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Confidential Supplemental Risk Disclosure Memorandum

To:	Investor
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Address:	1211 W. 22nd Street, Suite 110, Oak Brook, Illinois 60523
Client:	Akil-Abree Consulting, LLC (the “Acquirer”)
Client Address:	746 W. Sunset Drive, Glenwood, Illinois 60425
Re:	Risk Disclosure Request Concerning Proposed Acquisition of Intellistreets, Inc.
Date:	July 27, 2026

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Purpose, Scope, and Important Qualifications

This memorandum provides supplemental, transaction-specific disclosure concerning the Acquirer's proposed acquisition of Intellistreets, Inc. (the "Target Co.") and the contemplated related investment and governance arrangements. It is intended to assist the Investor in evaluating the transaction and is not an offer to sell, solicitation of an offer to buy, recommendation, projection, guarantee, or statement that the transaction will be completed on the described terms.

The transaction remains subject to diligence, negotiation and execution of definitive agreements, receipt of required approvals, satisfaction or waiver of closing conditions, and other matters. The proposed letter of intent is substantially nonbinding except for specified provisions, and neither the proposed letter of intent nor this memorandum creates an obligation to consummate the acquisition. References to anticipated structure, ownership, governance, valuation, retention, compliance, or distributions are therefore subject to change and should be read together with the final transaction documents when and if executed.

No statement in this memorandum should be understood to limit any disclosure obligation or to replace the Investor's independent legal, accounting, tax, technical, commercial, regulatory, and investment review. The Investor should rely only on the representations, warranties, covenants, and other provisions expressly contained in definitive agreements to which it is a party.

1. Company Operations and Operating Risks

The Target Co.'s value is expected to depend substantially on its ability to continue designing, manufacturing, deploying, maintaining, and supporting its technology-enabled products and services; to preserve customer relationships and its pipeline; and to retain the institutional knowledge needed to operate its systems. The business may be affected by fluctuations in demand, sales-cycle length, installation and deployment delays, warranty claims, service obligations, product-performance issues, component availability, cost increases, and the ability to convert issued quotations and prospective opportunities into profitable contracts.

A material portion of the Target Co.'s operational know-how may reside with a limited group of founders, executives, engineers, technical personnel, sales personnel, fabricators, programmers, and other employees. The current acquisition proposal identifies successful employee integration and retention as a critical component of transaction value and contemplates post-closing arrangements with selected key employees. The Target Co.'s employees are expected to remain. Our intention is that the Target Co.'s existing staff and management remain with the business following closing, and Acquirer expects to enter into two- to three-year employment agreements to support retention. However, no assurance can be given that any particular individual will remain employed through closing or thereafter.

If one or more key individuals resigns, retires, becomes unavailable, declines a new employment arrangement, competes with the business to the extent legally permissible, or fails to transfer operational knowledge effectively, the Target Co. could experience disruption in customer service, product development, manufacturing, sales, deployment, or regulatory and contractual compliance. Recruiting and training replacements may be costly, time-consuming, and unsuccessful. The loss of personnel who maintain customer relationships, possess historical product knowledge, or understand proprietary systems may be especially harmful.

The Target Co. may also face risks arising from the completeness and condition of its inventory, equipment, software, technical documentation, intellectual-property records, leased facilities, vendor relationships, customer contracts, data, and business records. Diligence may identify deficiencies, undisclosed obligations, obsolete or slow-moving inventory, maintenance needs, gaps in documentation, third-party consents, or other issues that reduce value or require post-closing expenditures.

2. Industry Risks

The Target Co. operates in a technology-enabled industry that may be affected by rapid technological change, shifting customer preferences, changing procurement practices, long and uncertain sales cycles, intense competition, price pressure, component and vendor dependence, and the need to maintain product reliability and ongoing support. New products, substitute technologies, lower-cost competitors, changing standards, or a failure to anticipate market needs could diminish demand or margins.

The industry is also subject to legal, regulatory, privacy, cybersecurity, public-procurement, intellectual-property, import/export, safety, environmental, and other requirements that may vary by customer, location, product, and use case. These risks are addressed in greater detail in the Investment Risks, Compliance Framework, and Regulatory Considerations sections below.

