasing production, with lead times for increasing workforce, including identification, recruitment and training, dependent on specialty and market conditions. Production rate output is also affected by facility, equipment and tooling constraints. We continue to increase production space by relocating non-production operations and will require additional investments in equipment and rate tooling to continue to increase production capacity. For example, we expect to expand our production capacity and capabilities and improve our production and operational efficiency using the proceeds of this Offering. We expect that our production capacity will increase by approximately 12 to 60 aircraft per year by the end of 2025 and by 37 to 100 aircraft by the end of 2026 compared to 2023 production levels. For more information, see "Future Plans and Use of Proceeds."

Due to our backlog, we take reservations from our customers to purchase a Vision Jet aircraft by making a fully refundable deposit of US$50,000, which gives the customer a place in the queue. As of the Latest Practicable Date, our backlog included 260 reservations. Approximately 13 months prior to expected delivery, we contact the customer to configure their aircraft and set a purchase price and delivery date. The customer has 30 days to lock-in their configuration at which time their deposit typically becomes non-refundable or to request a refund of their deposit. The customer would provide non-refundable installment payments of 10% of the expected purchase price each at the time of the aircraft configuration (approximately 12 months before expected delivery) and six months prior to the aircraft delivery date. The final installment payment being the balance is due at the time of delivery when the customer arrives for pickup of their aircraft at our Knoxville, Tennessee location. See "— Key Terms of Our Sales Contracts" for details.

In the event that a customer fails to pay an installment payment, seeks relief from debtors or cancels an order, we have the contractual right to terminate the sales contract and retain all advance payments received. In all cases, we retain ownership of the aircraft and may sell the aircraft to another customer. During the Track Record Period and as of the Latest Practicable Date, we did not experience any material delay in payments from customers or any cancelations by customers that we were unable to mitigate by re-selling the new aircraft. The cancelations that we did experience were primarily attributable to financial difficulties experienced by the end customer or order cancelation in favor of upgrading to a larger sized aircraft. Due to the nature of the premium aircraft industry and our existing backlog, we have not experienced in the past nor do we expect to experience in the future any material difficulty in reselling our aircraft to other customers. We therefore did not incur any actual loss in connection with order cancelations during the Track Record Period and as of the Latest Practicable Date, as we were able to resell the aircraft to other customers. We do not accept returns on aircraft. During the Track Record Period,

we have only provided refunds to customers on a limited exceptional basis. During the Track Record Period, the number of orders and reservations canceled by customers and the associated forfeited revenue recognized (i.e. forfeited customer deposits recognized as revenue) was immaterial, as we had recorded net positive orders during the Track Record Period.

Although we receive a relatively small amount of deposits as a percentage of sale price upfront and there is a relatively long delivery lead time for our aircraft, we have not experienced any issues with working capital sufficiency. For the years ended December 31, 2021, 2022 and 2023, our net cash generated from operating activities was US$198.3 million, US$132.9 million and US$113.3 million, respectively. See "Financial Information — Discussion of Certain Key Statements of Financial Position Items — Inventories" for details. We are able to manage our cash flows through (i) receiving cash payments from making deliveries to satisfy orders in our backlog and (ii) having availability under our loan facility with a U.S. commercial bank. For more details on the loan facility, see "Financial Information — Indebtedness — Borrowings." We maintain long-term debt to provide flexibility at the outset of every year when deliveries are typically slower, and have established credit facilities in the event of any larger capital requirements.

Customer Feedback and Support

We provide our staff with extensive training to deliver high quality services to our customers and keep track of customers' feedback on our product and service quality. We have dedicated customer service personnel and an aircraft maintenance service and support number, among other channels, to ensure that customers have easy access to express their views on our products and services. We are committed to responding to customers' feedback and concerns in a timely manner, and taking measures in accordance with relevant procedures. We believe our customer service system helps improve customer satisfaction, build customer loyalty and trust, reduce similar complaints in the future, and maintain our brand image.

Our ecosystem provides multiple access points for customers to raise issues or resolve any complaints. Customers can use several different channels including field support team members, sales team members, JetStream account managers and messaging directly through our website to reach a service representative who will route the request to the correct party. Once a complaint is registered, we open an internal service case in our Customer Relationship Management software and assign a case manager to bring the case to a resolution. Our case managers are trained aircraft mechanics and technicians that have direct access to repair manuals, parts ordering and status, as well as engineering support. The management team reviews trends and opportunities for improvements in a regular basis to ensure constant improvement. Our customer service team at Cirrus has approximately 60 team members, and is supported by our 242 authorized service centers around the world.

INTELLECTUAL PROPERTY

Our ability to protect the intellectual property that underpins our product portfolio and our technology and know-how is critical to our position as a market leader in the personal aviation industry and our competitiveness. We seek to protect our intellectual property against third-party infringement through the registration of trademarks, the filing of patents, as well as through other means, including licenses, confidentiality and non-disclosure agreements.

As of December 31, 2023, we had 124 registered trademarks, 17 trademark applications, 10 registered patents and 11 patent applications in the U.S., Europe, the United Kingdom and other regions. As of the same date, we have registered patents for or otherwise the rights to use all our core technologies. See "Appendix IV — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property Rights of our Group" for more information.

The main trademarks that we currently use in our business are "Cirrus," "Cirrus Airframe Parachute System," "Cirrus IQ," "Cirrus Perception," "Diagonal Airplane Design," "Vision Center," and "Vision Jet." While we have registered some of these trademarks in the jurisdictions that we believe to be relevant, others are currently the subject of applications or are not registrable because they lack a sufficiently distinctive character.

We seek to protect the inventions that we generate through our product development and innovation activities by means of patents. Due to the relatively mature state of technology in the general aviation industry, our product innovation activities do not yield a significant number of patents, although our ongoing efforts to diversify our product portfolio and extend existing technology to new applications may in the future generate new intellectual property rights for us. See "— Our Product Portfolio — Product Development and Innovation Capabilities" for more information.

In the absence of formal intellectual property rights (e.g., patents), we rely on national laws to safeguard our trade secrets from misappropriation by third parties. Maintaining the secrecy of trade secrets can provide us with a competitive edge in the industry. By safeguarding sensitive information like advanced technologies, proprietary materials, and manufacturing techniques, we seek to retain a distinct advantage over competitors. Trade secret protection allows us to invest in product development and innovation without immediately disclosing our innovations to the public. This confidentiality encourages long-term projects, exploration of novel ideas, and significant technological advancements. Trade secrets can encompass confidential manufacturing processes that enable us to efficiently produce aircraft. By keeping these processes undisclosed, we can minimize the risk of reverse engineering, unauthorized duplication, or counterfeiting by competitors, which can directly impact operational efficiency and financial performance. Trade

secret protection can extend to proprietary information shared with trusted suppliers and partners. Ensuring the confidentiality of supply chain information, such as specifications, components, or manufacturing techniques, helps us maintain the integrity of our aircraft manufacturing process. This can enhance operational efficiency, reduce the risk of counterfeit parts, and ultimately supports our financial performance.

Furthermore, we seek to protect our proprietary know-how and trade secrets by implementing procedures designed to safeguard the confidentiality of our internal processes and to restrict access to information related thereto, including by requiring our employees, suppliers and other contractors to sign non-disclosure agreements. We have taken proactive measures to protect our trade secrets by implementing internal protocols, including the establishment of employment agreements with confidentiality provisions. These agreements ensure that employees are legally bound to maintain the confidentiality of trade secrets and other proprietary information during and after their employment with us. Furthermore, we have implemented robust physical and digital security measures to safeguard trade secrets. Physical security measures include restricted access to areas where trade secrets are stored, surveillance systems, and secure storage facilities. Digital security measures encompass encryption, firewalls, secure networks, and access controls to prevent unauthorized access or data breaches. These measures help protect trade secrets from unauthorized disclosure, theft, or cyberattacks. We also engage legal experts who specialize in intellectual property and trade secret laws. These professionals provide guidance on compliance with relevant regulations, assist in developing risk management strategies, and offer advice on potential litigation scenarios. Their expertise ensures that we stay updated on legal developments, follow best practices, and take necessary steps to protect our trade secrets effectively. We proactively assess and mitigate regulatory risks relating to intellectual property through regular audits, legal consultations, and staying informed about changes in international laws and regulations. We believe seeking advice from legal professionals familiar with international trade laws and intellectual property enables the development of tailored strategies to effectively manage these risks.

During the Track Record Period and up to the Latest Practicable Date, we were not aware of any material infringement (i) by us of any intellectual property rights (including trade secrets) owned by third parties, or (ii) by any third parties of any intellectual property rights (including trade secrets) owned by us with the exception of a small charter company in the United States infringing on Cirrus's federally registered trademarks. The outcome of the appeal we brought on our original claim against the company will have no material adverse financial impact for us.

CYBERSECURITY, DATA PRIVACY AND PERSONAL INFORMATION

We are fully committed to complying with cybersecurity and data privacy laws and protecting the security of our customers' data. We do not use, nor have we embedded, any open-source software in any of our core information technology ("**IT**") systems.

We have designed and implemented strict internal data protection rules and policies to ensure that data is collected, used, stored, transmitted and disseminated in compliance with applicable laws and prevailing industry practices. Our internal data protection measures cover these areas:

- **Data Collection.** We have established a strict internal control system for data security and personal information protection. When customers purchase our aircraft and use our services, we retain their names, aircraft identification numbers, postal addresses, phone numbers and email addresses. All data is stored on either cloud servers or physical data storage areas located in the United States. These areas are protected by modern technologies and industry best practices to ensure the safety and protection of the information. We do not store customer data of any Chinese person within the territory of the PRC.

  Certain of our product features and service offerings track our customers' data. We accumulate certain data related to origin and destination airports, departure and arrival times, aircraft registration number and distance. Our data privacy policy agreed by our users describes our data practices, and we do not use any data for any purpose other than those specified in the data privacy policy with our users. With the level of connectivity and integration of our aircraft, we place strong emphasis on data security and protection. The privacy policies with respect to the collection, use and disclosure of user data has been posted on our website and mobile applications that we operate, which inform the users of the purposes, methods and scope of collecting and using their personal information. We do not use users' data for any purpose that has not been consented by the users or is not necessary for our provision of services to the users.

- **Data Storage and Retention.** We have implemented procedures to regulate our employees' actions to ensure the secure storage and retention of data, and prevent any unauthorized member of the public or third parties from accessing or using our customers' data in any unauthorized manner.

  From an internal policy perspective, we limit access to our servers that store our data on a "need-to-know" basis. Our IT acceptable use policy sets out the rights, responsibilities, and the use of data unacceptable to the company. Security awareness training is provided on an annual basis to all company employees, and our in-house IT

team conducts monthly anti-phishing campaigns on our employees. In addition, we employ a variety of technical solutions, including, but not limited to data encryption and user authentication, to prevent and detect risks in user privacy and data security. With our user access policy and IT password policy, we require any user who accesses our networks or system to be authenticated with an appropriate level of authentication. Such user authentication requires a unique user identifier and at least one authentication factor.

We conduct security reviews periodically and have implemented an IT incident response policy. Our in-house IT team, as well as external data security experts, constantly examine and test our data security system to ensure that any vulnerability identified is fixed immediately. We also engage a third-party vendor to conduct annual penetration security testing of our internal and external company-owned and managed IT systems. Our in-house IT team constantly record and monitor the entire process of data access and the actions of the designated and authorized personnel who access our user database after approval.

We have also developed an IT incident response policy, which sets out the requirements for identifying, reporting, classifying and responding to incidents related to our IT systems and operations. The policy describes classification of incidents, response times, resolution times, and targets to ensure that we appropriately identify such IT incidents and are equipped to determine their scope and risk, as well as respond appropriately both internally and externally to our stakeholders. The policy is applicable to all of our employees and any other individual or entity acting for or on our behalf and encompasses all our IT systems, networks, databases, applications and information owned by or entrusted to us or that passes through a network owned by us.

We have put in place a series of back-up and recovery management procedures. Our backup and recovery policy is designed to provide us with documented and formalized data backup and recovery procedures. We have established protocols for the backup and recovery process that requires our inhouse IT-team to evaluate and investigate the cause of data loss in order to ensure that only valid and legitimate requests of restoration of data are executed.

- **Data Transmission.** Without due consent and authorization from users or going through compliance procedures, we will not provide personal data to our business partners. We strictly follow the terms of authorization and scope of usage set forth in the agreements with our users when processing and analyzing their personal data, and require all of our business partners to acknowledge and sign confidentiality agreements before they receive any user data from us. All data analyzed are encrypted and de-identified in

accordance with applicable laws and regulations. If any of our business partners misuses or leaks user data provided by us or causes any damage to our users or us, we are entitled to terminate the agreements with such business partner and take protective measures, such as changing encrypted passwords and disconnecting the network, and may also pursue further legal proceedings against the business partner.

- **System Changes.** In order to realize the intended effects of any system changes while avoiding unintended consequences, we have adopted a change management policy. The policy, which is applicable to all employees, consultants, contractors, and vendors, is designed to manage system changes in a rational and predictable manner. Any changes to our systems shall be made in accordance with the policy, which requires careful planning and tracking.

During the Track Record Period and up to the Latest Practicable Date, we have not been subject to any fines or other penalties due to non-compliance with data privacy and security laws or regulations. During the Track Record Period and up to the Latest Practicable Date, there have been no material breaches of any company data or breaches of customers' personal data.