3. Governance; Organizational Structure; and Capitalization

3.1 Proposed Structure

The proposed letter of intent, if accepted by Target Co., contemplates that the Acquirer, or its nominee, would acquire all outstanding equity interests of Target Co., subject to due diligence, definitive documentation, required approvals, and the satisfaction or waiver of applicable closing conditions. Separately, current draft pre-acquisition and subscription materials contemplate a related capital commitment under which the Investor will acquire a direct economic interest in the Target Co. and a separate minority interest in the Acquirer, with management rights allocated to the Acquirer under a contemplated management agreement. These documents are not yet a final, harmonized ownership structure. The final ownership chain, capitalization, classes or series of equity, voting rights, management rights, and economic rights will be established only by the final acquisition, subscription, management, organizational, and ancillary documents.

Any structure that separates economic ownership from management authority, voting rights, or appointment rights is inherently complex. A holder may have substantial economic exposure while possessing limited operational control, and the entity or person with management authority may make decisions with which another owner disagrees. Disputes over the interpretation, amendment, enforcement, or interaction of the governing documents may adversely affect operations, financing, distributions, exit opportunities, and investment value.

3.2 Operating Agreement and Organizational Documents

The Acquirer is an Illinois limited liability company. Its operating agreement and any amended, restated, or replacement operating agreement will govern member rights, capital accounts, allocations, distributions, transfer restrictions, dilution, admission of members, voting, management, indemnification, fiduciary standards to the extent permitted by law, dispute resolution, and other matters. The Target Co.'s corporate organizational documents will continue to govern unless a conversion, reorganization, or amendment is approved and completed.

3.3 Board, Advisory Board, Voting, and Manager Authority

The final governance structure may include a board of directors, managers, officers, an advisory board, committees, or designated representatives. The composition, authority, appointment and removal rights, meeting procedures, quorum, veto or consent rights, reserved matters, and advisory role of any such body remain subject to definitive documentation.

Under the current proposed arrangement, the Acquirer intends to hold broad management and appointment authority with respect to the Target Co., even if Investor holds a significant or majority economic interest. The practical scope of that authority, and any limits on it, will depend on the final organizational documents, management agreement, applicable law, and any negotiated consent rights. Decision-making may be concentrated in one manager or management group, may not be subject to day-to-day investor approval, and may involve decisions that reduce short-term distributions or liquidity in favor of operating, growth, capital-expenditure, debt-repayment, litigation, compliance, or strategic objectives.

3.4 Fiduciary Duties and Governance Policies

Managers, directors, officers, and controlling persons may owe fiduciary duties that arise under applicable law and governing documents, and the scope, modification, waiver, exculpation, or indemnification of those duties may vary. The final agreements may contain limitations on liability and indemnification rights to the fullest extent permitted by applicable law. The Investor should review the final agreements carefully for provisions concerning conflicts, standards of conduct, indemnification, limitation of liability, related-party transactions, information rights, and dispute resolution.

Governance policies are expected to be developed or updated following closing to address, among other matters, authority matrices, approval thresholds, financial controls, records retention, conflicts review, cybersecurity oversight, compliance reporting, vendor approval, procurement, and incident escalation. Policies may not prevent all misconduct, error, control failure, or dispute, and implementation may require time and additional resources.

4. Investment Risks

An investment or other economic participation in the transaction is speculative, illiquid, and involves a high degree of risk, including the possible loss of all invested capital. The following is not exhaustive.

4.1 Acquisition and Integration Risk

The acquisition may not close, may not close on the anticipated timetable or terms, or may require changes to price, structure, financing, governance, employee arrangements, or other material terms. Closing depends on satisfactory diligence, definitive documentation, required approvals, the absence of material adverse developments, funding, and other conditions. If the acquisition closes, anticipated operational, commercial, financial, or strategic benefits may not be realized. Integration may divert management attention, create employee or customer uncertainty, expose unanticipated liabilities, or require more time and expense than expected.

4.2 Financing, Capital, and Liquidity Risk

The transaction depends materially on the availability and timely delivery of Investor capital and other financing under arrangements that remain subject to definitive documentation, funding mechanics, approvals, and closing conditions. If an Investor or other funding counterparty fails to proceed, delays funding, fails to perform, imposes additional conditions, or is unable or unwilling to deliver capital when required, such failure would likely materially and detrimentally affect the transaction, including the Acquirer's ability to close the acquisition, satisfy purchase-price obligations, fund post-closing operations, and implement the contemplated business plan. Conditions may not be satisfied, funding may not be received when expected or at all, and additional capital may be required for purchase-price adjustments, working capital, integration, inventory, debt service, legal claims, technology, compliance, or operations. The Acquirer and Target Co. may have limited access to additional capital, and any future financing may be unavailable, costly, secured by assets, senior in priority, restrictive, or dilutive.

No public market exists or is expected to develop for private equity interests issued in connection with the transaction. Transfer restrictions under governing documents and federal and state securities laws may require a holder to retain an interest indefinitely. There is no assurance of repurchase rights, redemption rights, distributions, sale opportunities, refinancing, recapitalization, or other liquidity event.

4.3 Technology, Product, and Cybersecurity Risk

The Target Co.'s products, systems, software, firmware, networks, devices, and related services may contain defects, vulnerabilities, interoperability limitations, design limitations, or performance failures. Technology may become obsolete or may require costly research, redesign, testing, certification, support, maintenance, or replacement. Failures in products or services could lead to lost revenue, customer claims, warranty or remediation costs, reputational harm, regulatory scrutiny, or the loss of future opportunities.

The Target Co. and the Acquirer may be subject to cyberattacks, ransomware, phishing, insider threats, unauthorized access, data loss, system outages, vendor compromise, or other security incidents. Such events may interrupt operations, expose confidential information or intellectual property, cause contractual or legal liability, require notice to customers or regulators, and result in significant remediation costs. Insurance, technical safeguards, policies, and vendor controls may not be available, adequate, or effective in all circumstances.

4.4 Government Procurement and Public-Funding Risk

To the extent the Target Co. seeks, performs, or depends upon government contracts, public-sector customers, grants, incentives, or other publicly funded projects, it may face lengthy procurement cycles, bid protests, contract-specific compliance requirements, audit rights, record-retention obligations, cybersecurity requirements, debarment or suspension risk, appropriation uncertainty, political scrutiny, termination rights, and restrictions on cost recovery. Public funding may be reduced, delayed, redirected, conditioned, or eliminated. The failure to meet procurement, certification, domestic-content, security, or reporting requirements could impair eligibility or result in penalties, repayment, termination, or exclusion from future opportunities.

4.5 Macroeconomic, Supply-Chain, and Tariff Risk

Inflation, elevated interest rates, recessionary conditions, currency fluctuations, customer budget constraints, changes in credit availability, and market volatility may adversely affect demand, financing costs, purchase decisions, labor costs, and margins. The Target Co. may depend on a limited number of suppliers or on specialized components, electronics, materials, logistics providers, or fabrication capacity. Supply disruptions, shortages, quality issues, transportation delays, price increases, tariffs, trade restrictions, export controls, or changes in import duties may delay projects, increase costs, reduce margins, or impair customer relationships.

4.6 Key-Person and Workforce Risk

The Target Co. may rely on key employees, technical personnel, and management for commercial relationships, product know-how, project execution, compliance, and operational continuity. The possible availability of employment offers, restrictive covenants, proprietary-information agreements, or incentive arrangements does not ensure retention or enforceability. Workforce turnover, labor shortages, disputes, wage-and-hour claims, benefit costs, injuries, or failures to recruit and retain qualified personnel could materially affect performance.

4.7 Intellectual Property Risk

The transaction is expected to include specified patents, trademarks, logos, know-how, marketing materials, software-related technology, and other intellectual-property assets, but ownership, validity, enforceability, scope, maintenance, geographic coverage, freedom to operate, chain of title, employee-invention assignments, licensing rights, and third-party claims remain subject to diligence and definitive documentation. One European patent may have lapsed, according to materials provided to us. Other patents or registrations may expire, be challenged, require maintenance, fail to provide meaningful protection, or be insufficient for the Target Co.'s intended operations.