SEASONALITY

The delivery of our aircraft is subject to seasonal fluctuations. We usually experience 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. In addition, our production schedule may face slowdowns during the winter months due to the reduced daylight hours to perform flight testing and the reduced number of flying days for weather reasons. As a result, we generally keep a higher level of finished goods or aircraft in inventories during the year as compared to the start of the year or the winter months. Seasonal impacts are typically reflected during the start of our fiscal year leading to lower revenues during such period, such that the first half of each financial year generally contributes a smaller portion of our annual revenue as compared to the second half of the financial year. Our revenues may vary from period to period within a financial year, and you may not be able to predict or project our annual results of operations based on a period-to-period comparison of our results of operations, as the results of operations of any particular period within a financial year may not be representative of the results of operations of the entire financial year.

COMPETITION

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. We believe that our reputation for quality, innovation, safety, the

performance and design of our aircraft, our brand image and our Cirrus Services offerings that promote long-lasting relationships with our customers, including through our ecosystem, make us competitive. According to Frost & Sullivan, we were the largest personal aircraft manufacturer in the global personal aviation market with a market share of 32.0% in 2023 based on the number of units delivered and with a market share of 24.9% in 2023 based on sales revenue.

We believe that we have competitive advantages over our peers in the personal aviation industry, including the quality of our broad product portfolio, our focus on innovation and integrating advanced technologies, our comprehensive global post-sale ownership and support ecosystem and our direct and CSA sales models, distinctive production capabilities and substantial investments in product development.

TOP CUSTOMERS AND SUPPLIERS

Top Customers

Our customers primarily consist of (i) retail customers and (ii) institutional operators, including for fleet and other specific purposes, such as college and university aviation programs, professional pilot academies, and airline training facilities for professional training (as opposed to recreational or private pilot training) and commercial operations.

During the Track Record Period, our products were sold to customers in 44 countries and territories around the world. Our sales to the five largest customers in each year during the Track Record Period in aggregate accounted for 10.7%, 8.3% and 7.8% of our total revenue for the respective years. The sales to our largest customer in each year during the Track Record Period accounted for approximately 5.6%, 2.4% and 2.0% of our total revenue for the respective years. We have credit terms with our top customers in the range of 30 to 60 days.

During the Track Record Period, three of our five largest customers in 2023, three of our five largest customers in 2022 and two of our five largest customers in 2021, each of whom acted as our CSAs, were also our suppliers. In 2023, the two customers operated either within Europe or South America, in 2022 the three customers operated either within Europe or South America, and in 2021 the two customers operated either within Europe or South America. From such customers, we received revenue of US$25.5 million, US$43.4 million and US$38.2 million for years ended December 31, 2021, 2022 and 2023, respectively, representing 3.5%, 4.9% and 3.6% of total revenue for the respective years. For more details on why our CSAs are considered our customers and suppliers, see "— Sales and Marketing — Our CSA Model — CSAs as Our Customers and Our Suppliers."

CAIGA Group (excluding our Group) was our largest customer in each of 2021, 2022, and was one of our five largest customers in 2023, with our revenue from CAIGA Group amounting to US$41.1 million, US$21.8 million and US$11.5 million, which accounted for 5.6%, 2.4% and 1.1% of our total revenue in 2021, 2022 and 2023, respectively. The transactions we had with CAIGA Group during the Track Record Period include aircraft development, provision of procurement support and technical support for aircraft, sales of aircraft products, sales of aircraft kits and provision of program services for assembling the aircraft kits. The three entities within CAIGA Group (namely, AG Huanan, AG Zhejiang and AG Services) that we had transactions with during the Track Record Period are wholly-owned subsidiaries of CAIGA, our Controlling Shareholder, and therefore associates of our Controlling Shareholders and our connected persons. See "Connected Transactions" for additional information regarding our connected relationship and transactions with AG Huanan, AG Zhejiang and AG Services. Save for the aforementioned connected persons, as of the Latest Practicable Date, to the best of our knowledge, all of our five largest customers in each year during the Track Record Period were independent third parties, and none of our Directors, their respective associates or any shareholder who, to the knowledge of our Directors, owned more than 5% of our issued share capital, had any interest in any of our five largest customers in each year during the Track Record Period.

The following table sets forth details of our top five customers in each year during the Track Record Period:

Customer	Business relationship since	Major products sold or services supplied by us	Purchase amount	% to the total revenue of the Group	Payment method	Background and principal business
			(US$'000)			
Year ended December 31, 2021						
CAIGA Group . .	2013	Sales of aircraft kits and aircraft products, aircraft development, provision of program service, procurement support and technical support service	41,129	5.6%	Bank transfer	See "Connected Transactions" for additional information regarding our connected relationship and transactions with AG Huanan, AG Zhejiang and AG Services.
Customer A .	2016	Sales of the SR2X Series aircraft, aircraft parts	19,563	2.7%	Bank transfer	A CSA and owner of an Authorized Service Center, specializing within the Netherlands and German markets.
Customer B .	2021	Sales of the Vision Jet	6,140	0.8%	Bank transfer	An entity specializing in the business of leasing aircraft to external customers.

Customer	Business relationship since	Major products sold or services supplied by us	Purchase amount	% to the total revenue of the Group	Payment method	Background and principal business
			(US$'000)			
Customer C.	2021	Sales of the Vision Jet	6,020	0.8%	Bank transfer	An individual customer.
Customer D.	2015	Sales of the SR2X Series aircraft	5,916	0.8%	Bank transfer	A CSA and owns and operates a South American based import company.
Year ended December 31, 2022						
CAIGA Group . .	2013	Sales of aircraft kits and aircraft products, aircraft development, provision of program service, procurement support and technical support service	21,817	2.4%	Bank transfer	See "Connected Transactions" for additional information regarding our connected relationship and transactions with AG Huanan, AG Zhejiang and AG Services.
Customer A.	2016	Sales of the SR2X Series aircraft, aircraft parts	19,302	2.2%	Bank transfer	A CSA and owner of an Authorized Service Center, specializing within the Netherlands and German markets.
Customer D.	2015	Sales of the SR2X Series aircraft	17,886	2.0%	Bank transfer	A CSA and owns and operates a South American based import company.
Customer E.	2022	Sales of the SR2X Series aircraft	8,573	1.0%	Bank transfer	A highly rated flight training school in the United States.
Customer F.	2015	Sales of the SR2X Series aircraft	6,231	0.7%	Bank transfer	A CSA specializing in the United Kingdom market.
Year ended December 31, 2023						
Customer D.	2015	Sales of the SR2X Series aircraft	21,631	2.0%	Bank transfer	A CSA and owns and operates a South American based import company.
Customer E.	2022	Sales of the SR2X Series aircraft	20,358	1.9%	Bank transfer	A highly rated flight training school in the United States.

Customer	Business relationship since	Major products sold or services supplied by us	Purchase amount	% to the total revenue of the Group	Payment method	Background and principal business
			(US$'000)			
Customer A.	2016	Sales of the SR2X Series aircraft, aircraft parts	16,543	1.5%	Bank transfer	A CSA and owner of an Authorized Service Center, specializing within the Netherlands and German markets.
Customer G.	2016	Sales of the SR2X Series aircraft, aircraft parts	12,790	1.2%	Bank transfer	A CSA and owns and operates a South American based import company.
CAIGA Group . .	2013	Sales of aircraft kits and aircraft products, aircraft development, provision of program service, procurement support and technical support service	11,470	1.1%	Bank transfer	See "Connected Transactions" for additional information regarding our connected relationship and transactions with AG Huanan, AG Zhejiang and AG Services.

Top Suppliers

Our suppliers primarily consist of manufacturers and developers of avionics systems, composite materials, propulsion, cabin and interior systems. Our purchases from our five largest suppliers in each year during the Track Record Period in aggregate accounted for 51.0%, 51.5% and 51.4% of our total purchases, for the respective years. The purchases from our largest supplier in each year during the Track Record Period accounted for approximately 21.4%, 19.0% and 19.5% of our total purchases for the respective years. We have credit terms with our top suppliers in the range of 30 to 75 days.

Among our five largest suppliers in each year during the Track Record Period, Continental is our connected person. Continental is a wholly-owned subsidiary of Continental Aerospace Technologies Holding Limited (大陸航空科技控股有限公司), which as of the Latest Practicable Date was indirectly held as to approximately 46.40% by AVIC, our Controlling Shareholder, and therefore an associate of AVIC and a connected person of our Company. The purchases from Continental in each year during the Track Record Period accounted for approximately 8.7%, 8.2% and 9.6% of our total purchases for the respective years. With the exception of Continental, as of the Latest Practicable Date, to the best of our knowledge, all of our five largest suppliers in each year during the Track Record Period were independent third parties, and none of our Directors, their respective associates or any shareholder who, to the knowledge of such Directors, owned more than 5% of our issued share capital, had any interest in any of our top five suppliers in each year during the Track Record Period. See "Connected Transactions" for additional information regarding our connected relationship and transactions with Continental.

The following table sets forth details of our top five suppliers in each year during the Track Record Period in terms of revenue:

Supplier	Business relationship since	Major products purchased	Year ended December 31, 2021		Year ended December 31, 2022		Year ended December 31, 2023		Payment method	Background and principal business
			Purchase amount	% of total purchases for year	Purchase amount	% of total purchases for year	Purchase amount	% of total purchases for period		
			(US$'000)		*(US$'000)*		*(US$'000)*			
Garmin U.S.A., Inc. . . .	1999	Navigation	73,610	21.4	76,019	19.0	89,278	19.5	Bank transfer	Producer of GPS and avionics technology headquartered in Olathe, Kansas. It is a subsidiary of Garmin Ltd., a NASDAQ-listed company (stock code: GRMN) and was founded in 1989, Kansas, with almost 19,000 employees.
Williams International . .	2011	Engine	39,560	11.5	54,457	13.6	55,332	12.1	Bank transfer	Designer and manufacturer of general aviation engines headquartered in Pontiac, Michigan. It was founded in 1954, with around 1,000 employees.
Continental Aerospace Technologies Inc. . . .	1999	Engine	29,834	8.7	32,601	8.2	43,913	9.6	Bank transfer	Designer and manufacturer of general aviation products headquartered in Mobile, Alabama, with less than 500 employees. It is a subsidiary of Continental Aerospace Technologies Holding Limited, a company whose shares are listed on the Stock Exchange (stock code: 232).
Fastenal Company. . . .	2000	Fasteners and Hardware	15,530	4.5	21,127	5.3	24,510	5.4	Bank transfer	Industrial distributor of manufactured products headquartered in Winona, Minnesota and listed on NASDAQ (stock code: FAST). It was founded in 1967, with over 22,000 employees.
Toray Industries Inc. . .	1999	Air frame Composites	16,716	4.9	21,696	5.4	22,091	4.8	Bank transfer	Producer of advanced composite materials headquartered in Tokyo, Japan and listed on the Tokyo Stock Exchange (stock code: 3402). It was founded in 1926, with offices in the U.S.

EMPLOYEES

As of December 31, 2023, we had a total of 2,418 employees, substantially all in the U.S. Among our 2,418 employees as of December 31, 2023, 2,308 were full-time and 110 were part-time employees. Each of these employees is employed through a professional employer organization. During the Track Record Period, our employee head count increased from approximately 1,450 employees in 2021 to 2,418 employees as of December 31, 2023.

The table below sets forth the numbers of our employees according to their functions as of December 31, 2023:

Function	Number of employees	% of total number of employees
Product Line Manufacturing[(1)]	1,324	54.8
Product Development	364	15.0
Cirrus Services	315	13.0
General and Administrative	145	6.0
Sales and Marketing	130	5.4
Other	113	4.7
Facilities Management	27	1.1
Total	**2,418**	**100.0%**

Note:

(1) Within the product line manufacturing function, we have over 100 employees dedicated to quality control management.

All employees are expected to follow our employee handbook, which includes a code of conduct policy that is annually refreshed and is supported by an anonymous hotline. In compliance with applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, confidentiality obligations, non-competition and grounds for termination.

Remuneration packages for our salaried employees are mainly comprised of a base salary and a discretionary bonus element. We set performance targets for our employees based on their position and department and periodically review performance. The results of such performance

reviews are used in their salary reviews, bonus awards and promotion appraisals. We have an annual goal setting process that starts with the executive team laying out our strategies and strategic pillars for the year that is distilled into annual goals assigned by functional and individual levels.

In addition to base salaries and short-term/long-term incentive bonuses, we will consider offering select key employees formal market-competitive equity incentive/retention plans after Listing to align our interest with theirs in the future, subject to compliance with the applicable laws and regulations. The plans will bring adjustments that are supplementary to what is in place to date to drive near-term performance, and may consist of part cash/equity/stock options. The plans under contemplation are being designed. However as of the Latest Practicable Date, no equity incentive plan had been formulated nor implemented.

We place high value on recruiting, training and retaining qualified employees. We adopt the principle of merit-based recruitment, and our policies aim to provide equal employment opportunities regardless of gender, age, race, religion, disability or any other social or personal characteristics by encouraging employees to report discrimination and/or harassment through the anonymized hotline and embracing an anti-retaliation policy to prevent wrongful punishment or termination of any employee who brings a potential violation of the code of conduct to the attention of the Company. This policy applies to all employment practices and personnel actions.

In addition to salaried employees, we have hourly and temporary employees. Our hourly employees are primarily hired to support our production line and repair services. Temporary employees are used as a flexible workforce when we cannot otherwise meet staffing needs with our existing employees. Temporary workers are also paid on an hourly basis or set amounts for specific tasks but are not eligible for our employee benefit plans and insurance. Due to the high turnover rates of temporary employees, and very low unemployment rates in some of the areas we operate, including Duluth, Minnesota and Grand Forks, North Dakota, we have shifted focus to fill more positions with agency hourly employees. We use the labor dispatch services of some staffing agencies, where the agency employs staff under their own name and dispatches them to work for us. We sometimes hire and convert these staff to regular employees through a master services agreement we have with the agencies.