The Target Co. may face allegations of infringement, misappropriation, open-source noncompliance, breach of license, or ownership disputes. It may also be unable to prevent competitors from independently developing similar technology or from using lawfully available information. Intellectual-property disputes can be expensive, disruptive, and uncertain.

4.8 Regulatory, Environmental, Tax, and Legal-Change Risk

The Target Co. and Acquirer are subject to laws and regulations that may change through legislation, administrative action, enforcement practice, court decisions, contractual requirements, or industry standards. Changes may affect privacy, cybersecurity, consumer protection, employment, securities, anti-bribery, sanctions, trade, product safety, environmental compliance, tax, procurement, and recordkeeping obligations.

The Target Co. may have exposure arising from the ownership, use, storage, transportation, disposal, or release of hazardous materials; the condition or use of facilities; historic operations; or environmental laws that impose obligations regardless of fault. Diligence, contractual indemnities, insurance, and post-closing controls may not eliminate those risks. Changes in federal, state, local, or foreign tax law, tax administration, classification, allocation, withholding, sales-and-use tax, payroll tax, transfer tax, or other tax treatment may increase costs or reduce after-tax returns.

4.9 Market Acceptance and Customer-Relationship Risk

The Target Co. may not achieve anticipated revenue, order volume, renewal rates, margins, or market penetration. Customers may defer capital spending, select competitors, terminate or fail to renew contracts, demand concessions, experience financial distress, or change technical or procurement requirements. Quotes, proposals, and pipeline opportunities are not binding revenue and may not convert into sales. The loss of one or more material customers, channel partners, vendors, or strategic relationships could have a disproportionate effect on operations.

4.10 Other Risks

Additional risks may arise from litigation, insurance availability and exclusions, natural disasters, severe weather, public-health events, political instability, fraud, theft, accounting errors, inadequate internal controls, reputational harm, conflicts among stakeholders, and risks identified through ongoing diligence or after closing. The foregoing risks may occur individually or together, and the occurrence of one may increase the likelihood or severity of another.

5. Acquisition Strategy

The acquisition strategy is a stock purchase or comparable definitive acquisition transaction for all outstanding Target Co. equity interests by the Acquirer or its nominee. Acquirer intends for a simultaneous direct equity investment in the Target Co. by the Investor. The final acquisition agreement and related documents must reconcile and control the ultimate ownership and control structure. Acquirer proposes a $20,000,000 cash-free, debt-free enterprise value, subject to purchase-price adjustments for cash, indebtedness, unpaid transaction expenses, and normalized net working capital.

The strategy is subject to substantial execution risk. The proposed letter of intent contemplates a diligence process covering assets, properties, books and records, agreements, employees, principals, financial statements, software, technologies, patents, trademarks, and other materials. It also contemplates negotiation of definitive agreements containing representations, warranties, covenants, indemnification provisions, and closing conditions. The acquisition may be delayed, restructured, repriced, or abandoned if diligence is unsatisfactory, a material adverse change occurs, required approvals are not received, key-employee arrangements are not finalized, financing is unavailable, or the parties do not agree on definitive terms.

The final acquisition agreement will control the transaction. Any indication of interest, letter of intent, term sheet, preliminary model, or verbal discussion is preliminary and may be revised or superseded. No assurance can be given that the final agreement will preserve the current proposed price, consideration structure, escrow, indemnity arrangement, working-capital target, employee terms, inventory scope, lease terms, or post-closing governance arrangements.

6. Compliance Framework

The Target Co. is expected to have existing policies, practices, contractual controls, and operational procedures that will be evaluated as part of diligence. Following closing, the Acquirer intends to establish a documented post-closing compliance framework that allocates responsibility among management, finance, operations, information technology, human resources, outside counsel, accountants, insurance advisers, and other qualified advisers as appropriate. The framework is expected to be tailored to the Target Co.'s actual operations, customers, products, locations, workforce, and contractual commitments.

Subject to final diligence and governance documentation, the framework is expected to include the following components:

- **Governance and ownership of compliance:** designation of accountable management personnel; periodic reporting to the applicable manager, board, or governing body; and an escalation process for material legal, regulatory, financial-control, cybersecurity, ethics, or operational issues.
- **Legal and regulatory monitoring:** periodic review of changes in laws, regulations, agency guidance, enforcement activity, customer requirements, and industry standards potentially applicable to the Acquirer or Target Co.; use of outside counsel or subject-matter specialists where appropriate; and documented remediation decisions.

- **Policies and training:** review, adoption, updating, communication, and training for policies addressing ethics, anti-bribery, sanctions, conflicts of interest, information security, privacy, records retention, workplace conduct, intellectual property, contracting authority, vendor due diligence, and reporting concerns.
- **Commercial and procurement controls:** approval thresholds, contract review procedures, customer and vendor onboarding, diligence on material counterparties, documentation of bids and proposals, and controls addressing government or public-sector work where applicable.
- **Financial and tax controls:** financial reporting and approval processes; cash-management controls; tax compliance; retention of supporting records; and periodic review of internal controls appropriate to the size and complexity of the business.
- **Data, cybersecurity, and incident response:** an inventory of key systems and data flows; role-based access; vendor and cloud-service review; backup, business-continuity, and incident-response planning; procedures for assessment, escalation, preservation, notification, and remediation of security incidents; and periodic testing as appropriate.
- **Employment and workplace compliance:** review of employment documentation, classification, payroll and benefit practices, confidentiality and invention-assignment obligations, training, health and safety, and procedures for investigating workplace complaints.
- **Ongoing assurance:** periodic risk assessments, internal review, outside audits or assessments where warranted, and tracking of corrective actions.

This framework is an intended approach, not a representation that all controls currently exist or will eliminate noncompliance. Compliance is an ongoing process. The Acquirer and Target Co. may discover historical or post-closing issues requiring remediation, reporting, contractual action, expenditures, or changes in business practices.

7. Investor Suitability and Private-Placement Standards

Any offer or sale of membership interests, shares, or other securities in connection with the transaction will be conducted in compliance with applicable federal and state securities laws and the final transaction structure. Acquirer intends to rely on Rule 506(b) of Regulation D under the Securities Act of 1933, as amended, and expressly prohibit general solicitation or general advertising. The availability of any exemption depends on the actual facts and circumstances, the conduct of the offering, the status and sophistication of each purchaser, the information provided, and compliance with applicable filing, notice, antifraud, and state-law requirements.

For a Rule 506(b) process, the Acquirer expects to limit offers to persons with whom it or its appropriate placement contacts have a pre-existing substantive relationship or otherwise may lawfully approach without general solicitation. The intended process should include, as applicable:

- confirmation that no general solicitation or general advertising is used;
- completion of investor questionnaires and representations concerning accredited-investor status, sophistication, investment intent, financial capacity, and ability to bear a complete loss;
- collection of organizational, authority, beneficial-ownership, tax, sanctions, anti-money-laundering, and bad-actor information;
- review of whether the prospective purchaser is an accredited investor and, if any non-accredited purchaser is considered, confirmation with securities counsel that all additional suitability, sophistication, disclosure, and numerical-limit requirements are satisfied;
- provision of sufficient opportunity for questions and access to information necessary to evaluate the investment, subject to confidentiality restrictions;
- legends, transfer restrictions, and documentation reflecting that the securities are restricted and may not be resold except pursuant to registration or an available exemption; and
- confirmation by securities counsel of the required federal and state notices, filings, recordkeeping, and broker-dealer or placement-agent considerations.

A person may be financially sophisticated and still be unsuitable for an illiquid, high-risk, concentrated private investment. Each prospective purchaser must make an independent determination, with its own legal, tax, accounting, and investment advisers, that it understands and can bear the investment's risks. No government authority has passed on or endorsed the offering, the securities, the acquisition, or the merits of the investment.