Our retention strategy is focused on ensuring competitive compensation packages, career and professional development, leadership coaching and other actions to improve overall engagement with our key employees. To remain competitive in the labor market, we make contributions to our employee benefit plans. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We have a flight training program, Cirrus Flight Club, by which we invite all of our employees to learn to fly our SR2X Series aircraft at a significantly subsidized rate to ensure

that our employees have a deep understanding of our products and to cultivate our Cirrus community. We offer robust, multi-faceted training throughout our company. As an aircraft manufacturer that is highly regulated and overseen by the FAA and documents all technician and specialist training in a learning management system, we have an extensive training system. Our proprietary training program, Cirrus University, involves more than 100 courses based on developmental areas and gaps in training as assessed by our management and regular feedback surveys. We also have services essential training programs that are available for both internal and external facing employees.

In support of our growth, we regularly review our capabilities and make adjustments to our workforce to ensure we have the right mix of expertise to meet the demand for our services. We generally recruit employees through our internal talent acquisition team and occasionally leverage temporary staffing agencies for specialist positions. We conduct background checks on all potential employees in relation to their labor positions.

None of our employees are represented by union or collective bargaining agreements. We believe that we have good relationships with our employees. We are in compliance with all relevant laws and regulations and are timely in our payments related to our pension fund and social security insurance. We did not experience any material labor disputes during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain insurance of the types and in the amounts that we believe are commercially reasonable, adequate and are available to businesses in our industry, as we have in place all the mandatory insurance policies required by laws and regulations of the jurisdictions in which we operate and in accordance with the commercial practices in the industry in which we operate.

Our Group is subject to product liability claims that arise in the ordinary course of business. We purchase insurance policies to protect against losses related to product liability claims, hull losses for aircraft in the corporate owned fleet, excess general liability, and other physical damage. We retain certain self-insured exposure for product liability losses and defense costs up to maximum and aggregate limits on the entire product liability policy. We self-insure portions of our 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, non-owned aircraft liability exposures and hull losses, through Superior Aerospace Insurance Company ("**SAIC**"), our wholly owned captive insurance subsidiary to enhance our risk financing strategies. According to Frost & Sullivan, it is industry practice to use captive insurance companies in the aviation industry. SAIC is subject to insurance laws, rules and regulations in Vermont relevant to captive insurance companies, including those relating to its

formation and levels of liquidity (including minimum capital and surplus), payment of dividends, filing of reports and statements and investment requirements. As advised by Gravel, SAIC had been in compliance with all applicable insurance laws, rules and regulations of Vermont in all material respects during the Track Record Period and up to the Latest Practicable Date.

As part of our self-insurance arrangements, SAIC issued an indemnity policy to us for 100% of the value of any losses incurred under our self-insured retention policy years, as well as a legal liability reinsurance policy for a portion of our product liability coverage, which is fully reinsured by third-party insurers. Under such arrangements, we incur up to a certain amount of any losses, settlement, and fees incurred for covered claims related to incidents occurring in a policy year. For the policy year 2023-2024, such amount was US$4.7 million. Once we have incurred the aggregate US$4.7 million of expenses, 46.3% of expenses are covered by the indemnity policy through reinsurance and the remaining expenses are covered by other insurers, up to an aggregate total of US$150.0 million for claims arising from products and premises and general liability losses and up to an aggregate total of US$3.0 million for claims arising from hull losses. Our insurance policy covers the cost of punitive and exemplary damages only in certain jurisdictions, which does not include California. Under California state law, punitive and exemplary damages are generally not insurable. During the Track Record Period and up to the Latest Practicable Date, we have not incurred costs related to punitive and exemplary damages from claims.

The following table represents our aggregate exposure for these self-insured retention measures, in addition to the annual policy premium, indicating that we would pay up to this maximum level for any losses, settlement, and fees incurred for covered claims related to incidents occurring in the policy year:

Policy Year	**Aggregate Exposure**
	(US$'000)
2015–2016	5,640
2016–2017	3,935
2017–2018	3,791
2018–2019	3,760
2019–2020	3,680
2020–2021	3,880
2021–2022	4,000
2022–2023	4,000
2023–2024	4,745

The aggregate exposure, in addition to the annual policy premium, indicates that our Group would pay up to this maximum level for any losses, settlement, and fees incurred for covered claims related to incidents occurring in the policy year. We record the aggregate exposure as set forth in the table above to profit and loss for that specific policy year for all years during the Track Record Period. The product liability that is in excess of this aggregate exposure is recorded as reinsurance recoverable.

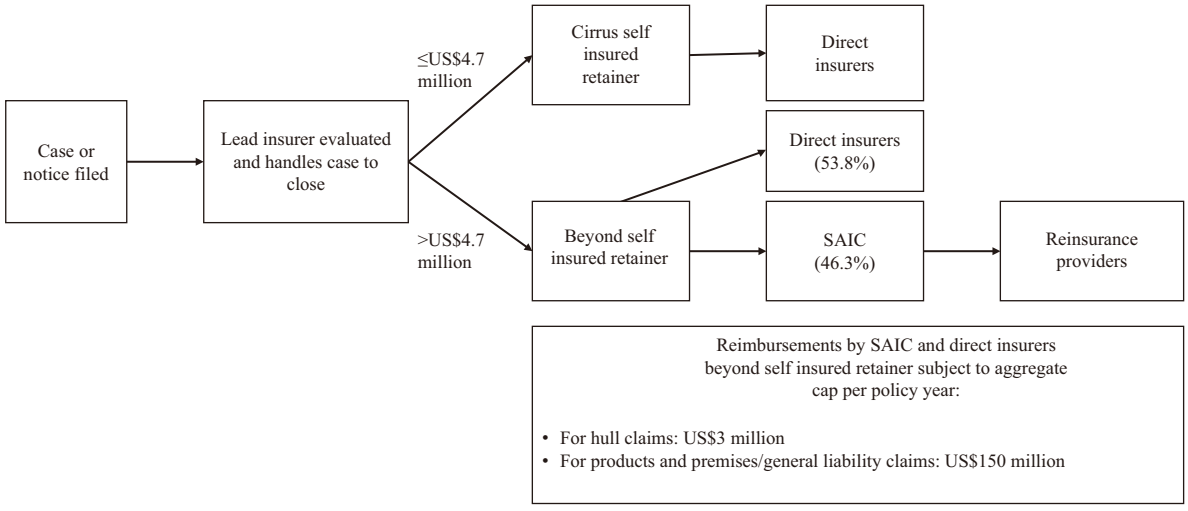
Once the aggregate insurance loss exposure has been determined for any policy year, we recognize loss exposure if it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. We then calculate our total loss exposure consistent with our applicable retention for the policy year. Our loss reserve may be adjusted from time to time based on adjustments in the insurance company reserves. As of December 31, 2023, our accrued product liability was US$35.3 million and reinsurance recoverable was US$21.4 million. See "Financial Information — Discussion of Certain Key Statements of Financial Position Items — Reinsurance Recoverable" for more information.

The product liability claims that arise in our ordinary course of business are accounted as provision under IAS 37 which requires our Group to estimate the product liability exposure with reference to the results from a lead underwriter. Our reserves for product liability loss exposure and recovery from insurance providers is determined by reviewing loss estimates of our lead underwriter as well as an actuarial assessment performed by our insurance broker. The exposure and recovery from insurance provider is calculated by taking into account the ultimate self-insured retentions for that specific year and represent 100% values. The lead underwriter determines estimated total loss exposure by examining field-related incidents; establishing an estimate of potential liability exposure based on the facts of the incident and possible theories of liability, jurisdiction, and other factors; and determining legal and other fees that may be incurred. See Note 2.17 to the Accountant's Report included in Appendix I to this Prospectus for more information on the relevant accounting policy. The accrued product liability is therefore an estimate based on various factors within the policy years and does not correlate specifically to particular incidents or cases. This estimate of overall loss exposure for all cases is updated at least annually, in conjunction with third-party estimates, giving consideration for new developments in each case.

As we carry product liability insurance, with a portion of this insurance coverage being done via reinsurance instruments, we recognize as current assets reinsurance recoverable for product liability that represents both the direct and reinsurance markets. Therefore, although the amount of accrued product liability may be adjusted following updates to the estimate of overall loss exposure for all cases at least annually based on the various factors discussed above, to the extent any adjustment results in product liability exceeding our aggregate exposure amounts, we will correspondingly recognize reinsurance recoverable as a current asset and a corresponding liability for this exposure. The net amount of accrued product liability and reinsurance receivable

represents the outstanding estimated product liability exposure borne by our Group, at the end of each reporting year or period. Our Group may adjust the accrued product liability based on the estimate of overall loss exposure for all cases performed annually. If additional loss exposure is identified during this review it would increase both the reinsurance recoverable and accrued product liability similarly as these are covered by our Group's insurance arrangements. We did not incur additional cost relating to prior policy years during the Track Record Period and up to the Latest Practicable Date.

The below chart illustrates our product liability insurance arrangements:



We also maintain a comprehensive commercial and product liability and casualty liability damage insurance portfolio customary in the personal aviation industry covering liabilities or losses arising from general liability, property risks, director and officer liability, business interruption, special risk, workers compensation and employers' liability and other insurance (such as car and cyber insurance). In particular, we maintain aviation commercial general liability and aviation hull and liability (including products and grounding liability) reinsurance and terrorism liability insurance to insure against some of the risks associated with our production process and business interruption insurance to protect us against lost profits in certain circumstances. Casualty insurance is required to be maintained at levels in excess of our anticipated net book value for the aircraft (or a maximum of US$3.0 million per aircraft), and liability policies are required to provide coverage at industry standard levels. According to Frost & Sullivan, the Company's insurance coverage for product and casualty liabilities is in line with the market practice of aviation firms combining aviation commercial general liability insurance, aviation hull insurance and aviation product insurance so as to provide adequate coverage.

We generally renegotiate our insurance policies on an annual basis. The majority of our current insurance policies expire within the next 12 to 18 months. 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.

During the Track Record Period and up to the Latest Practicable Date, we did not submit any material insurance claims, nor did we experience any material difficulties in renewing our insurance policies.

For risks associated with product liability and insurance, see "Risk Factors — Risks Relating to Our Business and Industry — We could suffer losses and adverse publicity stemming from any accident involving our aircraft," "Risk Factors — Risks Relating to Our Business and Industry — 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," "Risk Factors — Risks Relating to Our Business and Industry — 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," "Risk Factors — Risks Relating to Our Business and Industry — Our insurance may become too difficult or expensive to obtain. If we are unable to maintain sufficient insurance coverage or experience delays or failures by our insurance providers to process or pay our insurance claims, in time or at all, it may materially and adversely impact our business, financial condition and results of operations." for more information.

PROPERTY

As of December 31, 2023, we owned and leased certain properties in connection with our business operations in Duluth, Minnesota; Grand Forks, North Dakota; Knoxville, Tennessee; McKinney, Texas; Scottsdale, Arizona; Benton Harbor, Michigan; and Kissimmee, Florida. We possess valid title documents to all our owned properties. Our leases generally have a term ranging from one to 50 years, and we expect to renew the leases upon their expiration. All of the landlords for our leased properties are independent third parties.

The table below sets forth a summary of our properties which were considered material as of December 31, 2023:

Facility name	Location	Approximate floor area	Key processes
		(sq.m.)	*(sq.m.)*
Duluth[(1)]	Duluth, MN	707,874	Production, painting, flight testing, global parts distribution, engineering, administrative, experimental builds
Grand Forks[(2)]	Grand Forks, ND	179,983	Production, composite materials manufacturing
Knoxville[(3)]	Knoxville, TN	158,362	Aircraft training, maintenance, management, flight training, e-commerce and retail store, new aircraft delivery center
McKinney[(4)]	McKinney, TX	16,762	Aircraft training, maintenance, management
Scottsdale[(4)]	Scottsdale, AZ	6,804	Flight training
Benton Harbor[(4)]	Benton Harbor, MI	13,000	Painting
Kissimmee[(4)]	Kissimmee, FL	14,126	Aircraft training, maintenance, management

Notes:

(1) Our Duluth, Minnesota location is comprised of 12 facilities, of which six facilities (approximately 532,177 sq. ft.) are owned and six facilities (approximately 175,697 sq. ft.) are leased. In July 2023, we acquired one of the production facilities (approximately 79,000 sq. ft.) we previously leased from the City of Duluth, Minnesota for US$3.45 million.

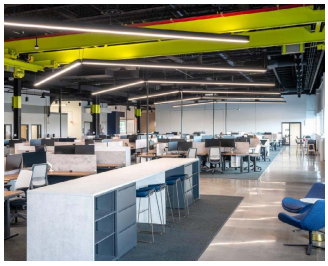
(2) Our Grand Forks, North Dakota location is comprised of a single facility, which we own.

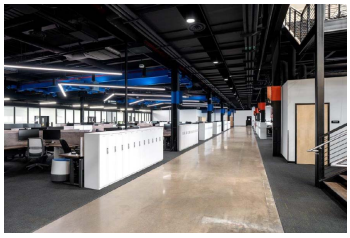
(3) Our Knoxville, Tennessee location is comprised of nine facilities, all of which are leased.

(4) Each of these facilities is leased.

We continue to focus on in-house innovation through initiatives, such as our 189,000 square foot Innovation Center in Duluth, Minnesota that was opened in September 2023 to which we transitioned our product development group. This allowed us to expand our automation solutions and/or assembly stations and locations at our existing production facilities at Duluth, Minnesota to better optimize and gain efficiencies in our existing production lines. The state-of-the-art center features flexible workspaces that promote an optimal collaborative workspace and break from the traditional office and lab environment to serve as a base for the development of the next generation of Cirrus aircraft.

The following images show our Innovation Center:





As none of our properties had a carrying amount of 15% or more of our consolidated total assets as of December 31, 2023, we are not required to include a property valuation report in this Prospectus according to Chapter 5 of the Listing Rules and Chapter 32L of the Laws of Hong Kong.

LICENSES, CERTIFICATES AND PERMITS

We are required to obtain various licenses, permits and approvals for our operations. During the Track Record Period and as of the Latest Practicable Date, we had obtained all material licenses, permits and certificates required by applicable U.S. laws to carry out our operations and, as of the Latest Practicable Date, such licenses, permits and certificates were valid and remain in effect.

The following table sets forth a list of our material licenses, approvals and certificates:

License/Permit	Holder	Issuing Authority	Purpose	Validity Period
Type Certificate No. A00021CH	Cirrus Design	FAA	Certifies the design of the SR10 aircraft model	November 17, 2022; effective indefinitely
Export License No. D1263947	Cirrus Design for the authorized ultimate consignee, AG Huanan	United States Department of Commerce, Bureau of Industry and Security	Authorizes export of aircraft kits for final assembly of SR20 aircraft and related components, including avionics and navigation equipment, spare parts, technology, and maintenance training	May 9, 2022 to May 31, 2026

License/Permit	Holder	Issuing Authority	Purpose	Validity Period
Authorization ODA-834662-CE. . . .	Cirrus Design	FAA	Type Certificate and Production Certificate Organization Designation	June 28, 2023 to July 17, 2025
Export License No. D1225542	Cirrus Design for the authorized ultimate consignee, AG Huanan	United States Department of Commerce, Bureau of Industry and Security	Authorizes export of aircraft kits for final assembly of SR20 aircraft and related components, including avionics and navigation equipment, technology, and maintenance training	February 16, 2021 to February 28, 2025
Export License No. D1243320	Cirrus Design for the authorized ultimate consignee, AG Huanan	United States Department of Commerce, Bureau of Industry and Security	Authorizes export of aircraft kits for final assembly of SR20 aircraft, spare parts for final assembly of a completed SR22 aircraft, and related technology for final assembly of the SR20 and SR22 aircraft, including maintenance training (but the SR22-related parts and technology cannot be exported to AG Huanan)	September 22, 2021 to September 30, 2025
Export License No. D1327197	Cirrus Design for the authorized ultimate consignee, AG Huanan	United States Department of Commerce, Bureau of Industry and Security	Authorizes export of aircraft kits for final assembly of SR22 aircraft and related components, including avionics and navigation equipment, spare parts, technology, and maintenance training	August 3, 2023 to August 31, 2027
Export License No. D1225896	AG Zhejiang	United States Department of Commerce, Bureau of Industry and Security	Authorizes export of aircraft and kits of SR10/AG100 aircraft, related composite materials, technology for manufacturing, assembly, configuring and testing related equipment	February 9, 2021 to February 28, 2025

License/Permit	Holder	Issuing Authority	Purpose	Validity Period
Supplemental Type Certificate No. SA04449CH	Cirrus Design	FAA	Certifies retirement life extension of SR20	March 3, 2020; effective indefinitely
Supplemental Type Certificate No. SA04440CH	Hartzell Propeller[(1)]	FAA	Certifies the installation of propeller on SR22T	January 6, 2020; effective indefinitely
Supplemental Type Certificate No. SA00378BO	Cirrus Design	FAA	Certifies the installation of integrated wingtip exterior light assemblies on SR2X models	December 28, 2016; effective indefinitely
Type Certificate No. A00018CH	Cirrus Design	FAA	Certifies the design of the Vision Jet aircraft	October 28, 2016; effective indefinitely
Supplemental Type Certificate No. SA00269BO	Avidyne Corporation[(1)]	FAA	Certifies the installation of Avidyne Corporation TWX 670 Tactical Weather Detection System	April 8, 2008; effective indefinitely
Supplemental Type Certificate No. SA02013CH	Avidyne Corporation[(1)]	FAA	Certifies the installation of Avidyne Corporation Traffic Advisory System (TAS)	August 2, 2004, effective indefinitely
Supplemental Type Certificate No. SA02217AK	Garmin AT[(1)]	FAA	Certifies the installation of Garmin AT Model GDL90 UAT Data Link System	June 8, 2004; effective indefinitely
Supplemental Type Certificate No. SA01708SE	Precise Flight[(1)]	FAA	Certifies the installation of fixed oxygen system on SR22, SR22T	October 4, 2006; effective indefinitely
Supplemental Type Certificate No. SA01355WI-D	Cirrus Design	FAA	Certifies the installation of the Bendix/King KR 87 ADF and/or KN 62A DME on SR20 and SR22	October 4, 2005; effective indefinitely
Production Certificate No. 338CE	Cirrus Design	FAA	Authorizes the production of aircraft at various Cirrus facilities	Issued June 12, 2000; effective indefinitely

License/Permit	Holder	Issuing Authority	Purpose	Validity Period
			Update authorizes production of SR10 aircraft under Production Certificate	April 22, 2024; effective indefinitely
Type Certificate No. A00009CH	Cirrus Design	FAA	Certifies the design of SR20, SR22 and SR22T	October 23, 1998; effective indefinitely
Repair Station Certificate No. CDCR140E	Cirrus Design	FAA	Certifies repair station in McKinney, Texas	December 6, 2022; effective indefinitely
Repair Station Certificate No. YD5R855Y	Cirrus Design	FAA	Certifies repair station in Duluth, Minnesota	January 26, 2001; effective indefinitely
Repair Station Certificate No. 9B0D988C.	Cirrus Factory Service Center	FAA	Certifies repair station in Kissimmee, Florida	February 14, 2023; effective indefinitely
Repair Station Certificate No. 9B0R988C.	Cirrus Factory Service Center	FAA	Certifies repair station in Alcoa, Tennessee	March 5, 2021; effective indefinitely
Training Center Certificate No. 8TVX092K.	Cirrus Design	FAA	Certifies training center in Alcoa, Tennessee	June 25, 2018; effective indefinitely
Dealer's Aircraft Registration Certificate No. D007235.	Cirrus Design	FAA	Facilitates operating, demonstrating, and merchandising aircraft to prospective customers	February 28, 2024 to February 27, 2025
Statement of Qualification, Flight Simulation Training Device No. 1588. . . .	Cirrus Aircraft	FAA	Qualifies Level D Flight Simulation Training Device	Effective until November 30, 2024[(2)]
Statement of Qualification, Flight Simulation Training Device No. 1602. . . .	Cirrus Aircraft	FAA	Qualifies Level 6 Flight Simulation Training Device	Effective until November 30, 2025

License/Permit	Holder	Issuing Authority	Purpose	Validity Period
Statement of Qualification, Flight Simulation Training Device No. 1824. . . .	Cirrus Aircraft	FAA	Qualifies Level 6 Flight Simulation Training Device	Effective until November 30, 2026
Statement of Qualification, Flight Simulation Training Device No. 1999. . . .	Cirrus Aircraft	FAA	Qualifies Level D Flight Simulation Training Device	Effective until February 28, 2025

Note:

(1) For these supplemental type certificates ("**STCs**") that are not issued to our Company or our subsidiary, Cirrus Design Corporation, but to other holders, although each of these STCs covers an externally-sourced component, each of these STCs reflects a design that we approved. In particular, these STCs represent (1) certain design changes or modifications that have been adopted in newer generation aircraft where previous generation customers may wish to upgrade their older aircraft with these approved components, and/or (2) aftermarket parts that we sell as upgrades.

An STC is a type certificate issued when an applicant has received FAA approval to modify an aeronautical product from its original design. The STC, which incorporates by reference the related type certificate, approves not only the modification but also how that modification affects the original design. Under FAA regulation, any individual or company — including a company that does not hold the type certificate for a product — has the ability to apply to the FAA for an STC that authorizes altering that product by introducing a major change in the product's type design. Further, an STC holder may allow another company, including the base type certificate holder, to use the STC to alter the product. Typically, in line with industry practice, the right to use an STC would be inclusive in the price of the relevant component. A STC holder may install, or sell for installation, the modification defined by the STC.

The aviation industry generally involves a wide variety of classification of aviation-related modification or upgrades. STCs do not have to be held by aircraft manufacturers. Many professional aviation component providers and/or aviation solution providers apply for STCs, for example providers of maintenance, repair and overhaul with strong capabilities to carry out aircraft upgrades. This allows them to better serve demand from airline companies and/or individual/ corporate owner of aircraft. There are no specific constraints on the maximum number of STCs that can be issued. Due to these factors, it is common practice for aviation market participants (including manufacturers, as well as solution and components providers not related to aircraft manufacturers) to apply for and hold STCs to supplement or modify aircraft for which the aircraft manufacturer holds the type certificate, according to Frost & Sullivan.

(2) Requalification process scheduled for August 2024. No obstacles to requalification are anticipated.

We monitor the validity of, and make timely applications for the renewal of, relevant licenses, permits and certificates prior to the expiration date. We had not experienced any material difficulty in obtaining or renewing the required licenses, permits and certificates for our business operations during the Track Record Period and up to the Latest Practicable Date. See "Risk Factors

— Risks Relating to Our Business and Industry — 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" and "Risk Factors — Risks Relating to Our Business and Industry — 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."

AWARDS AND RECOGNITION

During the Track Record Period and up to the Latest Practicable Date, we received a number of awards and recognitions in connection with our business. Some of the significant awards and recognitions we have received are set forth below.

Year	Award/Recognition	Product Recognized by Award	Issuing Authority
2023	Gold Prize, Air Mobility	Vision Jet and CAPS	Edison Awards
2018	Innovation of the Year (Finalist)	SR2X Series	Flieger Magazine
	Aircraft of the Year	SR2X Series	Aerokurier Magazine
	Innovation Award	Vision Jet	Flying Magazine
	Plane of the Year	Vision Jet	Plane & Pilot Magazine
	Innovation Award	Vision Jet	Aerokurier Magazine
2017	Robert J Collier Trophy	Vision Jet	The National Aeronautic Association
	Plane of the Year	Vision Jet	Plane & Pilot Magazine
	Editor's Choice Awards	Vision Jet	Flying Magazine
	Bespoke List (listing)	Vision Jet	Robb Report
	Best of What's New	Vision Jet	Popular Science Magazine
2016	Joseph T. Nall Safety Award	Cirrus Approach	The Aircraft Owners & Pilots Association Air Safety Institute
2014	Joseph T. Nall Safety Award	Cirrus Aircraft SR Safety Design Team	The Aircraft Owners & Pilots Association Air Safety Institute

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE POLICY

Governance structure

Solid corporate governance forms the foundation of our operations. The Board has the overall responsibility for our sustainability strategy and reporting, and oversees sustainability issues related to our operations.

To ensure a better implementation system in place, we have established a committee which is focused on environmental, social and governance matters (the "**ESG Committee**"), and composed of members from the Customer Experience Team, led by the executive director of marketing. The committee is expected to expand to include representatives from different departments and roles across the organization to ensure that all aspects of our Group are represented. The ESG Committee reports up to the executive leadership level which includes the chief executive officer and the presidents of innovations and operations and customer experience respectively.

We monitor our ESG-related performance via monthly updates from the executive committee. The ESG Committee is responsible for drafting a comprehensive sustainability plan. The plan has currently received executive approval to move forward with its second phase, which involves surveying and analyzing our footprint to identify short-term objectives that can be implemented while the long-term plan is being developed. The ESG Committee meets twice monthly to discuss progress and extend plans for the second phase of the initiative. As part of this effort, the ESG Committee is being expanded to include inputs from all areas of our Group, which will bring local perspective to the larger effort and engender commitment at the local level. This commitment to sustainability and the establishment of the ESG Committee demonstrate our governance structure and our dedication to a sustainable future.

The Board will adopt the following approaches to identify, manage and review material ESG issues:

Identify: The Board will engage key stakeholders, including our major suppliers, management team, employees, and clients to identify material ESG issues and risks inherent in our business operations. The Board believes that open dialogue with stakeholders plays a crucial role in maintaining our business sustainability.

Assess: Apart from assessing the performance of our ESG measures through discussion with our stakeholders, the Board will engage an independent third party to identify and assess our performance in respect of environmental protection and climate change.

Review: The Board will review the progress made against ESG-related goals to guide us to achieve better ESG performance. Via our ESG policy, a set of systematic risk management practices have been put in place to ensure financial and operational functions, compliance control systems, material control, asset management and risk management all operate effectively.

Climate-related risk and opportunities

Climate change is a critical issue that has become increasingly relevant to the piston-engine aircraft industry in recent years. The industry is vulnerable to climate-related risks as extreme weather events, such as hurricanes, thunderstorms, and heatwaves, can disrupt aircraft operations, impact supply chains, and reduce consumer demand. Additionally, as the aviation industry is a significant contributor to greenhouse gas emissions, there is a growing need for aircraft manufacturers and operators to address the risks posed by climate change. These risks include decreased productivity and reputational damage.

Nonetheless, under the transition to a low-carbon economy, we can also seize opportunities such as developing innovative technologies and adopting sustainable practices to reduce our carbon footprint and improve our environmental performance. Overall, it is crucial for us to prioritize climate change and take action to mitigate risks and capitalize on opportunities to ensure our long term success. We have identified the following climate-related risks and opportunities that can potentially impact our business.

Physical risks

In recent decades, climate change has caused a range of events that can affect regions worldwide, including more frequent and severe extreme weather events and rising sea levels. These events pose two types of physical risks: acute and chronic. Acute physical risks refer to the immediate consequences of extreme weather events, such as typhoons, storm surges, and rainstorms. These risks can disrupt supply chains and production, damage facilities, and ultimately impact revenue. Chronic risks refer to the longer-term impact of climate change, such as rising sea levels and changing precipitation patterns.

As an aviation company, we rely on a complex global supply chain, which may be disrupted by climate change. Climate change impacts various entities and functional levels in supply chains, and the ripple effect of climate change leads to risk of propagation along the supply chain network. Unusual weather events and natural disasters may directly or indirectly affect multiple entities within supply chain networks such as physical infrastructure and assets, natural resources and workforce. This could lead to delays, increased costs, and reduced reliability for our business operation.

How to mitigate physical risks

We acknowledge the significant risk that extreme weather poses to our fixed assets, particularly our manufacturing facilities. Nonetheless, our facilities' geographical locations in North Dakota and Minnesota are not susceptible to hurricanes and flooding and we are at a lower

risk of experiencing property damages and revenue loss from extreme weather. To further mitigate the potential physical risk, we have purchased production plant insurance to safeguard our property assets. In addition, our supply chain team actively monitors impending weather and takes proactive measures, such as rerouting logistics and shipping products early, to minimize disruptions to our production line. Looking forward, we are considering making such measures a requirement for potential suppliers or business partners seeking to do business with us. Furthermore, we will factor in all climate risks and locations when establishing new plants or considering mergers and acquisitions.

Transition risk

Transition risk refers to the financial risk related to the process of adjustment towards a lower-carbon economy which can be prompted by, for example, changes in climate policy, technological changes, or a change in market sentiment.

Technology

Traditional aviation fuel is derived from petroleum and contributes to greenhouse gas emissions. As pressure mounts to reduce emissions and mitigate climate change, aviation companies may be required to transition to alternative aviation fuels with lower environmental impacts, such as biofuels and synthetic fuels. However, this transition will require significant investment in new technologies and infrastructure, which may pose challenges to the industry players in the aviation industry.

Legal and policy

As a consequence of the U.S. government's stated objective to achieve 100% clean electricity goal by 2035, the use of renewable energy in electricity generation will substantially increase. Electricity generated from renewable sources has a relatively higher price, the transition to which may substantially increase the operation costs. Furthermore, the U.S. government has taken additional steps to address climate-related issues in the transportation and aviation sectors. In November 2021, the EPA implemented a new greenhouse gas emission standard for commercial airplanes and large business jets. The same year, the FAA published the U.S. Aviation Climate Action Plan, which outlines a government-wide approach to help the aviation sector achieve net-zero emissions by 2050. Additionally, the U.S. government is also pushing for ambitious new international CO_2 standards at the upcoming round of International Civil Aviation Organization negotiations and has announced a series of actions aimed at promoting sustainable aviation fuel ("**SAF**") development. It is anticipated that new regulations or emission standards may also affect piston-engine aircraft companies in the future.

Reputation

As climate change becomes an increasingly pressing issue, consumers and investors are paying more attention to the environmental impact of companies. Aviation companies that are seen as laggards in terms of reducing their carbon footprint may face reputational damage and loss of business. We are dedicated to operating in a sustainable manner to ensure the long-term viability of the business.

How to mitigate transition risks

Technology

We are actively exploring alternative aviation fuels and gradually eliminating leaded aviation fuels. Responding to the rising demand for sustainable products and the switch to a low-carbon economy, our latest aircraft model — The Vision Jet, is designed and certified to burn SAF that has been labeled to meet the American Society for Testing and Material International D1655 Standard Specification for Aviation Turbine Fuels. Through the incorporation of SAF in the Vision Jet, we are able to achieve a minimum of a 50% reduction in lifecycle greenhouse gases ("**GHG**") compared to conventional fuel. We are continuing to test new SAF fuels to further reduce the GHG and emissions in our single-engine jet aircraft. In addition, we actively monitor climate-related risks and review our policies when necessary.

Legal and Policy

To mitigate legal and policy risks, we will take notice of all legal and regulatory updates about new regulations and emission standards that may affect our business by monitoring government websites, industry associations, and news outlets, and ensure that we are fully prepared to comply with more stringent regulations. Additionally, with our investment in research and development of new technologies and infrastructure for alternative aviation fuels, we are actively improving our sustainability performance and are always prepared to comply with new regulations and emission standards.

Reputation

We are prioritizing sustainability and will actively engage with our stakeholders, including customers, investors, and employees, to understand their expectations and concerns around sustainability. In addition, we will establish environmental targets for reducing our carbon footprint and regularly review and report their progress. By doing so, we demonstrate our commitment to sustainability and provide transparency to stakeholders.

Additionally, to further increase transparency and provide accurate disclosure of sustainability-related information, we will publish ESG report annually. This report can provide stakeholders with a comprehensive overview of our sustainability initiatives, progress, and future plans, which ensures the customers that we operate in a sustainable and responsible manner.

Opportunities

We have also identified opportunities stemming from the transition to a low-carbon economy. In February 2022, leaders from the aviation and petroleum industries, along with the FAA, announced the Eliminate Aviation Gasoline Lead Emissions ("**EAGLE**") program, aimed at eliminating the use of leaded aviation fuel by the end of 2030, without adversely affecting the existing piston-engine fleet. As part of this initiative, we have committed to testing alternate fuels to reduce our carbon footprint by 2030. This transition has motivated us to explore new technologies and further enhance our sustainability performance. Under these measures, we have the potential to expand our market to include environmentally conscious customers.

Environmental policy

Environmental protection

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 consumers use and dispose of our products. See" Regulatory Overview — Environmental Laws and Regulations" for details.

We are committed to reducing our impact on the environment by reviewing and implementing potential projects and activities that will further reduce our impacts on the environment for the future. Our commitment to the environment extends to our customers, our employees and the community in which we operate. We are committed to:

- Comply with all applicable environmental regulations;
- Prevent pollution whenever possible;
- Train our employees on our environmental program and empower them to contribute and participate;
- Communicate our environmental commitment and efforts to our customers, employees and our community; and

- Continually improve over time by researching and implementing environmental controls when necessary.

During the Track Record Period and up to the Latest Practicable Date, the Group had not identified any non-compliance with applicable environmental laws and regulations. To ensure our continued compliance, we utilize our project management tracking system to track and monitor compliance related expectations. We also partner with an external environmental consulting firm to ensure that we remain up to date with all relevant environmental regulations. This allows us to navigate complex environmental legislation and maintain our compliance. In addition to this, the Company also recently employed an internal environmental health and safety manager who possesses extensive environmental expertise to oversee our environmental regulatory obligations. We believe that we are well-positioned to continue our positive track record of environmental responsibility.

Additionally, we recognize that our operations have the potential to negatively impact the environment, and therefore we have established internal policies at our assembly campus in Duluth, Minnesota to minimize our impact. These policies include:

- Hazardous Waste Storage and Disposal
- Above Ground Storage Tanks Management
- Stormwater Pollution Prevention Plan

Additionally, to minimize the risk of hazardous material spills, we have implemented a Spill Prevention, Control, and Countermeasure Policy at our assembly campus in Duluth, Minnesota and our Vision Center in Knoxville, Tennessee. This policy outlines the steps to be taken in the event of a spill or release, and clearly defines the responsibilities of responding personnel. We have assigned teams to manage, monitor, modify, and ensure compliance with each of the internal policies. This is to strengthen the implementation of these policies and ensure that we continue to minimize our impact on the environment.

Use of resources

We are committed to responsible resource use and conservation of natural resources. To achieve this, we have implemented internal policies to ensure efficient use of materials and natural resources in production processes, responsible management of energy and water resources, effective implementation of energy and water management measures, reduction of waste production, and sustainable sourcing of materials.

We consume energy primarily in production facilities and service centers and are actively developing energy initiatives to reduce consumption during the manufacturing process. In addition, we have taken measures to improve energy efficiency in our buildings by installing shades on south and west facing windows, adding drop ceilings in high bay areas, upgrading hot water heaters and replacing HVAC units with high-efficiency models, and adopting a Building Management System to monitor maintenance and improve air compressor efficiency in paint booths.

Furthermore, we have partnered with Minnesota Power to utilize rebates in order to support energy-saving initiatives such as replacing inefficient lighting with high-efficiency LED lighting and investing in a new high-efficiency Variable Refrigerant Flow mechanical system for our Innovation Center building.

Through these policies and energy-saving measures, we believe we have demonstrated our commitment to conserving energy and promoting responsible resource use.

Environmental performance and metrics

We adhere to all relevant regulations outlined by the Minnesota Pollution Control Agency and the EPA, including Hazardous Waste, Air Permitting, Stormwater Permitting, and Wastewater Permitting, which we believe demonstrates our commitment to environmental stewardship.

Air emissions

We have obtained a Title V air permit for our operation, which is a requirement outlined by the Clean Air Act of 1970. This permit requires us to conduct regular monitoring of our air emissions, such as nitrogen oxides, sulphur dioxide, particulate matter, and Volatile Organic Compound ("**VOC**"), and to comply with recordkeeping obligations.

We are actively exploring the application of SAF in our aircraft to further reduce our air pollution. Furthermore, we are improving equipment performance by utilizing state-of-the-art paint booths, enhancing filter capabilities, and enhancing the efficiency of our painting processes to reduce VOC emission.

GHG emissions

The main sources of our GHG emissions were the consumption of natural gas and purchased electricity in our operation process. We also took into account specific facilities within our Vision Center in Knoxville, Tennessee, including hangars, the flight simulation building, and the site

warehouse. It is important to note that we excluded the Experience Center within our Vision Center, as it is a leased property that does not report utility values. Additionally, in 2023, we introduced a new building, the Innovation Center in Duluth, Minnesota. The usage of resources and the subsequent GHG emissions associated with this new facility were included in the data reported for 2023.

The following table presents our greenhouse gas emissions for the years indicated:

Scope of Greenhouse gas emissions	Emission Sources	Unit	2023	2022	2021
Scope 1 emission[(1)] . . .	Combustion of natural gas	tCO_2e	7,943.48	6,671.96	5,083.64
Scope 2 emission[(2)] . . .	Purchased electricity	tCO_2e	7,275.30	7,859.75	6,866.75
Total		tCO_2e	15,218.78	14,531.71	11,949.39
Intensity		tCO_2e/million USD revenue	14.24	16.25	16.19

Notes:

(1) As pursuant to Appendix 2 of "How to Prepare an ESG Report" set out by the Stock Exchange, Scope 1 greenhouse gas emissions refer to direct emissions from equipment and operations that are owned or controlled by our Group (thus emissions from aircraft that are sold to customers are not included).

(2) As pursuant to Appendix 2 of "How to Prepare an ESG Report" set out by the Stock Exchange, Scope 2 greenhouse gas emissions refer to energy indirect emissions resulting from the generation of purchased or acquired electricity, heating, cooling, and steam consumed within our Group.

Our Scope 1 and Scope 2 emissions have increased by 56.3% and 5.95%, respectively, from 2021 to 2023. These rises are primarily attributed to the growth in aircraft sales, which consequently leads to higher consumption of natural gas and purchased electricity during the aircraft production process.

It is important to note that despite the increases in Scope 1 and Scope 2 emissions, the GHG intensity decreased from 16.19 in 2021 to 14.24 in 2023. This suggests that the rise in emissions aligns proportionally with the growth in our total revenue. As our business expands, there is a corresponding increase in emissions, but the intensity of emissions per million revenues generated has decreased throughout the Track Record Period.

In addition to Scope 1 and Scope 2 emissions, our value chain is also associated with Scope 3 emissions. We have identified four main categories of Scope 3 emissions that are relevant to our business, including upstream transportation and distribution, waste generated in operations, downstream transportation and distribution, and use of sold product. We are currently in the process of developing a robust data collection system to effectively gather the required information for disclosing Scope 3 emissions.

Nonetheless, it is important to note that the data necessary for calculating these emissions is not readily available. A significant portion of this data relies on external entities, including suppliers and other partners, whose data monitoring and tracking are beyond our control. As it requires gathering data from various stakeholders across multiple stages, it is difficult to track and quantify emissions accurately. We are aware that data availability and reliability can vary among these external entities, which may result in incomplete or inconsistent data sets.

Despite these challenges, we are looking to incorporate sustainability assessment into our evaluation of suppliers and, therefore, hope to drive incentive for suppliers to provide more sustainability-related data.

Resource Consumption

As an aircraft manufacturer and retailer, we mainly consume natural gas and electricity in the course of our operation. Natural gas is used in building heating operations and manufacturing equipment for processes requiring heat. At our manufacturing facility in Grand Forks, our assembly campus in Duluth, and our Vision Center in Knoxville, Tennessee, natural gas is the primary source of heat for all buildings. In Grand Forks, North Dakota, natural gas is also used to heat composite layup parts in the ovens. In Duluth, Minnesota, the ovens and paint booths are used for composite bonding and paint finishing, with the exception of the electricity section noted below. In Knoxville, Tennessee, natural gas is used in the paint booth.

Electricity is used for general power, air movement, air conditioning, lighting, and IT infrastructure in all buildings. Manufacturing, engineering, and service at all campuses use electric derived compressed air, vacuum, and paint finish booth air movement. Electricity is also used to power all general direct wired equipment. In Duluth, Minnesota, electricity powers the Jet composite and small bonding fixtures, and in Knoxville, Tennessee, it powers the Full Flight (Motion) Simulator.

The following table presents our key energy consumption data for the years indicated:

Energy Source	Unit	2023	2022	2021
Natural Gas	CCF	1,589,143.61	1,334,768.82	1,017,014.83
Electricity	MWh	18,521.12	20,008.98	17,478.50
Total energy consumption	MWh	65,083.02	59,117.71	47,277.04
Total energy consumption intensity	MWh/million USD revenue	60.91	66.12	64.05

Note: Key energy consumption data was collected from the manufacturing facility in Grand Forks and the assembly campus in Duluth. For energy usage in the Vision Center, only data from facilities that report utility values was taken into account.

In addition to energy consumption, we also utilize water in our operations. The following table outlines our water usage for the years indicated.

Consumption	Unit	2023	2022	2021
Water	m^3	44,712.03	31,878.14	24,236.58
Intensity	m^3/million USD revenue	41.81	35.65	32.83

Please refer to the following table for relevant data from selected industry peers of the Company for the year ended December 31, 2022.

	Scope 1 + Scope 2 Emissions (tCO_2e)	Emissions Intensity (tCO_2e/million USD revenue)	Energy consumption (in MWh)	Energy intensity (MWh/million USD revenue)	Water consumption (m^3)	Water consumption intensity (m^3/million USD revenue)
The Company	14,532	16.25	59,117.71	66.12	31,878.14	35.65
Textron Inc. ("**Textron**")	484,313	37.6	1,530,279	119	3,829,303	298
Bombardier Inc. ("**Bombardier**")	92,302	13	537,802.93	78	489,963	71

Note: Environmental data of Textron Inc. and Bombardier Inc. is extracted from Textron's 2022 Corporate Sustainability Report and Bombardier's 2022 ESG report, respectively.

Based on our environmental data for the year ended December 31, 2022, most of our environmental indicators, including scope 1 + scope 2 emissions, energy consumption, water consumption, and water consumption intensity, were lower than the sampled industry peers. However, despite operating in the personal aviation market, the two selected companies exhibit a more diversified product portfolio than us. We specialize in manufacturing single-engine piston aircraft and jet aircraft, whereas Textron offers a broader range of products like military and commercial helicopters, and Bombardier also offers military aircraft. Additionally, all the selected industry peers also generate higher revenue than us, which contributes to significantly higher levels of greenhouse gas emissions and resource consumption.

Targets

We recognized the importance of environmental protection and sustainability. To promote environmental responsibility and reduce our environmental footprint, we have established environmental targets that are aligned with our overall business strategy and objectives. These targets are regularly reviewed and updated to ensure continuous improvement in sustainability practices. By setting these targets, we believe we are demonstrating our commitment to environmental protection by taking proactive measures to minimize our impact on the environment.

Category	Targets
GHG emission	Reduce GHG emission intensity by 10% by 2030, relative to 2022 level
Energy efficiency	Reduce the energy consumption intensity by 10% by 2030, relative to 2022 level

Approaches to Achieving Environmental Targets

We are actively investigating various methods to meet our new environmental targets. At present, we plan to implement a number of measures, as outlined in the table below.

Reducing GHG emission	• Actively improve energy efficiency to reduce GHG emissions from fuel combustion, including: — Streamlining production processes to reduce energy consumption and improve productivity; — Conducting a thorough analysis of the production workflow to identify and address any bottlenecks; — Promoting regular communication and feedback among employees to encourage the exchange of energy-saving ideas and initiatives; • Actively consider the use of renewable energy for daily operation to reduce our carbon footprint
Energy efficiency	• Allocate more resources to R&D to develop innovative solutions; • Actively improve aviation fuel efficiency to reduce energy consumption: — Enhancing the aerodynamic design; — Incorporation of advanced and cutting-edge design, and using lighter material to reduce the aircraft's net weight; — Allocating R&D efforts to develop and integrate more efficient engines into the aircraft's design; • Actively consider the use of renewable energy for daily operations;

- Develop stringent internal management and examination systems throughout the whole production process; and

- Upgrade production equipment periodically to energy-efficient alternatives.

Significant Impacts on the environment and natural resources

According to the U.S. Aviation Climate Action Plan, the combustion of jet fuel in both domestic and international aviation is responsible for over 97% of CO2 emissions in the U.S. aviation sector. The remaining emissions are generated by airport operations and the use of aviation gasoline by piston engines. As a manufacturer of piston-engine aircraft, our operations and products are not considered to have a significant impact on the environment. Nevertheless, we recognize the importance of environmental protection and endeavors to reduce our impact on the environment.

Our operations and manufacturing processes require a notable amount of natural gas and electricity consumption, which contributes to the consumption of natural resources. For a comprehensive breakdown of our natural resource usage, please refer to "Resource Consumption" section. In an effort to reduce our energy consumption, we have implemented various energy-saving measures throughout our office centers and other facilities. See "Environmental policy — Environmental Protection" for details.

Aside from our business operation, we are also aware of the sustainability performance of our products and their potential impacts on the environment and natural resources. Our SR2X Series aircraft operate on leaded aviation gasoline ("**avgas**"), currently using 100 low-lead ("**100LL**") avgas for the piston engines. See "Financial Information — Key Components of our Consolidated Statement of Profit or Loss — Revenue by Revenue Stream" for the historical sales volume and breakdown of our SR2X Series aircraft.

Lead can have adverse impact on the ecosystem and human health. The planned phase-out of 100LL in the European Union by 2025 and the United States' target of a phase-out by 2030 has further escalated the demand for an alternative solution.

We have been actively participating in the Piston Aviation Fuel Initiative and EAGLE programs to identify alternative solutions for the 100LL avgas. As a signatory on the public-private partnership to identify a lead-free fuel replacement by 2030, we are dedicated to finding alternative solutions for the piston-engine aircraft industry.

In September 2022, the FAA has approved the General Aviation Modification Inc. ("**GAMI**") G100UL avgas as a replacement to 100LL avgas. It is an unleaded avgas that maintains or improves engine performance and, simultaneously, significantly reduces routine maintenance costs. We have acquired the G100UL avgas and began dedicated aircraft tests with onsite material labs and scientists to assess fuel compatibility and other chemical characteristic requirements on our SR20, SR22 and SR22T aircraft. The test began in January 2023 and baseline testing such as fuel gauge levels and fuel flow indications were completed. While the testing is still ongoing, we are optimistic that the fuel will be ready for use in our SR2X models soon.

Additionally, we intended to expand the use of this fuel in forthcoming products to improve the sustainability performance of our products. The G100UL avgas may cost more than 100LL initially, but the higher cost should be offset by lower maintenance costs for the aircraft, and it is expected to become more affordable once it is widely available. The impact of the phase-out on the Company's operations and financial performance is expected to be minimal. Furthermore, by acquiring G100UL, we believe we are showing our commitment to reduce the impacts on the environment.

In addition to our SR2X Series aircraft, our product lineup also features the Vision Jet. Designed for short-haul private travel, we acknowledge the potential environmental risks associated with its operation, such as its carbon footprint and air emissions. However, we have taken steps to address these concerns. According to Jet Support Services, Inc. Conklin & de Decker's CO_2 Calculator, a leading data provider to the business aviation industry, the Vision Jet has the lowest CO_2 emissions rate compared to all general and business aviation jets. The single-engine, V-tail design of the Vision Jet enables it to have a lower CO_2 emission per use. Additionally, the Vision Jet is SAF compatible. By using SAF, we hope to reduce the carbon intensity and the amount of air pollutants, which contributes to a more environmentally friendly aviation industry.

Social

Human resources

We adhere to the relevant laws and regulations to ensure employees' interests are protected. For details, please see "Regulatory Overview — Labor and Employment Laws."

In addition to the compliance with laws and regulations, we have adopted measures relevant to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

- Each employee receives and signs an employment offer letter specifying job details, including pay rate and work hours.

- Annual Total Rewards statements are distributed through our HR System, UKG, confirming job/Fair Labor Standards Act of 1938 status, compensation, and current benefits enrollment.

- Employee Handbook outlines policies on internal transfers, job postings, rest periods, equal opportunity, diversity, and anti-discrimination. We have put in place an equal Employment Opportunity Policy is established to promote the diversity and cohesiveness within our Group.

- Termination letter and the Consolidated Omnibus Budget Reconciliation Act information/enrollment form are sent to employees when their employment is terminated.

- Annual employee performance reviews are conducted, providing opportunities for supervisors and employees to review past work and set performance goals and development plans for the new year.

- Tuition Assistance program for eligible/approved employees to support career growth through postsecondary classes. Departments allocate budget for continuing education opportunities such as professional certifications, training, and seminars for job-specific training.

- Our proprietary training program, Cirrus University, is convenient to access to all our employees and provides various online classes from job-specific training to soft skills enhancement.

Occupational safety and health

Health and safety for employees remains our number one priority. We strive to provide and maintain a safe and healthy working environment whilst complying with all applicable laws and regulations. These include, but are not limited to the following:

- Occupation Safety and Health Administration ("**OSHA**") Standard of the United States

- Minnesota OSHA Standards

Furthermore, we (1) have applicable Environment, Health and Safety policies, including Right to Know, A Workplace Accident and Injury Reduction, Personal Protective Equipment, general safety rules and regulations, hearing conservation, respiratory protection, accident reporting, bloodborne pathogens, and emergency response; and (2) conduct industrial hygiene monitoring surveys with our insurance carrier as needed based on employee concerns or any hazard.

To ensure compliance with applicable laws and regulations, from time to time, our human resources department would, if necessary and after consultation with our legal advisors, adjust our human resources policies to accommodate material changes to relevant labor and safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material accidents or received any administrative penalties as a result of the violation of laws and regulations relating to occupational health and work safety.

Labor Standard

We adhere to U.S. laws and regulations, such as the Fair Labor Standards Act of 1938, to manage their labor practices. Screening and background checks are performed when hiring new employees and we do not hire any children under 14 years old, following Part 570 of the Fair Labor Standards Act of 1938. In addition, we strictly follow the Tariff Act of 1930 and prohibits any forced labor, as stated in Section 307 of the Tariff Act.

No child labor, forced, or compulsory labor was reported and/or identified within any of our sites during the Track Record Period and up to the Latest Practicable Date. If any incidents of non-compliance are discovered within our operation sites, we shall immediately suspend the relevant person's employment and carry out an internal investigation.

Supply Chain Management

During the Track Record Period, we did not have a specific policy in place to actively monitor the ESG performance of our suppliers. Nonetheless, we have always exercised caution in selecting our suppliers and have prioritized those with a good reputation and track record.

In order to further strengthen our commitment to sustainability, we are currently in the process of developing an internal policy that will guide us in selecting and managing our supply chain partners. We will develop a supplier code of conduct to ensure that the companies we work with uphold high ethical standards pertaining to human rights, labor, anti-corruption, and environment. This Code of Conduct should have set the ethical standard that the Company expect its suppliers to adhere while conducting their business. In addition, under the policy, we will also consider the following steps:

- Introduce a sustainability assessment criterion to our ranking system, enabling us to evaluate and rank each supplier based on their sustainability initiatives.

- Incorporate sustainability objectives into our program business plans to ensure that the design process includes thorough exploration of more sustainable materials.

- Incorporate a project category for sustainability within the cost improvement program buckets, allowing us to specifically target projects that contribute to sustainability goals.

- Establish a sustainability council in collaboration with selected suppliers to focus on specific metrics and monitor progress. These suppliers would provide an opportunity for joint public relations initiatives.

By implementing this policy, we seek to foster a supply chain that aligns with our values and contributes to a more sustainable and responsible business ecosystem.

Product Responsibility

Ensuring product responsibility is a fundamental aspect of our business operations. To us, safety is of utmost importance, and we prioritize it through the integration of numerous robust safety measures in every aircraft. To uphold high standards, we have established a quality system that adheres to Title 14 of the Code of Federal Regulations Part 21 — Certification Procedures for Product and Articles. For further information on our quality assurance processes, see "Business — Airworthiness Directives, Quality Control and Assurance."

We have implemented a standard procedure in our Quality Assurance Manual ("**QAM**") to ensure that any nonconforming products are promptly identified, documented, segregated, and corrected in accordance with our policy. In the event of a potential nonconforming product, it shall be clearly identified as nonconforming until the record of non-conformance ("**NCR**") has been completed. The NCR should contain description of the requirement that is not met and the actual condition of the product. We will also follow specific steps to conduct a thorough investigation, including identifying any physical or electronic issues, segregating the product to prevent

unauthorized or unintended use, implementing a containment process if necessary, determining the disposition type in accordance with the QAM, and conducting analysis per the requirements of the QAM. Corrective actions will be taken when the product is confirmed to be nonconforming and prevent actions shall be taken to eliminate the cause of potential nonconformities.

Anti-corruption

We strive to have a high degree of integrity in all our business activities. As part of our dedication to integrity, we are committed to complying with all applicable anti-bribery and anti-corruption laws, rules, and regulations.

We do not tolerate any forms of bribery or corruption, and we strongly encourage our employees to report any violations of anti-corruption and anti-bribery laws to our Legal Department. Any kind of retaliation against anyone who makes a report or complaint in good faith with a reasonable basis for believing that a violation of our anti-corruption policy or other illegal, unethical or inappropriate conduct has occurred are strictly prohibited.

During the Track Record Period and up to the Latest Practicable Date, we had not aided, abetted, assisted, or colluded with an individual who has committed, or conspired to commit any unlawful activities. No non-compliance with relevant laws and regulations that have a significant impact on us relating to corruption, bribery, fraud and money laundering had been identified during the Track Record Period and up to the Latest Practicable Date.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We are subject to legal proceedings, disputes and claims that arise in the ordinary course of business including product liability claims. During the Track Record Period and up to the Latest Practicable Date, we were not a party to any material legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations, as we maintain insurance of the types and in the amounts that we believe are commercially reasonable, adequate and are available to businesses in our industry, in particular with respect to product liability. All such product liability claims are covered by our insurance arrangements, subject to the terms of our insurance and reinsurance policies. For details on how we record product liability claims and our insurance arrangements, see "— Airworthiness Directives, Quality Control and Assurance" and "— Insurance" for more information.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material noncompliance incidents that have led to fines, enforcement actions or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

INTERNATIONAL SANCTIONS RELEVANT TO CERTAIN BUSINESS ACTIVITIES AND AFFILIATES

AVIC's Designation as a Chinese Military-Industrial Complex Company

One of our Controlling Shareholders, AVIC and certain of its subsidiaries ("**Identified CMIC Entities**"), were designated by the U.S. Department of the Treasury on the NS-CMIC List under Executive Order 13959 ("**EO 13959**"), on June 3, 2021, with an effective date of August 2, 2021. Our Group does not have any historical or ongoing transactions with any of the Identified CMIC Entities.

EO 13959 does not prohibit all dealings with parties on the NS-CMIC List. Rather, EO 13959 prohibits United States persons beginning on the effective date for the designation of a CMIC, 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 on the NS-CMIC List unless licensed or authorized by OFAC. Pursuant to OFAC FAQ 857, the prohibitions in EO 13959, as amended, apply to a subsidiary of a CMIC included on the NS-CMIC List only if such subsidiary itself is listed on the NS-CMIC List. If a subsidiary is not included on the NS-CMIC List, then the restrictions of EO 13959 do not apply to the subsidiary.

The Company and its subsidiaries are not listed on the NS-CMIC List, and the sanctions applicable to AVIC as a CMIC do not apply to the Company and its subsidiaries. As such, Hogan is of the view that 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 the Company, which is not itself designated by OFAC on the NS-CMIC List.

The offer, sale and purchase of the securities of the Company, including the offer, sale and purchase of the shares of the Company in connection with the Offering or subsequently the trading of the Company's shares on the Stock Exchange, to any person would not result in sanctions applicable to AVIC administered under EO 13959, as amended, or any related OFAC rules or regulations.

The Relevant Persons participating in the Offering (including but not limited to, for the avoidance of doubt, potential investors in the Offering) would not result in sanctions applicable to AVIC administered under EO 13959, as amended, or any related OFAC rules or regulations. Existing shareholders of the Company (including those who are United States persons) can continue to own the shares of the Company and would not be required to dispose of their shares of the Company, as the sanctions applicable to AVIC as a CMIC would not apply to the Company and its subsidiaries. In addition, under EO 13959, as amended, and any related OFAC rules or regulations, the designation of AVIC as a CMIC does not impose any restrictions on the business operations of AVIC or any other member of the Group, including the Company and its subsidiaries.

Business Activities with Regions subject to International Sanctions

Certain countries or organizations, including the U.S., the European Union, the United Kingdom, the United Nation, and Australia, maintain economic sanctions and trade restrictions targeting certain parties, industries or sectors within the countries or territories for which Relevant Jurisdictions maintain various forms of sanctions programs in place, without having a comprehensive embargo in place (i.e., without making a particular country/region a Comprehensively Sanctioned Country).

During the Track Record Period, we entered into certain transactions with non-sanctioned customers involving the Relevant Regions. We conducted sales of our piston aircraft and parts, directly or indirectly, to non-sanctioned customers in the Relevant Regions. We have generated revenue of approximately US$11,000, US$22,000 and US$10,400 from transactions involving Relevant Regions for the years ended December 31, 2021, 2022 and 2023, respectively, which represents 0.001%, 0.003% and 0.001% of the Group's total revenue for the years ended December 31, 2021, 2022 and 2023, respectively. The Relevant Regions were subject to various sanctions during the Track Record Period, but none of them was subject to a comprehensive export, import, financial or investment embargo under sanctions related law or regulation of a Relevant Jurisdiction (i.e., none of them was a Comprehensively Sanctioned Country).

As advised by Hogan, who has performed the procedures it considers necessary and has relied on the Company's screening of all our customers in the Relevant Regions, our business operations involving the Relevant Regions during the Track Record Period were not sanctionable activities under chapter 4.4 of the Guide for New Listing Applicants issued by the Stock

Exchange, given that (i) none of our customers located in the Relevant Regions were identified on the Specially Designated Nationals and Blocked Persons List maintained by OFAC or the relevant restricted parties lists maintained by the European Union, the United Kingdom, Australia and the United Nations; and (ii) the sales and services provided to the customers did not have a nexus to the EU, the UK or Australia. As no Sanctioned Targets or Comprehensively Sanctioned Countries were involved in such activities, our sales do not constitute Primary Sanctioned Activity. Moreover, our activities with non-sanctioned parties in Relevant Regions do not involve industries or sectors targeted by sanctions and thus do not constitute Secondary Sanctionable Activities.

Our Directors confirm that we do not have present intention to undertake any business involving directly or indirectly the Comprehensively Sanctioned Countries. We will not knowingly or intentionally conduct any business with any Sanctioned Targets, or any business in any Comprehensively Sanctioned Countries that will cause us to violate International Sanctions, and we will not use the proceeds from the Global Offering to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, the Comprehensively Sanctioned Countries or Sanctioned Targets. Our Directors will continuously monitor the use of proceeds from the Global Offering, as well as any other funds raised through the Stock Exchange, to ensure that such funds will not be used to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, Comprehensively Sanctioned Countries or Sanctioned Persons where this would be in breach of International Sanctions.

Business Activities with AG Huanan and AG Zhejiang

During the Track Record Period, we entered into certain transactions with two customers, AG Huanan and AG Zhejiang, who were designated by BIS on the Military End-User List on December 23, 2020 and thus were restricted from receiving items subject to the EAR and listed in supplement no. 2 to part 744 of the EAR without a license. AG Zhejiang and AG Huanan, each being a wholly-owned subsidiary of CAIGA, are therefore our connected persons.

Cirrus Design entered into an aircraft program agreement with AG Zhejiang, as amended by an amendment agreement between Cirrus Design and AG Zhejiang dated October 18, 2022 (collectively, the "**Aircraft Development Program Agreement**"), pursuant to which we collaborate with AG Zhejiang to develop a light-weight general aviation training aircraft with one configuration but two type certificates (the "**AG100/SR10 Program**"); see "Connected Transactions — Non-exempt connected transactions that are subject to reporting, annual review and announcement requirements — 1. Connected transactions relating to the AG100/SR10 Program — One-off AG100/SR10 aircraft development transaction — Aircraft Development Program Agreement" for further details.

On November 9, 2023, our Company, Cirrus Design and AG Zhejiang entered into an aircraft service framework agreement (the "**AG100 Aircraft Service Framework Agreement**"), pursuant to which AG Zhejiang may from time to time purchase from us procurement support and technical support in connection with the AG100 aircraft; see "Connected Transactions — Non-Exempt Connected Transactions that are Subject to Reporting, Annual Review and Announcement Requirements — 1. Connected transactions relating to the AG100/SR10 Program — Continuing aircraft service transactions — AG100 Aircraft Service Framework Agreement" for further details.

In light of AG Zhejiang's inclusion onto the Military End-User List, we temporarily suspended the export, reexport and transfer of items subject to the EAR under the agreement until we obtained an export license from the BIS on February 9, 2021, which is effective up to February 28, 2025, authorizing the export, reexport and transfer of certain items subject to the EAR to AG Zhejiang relating to the AG100/SR10 Program. We have resumed activities with AG Zhejiang and are complying with the terms of that BIS license. The AG100/SR10 Program had been completed before the expiry of the export license, i.e., in May 2024 following our submission of a project close-out report to AG Zhejiang. Hogan is of the view that our transactions with AG Zhejiang in relation to the AG100/SR10 Program did not violate export controls applicable to AG Zhejiang.

On November 9, 2023, our Company, Cirrus Design, AG Huanan and AG Services entered into an aircraft kits sale and program services framework agreement (the "Aircraft Kits Sale and Program Services Framework Agreement"), pursuant to which AG Huanan and/or AG Services may from time to time procure from us aircraft kits for TRAC20 model aircraft and program services in assisting the assembly of the aircraft kits; see "Connected Transactions — Non-Exempt Connected Transactions that are Subject to Reporting, Annual Review and Announcement Requirements — 3. Aircraft Kits Sale and Program Services Framework Agreement" for further details.

In light of AG Huanan's inclusion onto the Military End-User List, we temporarily suspended activities after the December 2020 designation until we obtained various export licenses from the BIS in respect of our sales of SR20 aircraft kits to AG Huanan for its resale to specific civil end users. We further obtained an export license from the BIS on May 9, 2022, which is effective up to May 31, 2026, authorizing our export and reexport to AG Huanan of items relating to the SR20 aircraft that are subject to the EAR. In respect of the limited license (the "**TC License**") we granted to AG Huanan to use a FAA type certificate and corresponding approved data to manufacture SR20, SR22 and SR22T models of aircraft (covering also TRAC20, TRAC22 and TRAC22T models of aircraft), we had obtained three export licenses from BIS which are effective up to February 28, 2025, September 30, 2025 and May 31, 2026, respectively, authorizing our export, reexport and transfer to AG Huanan of certain items relating to the TC License that are subject to the EAR. Subject to the strict compliance with the export licenses we obtained from the BIS, Hogan is of the view that our transactions with AG Huanan in respect of our sales of SR20 aircraft kits and related program services to AG Huanan and in respect of the TC License did not violate export controls applicable to AG Huanan.

As advised by Hogan, BIS reviews license application on a case-by-case basis. Prior to the expiration of our respective export licenses from BIS, we will submit new export license applications to seek renewal of authorization to make sales to AG Huanan and AG Zhejiang. We will not transfer any products requiring a license from BIS in the absence of a valid license for such shipments in order to comply with the relevant export restrictions applicable to the two entities. On August 3, 2023, we received a new license from BIS for our sales to AG Huanan. Our Directors are not aware of any changes in our product that will cause our product to become subject to stricter export control restrictions from the BIS. However, as BIS licensing determinations are discretionary and likely would be driven by US foreign policy and/or national security considerations, potential legal impediments to renewing the Group's BIS export licenses stem from possible changes in U.S.-China relations and/or changes in the law. We currently do not foresee any such legal impediments in the immediate future. Nevertheless, we cannot guarantee that escalating tensions in U.S.-China relations will not create such legal impediments in the future; see "Risk Factors — 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."

We conducted sales of our piston aircraft and parts to AG Huanan and AG Zhejiang, and we confirm that we have obtained the required licenses from BIS prior to conducting transactions with AG Huanan and/or AG Zhejiang after their designation. The following table sets forth a list of the requested export license with respect to our transactions with AG Huanan and/or AG Zhejiang:

License/Permit	Applicant	Purchaser and Ultimate Consignee	Issuing Authority	Purpose	Validity Period
Export License No. D1263947	Cirrus Design	AG Huanan	BIS	Authorizes export of aircraft kits for final assembly of SR20 aircraft and related components, including avionics and navigation equipment, spare parts, technology, and maintenance training	May 9, 2022 to May 31, 2026
Export License No. D1225542	Cirrus Design	AG Huanan	BIS	Authorizes export of aircraft kits for final assembly of SR20 aircraft and related components, including avionics and navigation equipment, technology, and maintenance training	February 16, 2021 to February 28, 2025
Export License No. D1243320	Cirrus Design	AG Huanan	BIS	Authorizes export of aircraft kits for final assembly of SR20 aircraft, spare parts for final assembly of a completed SR22 aircraft, and related technology for final assembly of the SR20 and SR22 aircraft, including maintenance training (but the SR22-related parts and technology cannot be exported to AG Huanan)	September 22, 2021 to September 30, 2025
Export License No. D1327197	Cirrus Design	AG Huanan	BIS	Authorizes export of aircraft kits for final assembly of SR22 aircraft and related components, including avionics and navigation equipment, spare parts, technology, and maintenance training	August 3, 2023 to August 31, 2027
Export License No. D1225896	Cirrus Design	AG Zhejiang	BIS	Authorizes export of aircraft and kits of SR10/AG100 aircraft, related composite materials, technology for manufacturing, assembly, configuring and testing related equipment	February 9, 2021 to February 28, 2025

We generated revenue of approximately US$17.2 million, US$13.6 million and US$3.8 million from transactions with AG Huanan for the years ended December 31, 2021, 2022 and 2023, respectively, representing approximately 2.3%, 1.5% and 0.4% of our Group's total revenue for the same years, respectively. We generated revenue of approximately US$20.3 million, US$6.5 million and US$5.5 million for transactions with AG Zhejiang for the years ended December 31, 2021, 2022 and 2023, respectively, representing approximately 2.7%, 0.7% and 0.5% of our Group's total revenue for the same years, respectively. See "Connected Transactions" for further details.

We also entered into certain transactions with AG Services, another wholly-owned subsidiary of CAIGA, as detailed in "Connected Transactions" in this Prospectus. Nonetheless, to the best of our knowledge and as advised by Hogan, AG Services has not been designated by the BIS on any list relevant to export control or otherwise subject to any International Sanctions, and our transactions with AG Services do not result in any International Sanctions or export control restrictions.

During the Track Record Period and up to the Latest Practicable Date, we have (i) obtained all requisite export licenses from the BIS prior to conducting each transaction with AG Huanan and/or AG Zhejiang after they were listed on the Military End-User List in December 2020; and (ii) been in strict compliance with the terms and conditions of the licenses issued by the BIS. As advised by Hogan, the transactions with AG Huanan and AG Zhejiang during the Track Record Period and up to the Latest Practicable Date did not violate International Sanctions applicable to the two entities. Our Directors confirm, during the Track Record Period and up to the Latest Practicable Date, we had been in strict compliance with the terms and conditions of the licenses issued by BIS and we did not enter into any transactions with AG Huanan or AG Zhejiang without first obtaining relevant export licenses after their designation by the BIS. As advised by Hogan, Cirrus Design itself is not subject to the U.S. export control restrictions solely due to our relationship with AG Zhejiang, AG Huanan or any other subsidiaries or associates of our Controlling Shareholders (excluding our Group members) as we are legally distinct entities from them. As noted by BIS FAQ No. 134, "[s]ubsidiaries, parent companies, and sister companies are legally distinct from listed entities [and]……[t]herefore, the licensing and other obligations imposed on a listed entity by virtue of its being listed do not per se apply to its subsidiaries, parent companies, sister companies, or other legally distinct affiliates that are not listed on the Entity List."

Summary

As advised by Hogan, our historical transactions involving the Relevant Regions, AG Zhejiang and AG Huanan during the Track Record Period and up to the Latest Practicable Date did not result in International Sanctions because: (i) the Relevant Regions are not subject to comprehensive and general trade embargo (i.e., none of the Relevant Regions is a Comprehensively Sanctioned Country); and (ii) save for the transactions with AG Zhejiang and AG Huanan as disclosed above, our Directors confirm that our Group has not entered into any other transaction with any entities or transport any other items or services subject to International Sanctions or export control. Even if the complete cessation of our business with the Relevant Regions, AG Zhejiang or AG Huanan is required in the future to comply with the change of laws and regulations of the International Sanctions, our Directors are of the view that, such cessation will not have any material impact on our Group's financial positions and business operations given the insignificant revenue contribution of our sales in any of the Relevant Regions, to AG Zhejiang or AG Huanan, respectively, and in aggregate.

Based on the above, our Directors are of the view and as advised by Hogan, during the Track Record Period and up to the Latest Practicable Date, we had (i) been in compliance with all applicable sanctions laws and regulations; (ii) obtained all requisite export licenses from the BIS prior to conducting each transaction with AG Huanan and/or AG Zhejiang after they were listed on the Military End-User List in December 2020; (iii) been in strict compliance with the terms and conditions of the licenses issued by the BIS; (iv) not entered into any transactions subject to any International Sanctions and/or export control other than those with AG Huanan and AG Zhejiang (the "**Identified MEU Entities**"); and (v) put in place effective and adequate internal control measures, policies and procedures to identify and monitor any material risks relating to, and ensure compliance with, sanctions and anti-bribery laws.

Based on the due diligence conducted (including but not limited to reviewing the underlying documents relating to the BIS licenses, reviewing documents relevant to our internal control measures, obtaining confirmations from the management, independently conducting background checks on the Identified MEU Entities and regulatory searches, and considering the view of Hogan as mentioned above and the results of the internal control review conducted by the internal control consultant of the Company), nothing has come to the attention of the Sole Sponsor that would cause it to disagree with the Director's views.

Given the scope of the Global Offering and the expected use of proceeds as set out in this Prospectus, Hogan is of the view that the involvement by parties in the Global Offering will not result in any applicable International Sanctions on such parties, including our Company and our subsidiaries, the respective Directors and employees of our Company and our subsidiaries, our Company's or our subsidiaries' investors, shareholders as well as the Stock Exchange and its

related group companies, or any person involved in the Global Offering and accordingly, the sanction risk exposure to our Company, our potential investors and shareholders, and persons who might, directly or indirectly, be involved in permitting the listing, trading and clearing of our Shares (including the Stock Exchange, its listing committee and related group companies) is very low.

Internal Control Measures

We have adopted the following internal control procedures with respect to export control and other International Sanctions to ensure we comply with all applicable International Sanctions laws and regulations:

- We will set up and maintain a separate bank account upon the Listing, which will be designated for the sole purpose of the deposit and deployment of the proceeds from the Global Offering, or any other funds raised through the Stock Exchange;

- We evaluate the sanctions risks prior to determining whether we should embark on any business opportunities in Regions subject to International Sanctions or Sanctioned Persons. As a matter of our standard procedures, we screen our customers against lists from OFAC, the U.S. State Department, and more than 100 export control lists from the United States, the United Nations, the United Kingdom, the European Union (including many of its member states), and other countries for our business engagements. These export control lists cover money-laundering, fraud, corruption, terrorist activities and financing, and breach of International Sanctions. Any existing and/or potential business dealings that become suspected of sanctions risk exposure are required to be reported to our legal team responsible for compliance with sanctions policies immediately. If any counterparties appear to be subject to economic sanctions, we will investigate and consult outside legal advisers with the necessary expertise and experience in International Sanctions law matters and take appropriate actions. At the same time, our legal team should make periodic reviews of the existing customers lists and shipping documents to ensure that the Group does not engage in transactions with countries, regions, entities or individuals on the sanction lists. When encountering red flags related to our business, we conduct assessments of potential counterparties, including prospective customers as part of our transaction due diligence, to identify potential risks related to export controls, geopolitics, business reputation (including fraud) and military end users listed on the Military End-User List by the BIS. If any potential sanctions risk or suspicious transaction is identified, we may seek advice from reputable external legal counsel with necessary expertise and experience in International Sanctions matters;

- We have adopted and implemented an export management compliance policy tailored to our risk profile, which sets out the internal procedures for the Company to ensure our compliance with the EAR, including procedures for reporting and internal review, training and recordkeeping. Our legal team regularly review and update the manual regularly to ensure our compliance with the EAR. As and when our legal team considers necessary, we will retain external legal counsel with necessary expertise and experience in sanctions matters for recommendations and advice;

- We regularly review and monitor the status of our export licenses to ensure that we have obtained effective and valid export licenses before conducting the relevant transactions, and that our export licenses are renewed in a timely manner before they expire;

- We have a dedicated full-time Global Trade and Export Compliance Manager ("**Compliance Manager**") whose work entails a customized, risk-based approach comprising of management commitment, risk assessments and analysis, internal controls, testing and auditing, and training. Our Compliance Manager, who reports directly to the Company's Deputy General Counsel, will periodically engage in informal discussions with our fleet sales manager and other sales managers, regularly performs site visits to Company facilities, and performs audits and writes reports that involve export compliance, sanctions, restricted trade practices and anti-bribery laws. Depending on the nature of the report and its sensitivities, the report and/or findings may be shared with front line personnel, business unit managers, the Deputy General Counsel and other senior management personnel;

- We have established a process where we screen and identify the names of potential customers or suppliers against lists of restricted parties and countries maintained by the U.S., the EU, the UN, the U.K., the United Kingdom overseas territories, Australia and other countries including but not limited to the Military End-User List. If the names of the potential customers or suppliers match any hits on our lists, we will work with our legal department and/or external counsel to determine and analyze whether to transact with these parties; and

- We require our customers of our aircraft to provide end-use statements in respect of U.S. export control laws and set out export control compliance clauses in relevant contracts.

In addition, we have undertaken to the Stock Exchange that (i) we will not use the proceeds from the offering or other funds raised through the Stock Exchange, (a) to finance or facilitate, directly or indirectly, any projects or businesses in the Comprehensively 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 the Company is party to such contracts in the future (whether by reason of a change in sanctions law or otherwise) in any manner that will result in violation of the International Sanctions; (ii) we will not undertake any future business that would cause us, the Stock Exchange, HKSCC, HKSCC Nominees, our Shareholders or potential investors to violate any sanctions laws of the U.S., the European Union, Australia or the United Nations; (iii) we will not enter into any transaction that, at the time of entry into such transaction, is prohibited by applicable sanctions law; (iv) we will make timely disclosures on the Stock Exchange's website and our website if we believe that the transactions we have entered into will put us and our investors and shareholders at risk of violating sanctions; and (v) we will also disclose 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. If we are in breach of such undertaking to the Stock Exchange, we risk the possible delisting of the shares from the Stock Exchange.

Our Company is of the view that the above measures will provide an adequate and effective framework to assist us in identifying and monitoring any material risks relating to sanctions and anti-bribery laws and that 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 and regulations. Hogan has reviewed and evaluated these internal control measures and is of the view that strict implementation of these measures are adequate and effective for our Company, based on our business activities and risk assessment, to identify and monitor any material risks relating to International Sanctions, and to comply with applicable International Sanction laws and our undertakings to the Stock Exchange.

INTERNAL CONTROL AND RISK MANAGEMENT

Risk Management Overview

Our active risk management approach and internal control policies are vital to our strategy and culture. Our risk management team assesses and monitors the credit risk of our customers using a credit evaluation process and applying internal guidelines on customer, country and regional diversification. We adopt a portfolio management approach to monitoring and mitigating risk, driving decision-making in our core activities, including our sales and marketing efforts. See "Risk Factors — Risks Relating to Our Business and Industry" for more information on the various key risks and uncertainties that we face with respect to our business operations, the aircraft manufacturing industry and conducting business in the U.S. and other regions.

We assess and monitor key risks within our portfolio, including market risks related to liquidity, price, credit and interest rates, as well as other risks related to: labor and talent, supply chain and manufacturing, the geopolitical environment, regulations/FAA, and the economy and inflation. See "Financial Information — Financial Risk Factors" for a detailed discussion of our key financial and market risks. Our Directors evaluate and determine our strategies in managing each of these key risks:

- **Liquidity Risk.** We manage risks of funding shortage based on expected maturity dates of our financial instruments. We strive to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and long-term leases.

- **Price Risk.** We manage this risk primarily by negotiating pricing agreements with significant suppliers, competitive bidding and identifying opportunities for cost reductions.

- **Credit Risk.** We adhere by our Credit Policy to support customers' needs while maintaining a high quality of receivables by only extending credit to creditworthy counterparties. We evaluate the creditworthiness of prospective customers based on their audited financial statements, credit agency rating as well as bank and trade references. We also assess and monitor the creditworthiness of significant business partners and third parties, such as financial institutions, insurance companies and other vendors which may expose us to counterparty risk.

- **Interest Rate Risk.** Management frequently monitors our exposure to the risk of changes in market interest rates, primarily as it relates to our long-term debt obligations with floating interest rates.

- **Supply Chain or Manufacturing Interruption Risk:** We manage this risk through greater investment in our manufacturing process, supply chain process, and an increased focus on our key suppliers. Starting with our supply chain, we have determined that focusing on a smaller, but higher quality and consistent supplier pool results in less interruptions across our supply chain and lowers cost. From a manufacturing perspective, we increased investment in our manufacturing line, including through the ongoing roll-out of our Cirrus Operating System, to create a more flexible and cross trained workforce, a demand driven production line, and a standardized work process that is repeatable. These implementations result in a higher quality control over the product and increased efficiencies in direct labor and manufacturing overhead.

- **Geopolitical Risk:** We actively engage with legislators at the local, state and federal levels to educate as to the contributions in investment and employment the Company provides to their constituents and to collaborate with the legislators on incentives for current and future operations and investments.

- **Regulatory/FAA Risk:** We are subject to regulation by the FAA and similar regulatory authorities. To this end, we have two teams that monitor our products and ensure compliance with FAA rules and regulations, the "product integrity group" and "airworthiness organization." The product integrity group is a cross-function of teams within our Company, ranging from air-worthiness, quality, customer and legal teams. This group reviews all information provided by the airfield and makes assessments and determinations on which information needs to be communicated to our customers. The product integrity group then reports the specific issue to the FAA within 24 hours. Our airworthiness organization has four principal functions: (1) FAA certification; (2) ODA supervision; (3) continued safety operation management; and (4) export compliance or technology export compliance.

- **Economy and Inflation Risk:** Our current backlog has left us with strong manufacturing demand that stretches through periods of economic downturn that could result in a decrease in new customer orders. Additionally, we have an aircraft pricing process as a part of our budgeting process to determine if aircraft require a pricing increase to combat inflation. As the market leader for our product line, we have pricing discretion for our aircraft.

Internal Controls Overview

We have adopted and have been implementing a series of internal control policies and procedures designed to provide assurance for achieving objectives, including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. We summarize below the internal control policies and procedures that we have implemented:

- Our Board of Directors and senior management oversee and manage the overall risks associated with our business operations.

- Our different departments are responsible for ensuring compliance with relevant laws and regulations in their daily work and paying close attention to any violations, in which case the person in charge of the relevant department should report the same to our management.

- Our internal audit function, established with experienced and competent personnel and reporting directly to the Audit, Risk Control and Compliance Committee, is responsible for overseeing the implementation of international control policies, measures and procedures and conducting regular review regarding the implementation of such policies, measures and procedures.

- We have adopted various measures and procedures across our business operations, including quality control and assurance, intellectual property protection, environmental protection and occupational health and safety.

- Our Audit, Risk Control and Compliance Committee is responsible for carrying out the analysis and independent appraisal of the adequacy and effectiveness of our internal control systems.

- We will continue to arrange various trainings from time to time to update our Directors, senior management and relevant employees on the latest applicable laws and regulations.

- We have engaged Altus Capital Limited as our compliance advisor to advise our Directors and management team until our Company complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date regarding matters relating to the Listing Rules. Our compliance advisor will provide support and advice regarding requirements of relevant regulatory authorities under the Listing Rules in a timely manner.