8. Valuation Methodology

The proposed $20,000,000 enterprise value for the Target Co. is a preliminary transaction value, not an appraisal, fairness opinion, or guarantee of value. The proposed value is stated on a cash-free, debt-free basis and is subject to agreed purchase-price adjustments for closing cash, indebtedness, unpaid transaction expenses, and normalized net working capital. It may change as a result of diligence, definitive-agreement negotiations, financial analysis, quality-of-earnings work, intellectual-property review, customer and pipeline verification, inventory review, employee-retention considerations, regulatory findings, market conditions, or other developments.

The Acquirer's value, and the value of any interests issued by it, must be established in the final transaction documents and capitalization materials. The current draft subscription materials contemplate a $6,000,000 purchase price for an intended 30% membership interest in the Acquirer, subject to final adjustment, confirmation, and documentation. That contemplated price does not independently establish fair market value, enterprise value, liquidation value, or the value of any future interest.

Valuation work may consider, as appropriate, historical and projected revenue, earnings, cash flow, backlog, pipeline, customer concentration, recurring or repeat revenue, gross margins, working capital, inventory, equipment, intellectual property, technology, liabilities, capital-expenditure needs, comparable-company or comparable-transaction data, discount rates, marketability, control rights, debt, transaction costs, and risk factors. Such methods involve significant assumptions and judgment. Forecasts and projections are inherently uncertain and may not be achieved. The Investor should not rely on any valuation as a prediction of future results or resale value.

9. Conflicts of Interest

The transaction involves multiple parties with potentially different economic, strategic, advisory, and governance interests. The Acquirer, the Target Co., current equity holders, prospective direct and indirect investors, lenders, investment bankers, brokers, legal counsel, consultants, and other advisers may have interests that differ from, or may be perceived as differing from, those of another participant.

Potential conflicts or perceived conflicts may include:

- a party's ability to receive both a direct economic interest in the Target Co. and an indirect economic interest through the Acquirer;
- management or appointment rights that differ from economic ownership percentages;
- advisory, investment-banking, brokerage, diligence, legal, consulting, or other fees paid in connection with the transaction;
- differing incentives regarding purchase price, escrow, indemnity, debt, distributions, compensation, employee retention, budgets, strategic direction, sale timing, or exit value;

- relationships among officers, directors, managers, investors, advisers, sellers, customers, vendors, or other participants;
- use of confidential information obtained in one capacity for another capacity; and
- actual or potential relationships involving persons or entities raised during diligence, even if the investigation ultimately determines that no disqualifying relationship, control relationship, financial interest, or other actionable conflict exists.

David Lockwood and Ron Harwood Relationship

David Lockwood and Ron Harwood have maintained a personal and professional relationship for more than fifteen years. They initially became acquainted through a business opportunity involving the search for a technology company while Mr. Lockwood was a partner at a prior company, and they continued their relationship thereafter. Mr. Lockwood has also worked on projects involving smart-pole technology. This relationship may give rise to an actual or perceived conflict of interest to the extent either person participates in, influences, advises on, or receives an economic benefit from the acquisition, related financing, governance arrangements, or commercial opportunities involving the Acquirer or the Target Co.

The existence of this relationship does not itself establish misconduct, preferential treatment, lack of independence, or an impermissible conflict. However, the Investor should understand that the relationship could influence, or be perceived as influencing, decisions concerning transaction structure, diligence, valuation, financing, management, vendor or customer relationships, compensation, project selection, or other matters affecting the Acquirer or the Target Co.

Municipal, Governmental, and Public-Funding Relationships

The Acquirer may pursue, support, or participate in projects that involve municipalities, state or local governmental bodies, public agencies, grant programs, private project sponsors, and infrastructure-related initiatives. The Acquirer has previously supplied Target Co's poles and may be engaged by a private entity in connection with the structure and execution of a publicly supported project. In certain circumstances, public funding may support project infrastructure or enable municipalities that might otherwise lack funding eligibility or capacity to participate, while a private entity purchases products or engages the Acquirer to execute aspects of the project.

These arrangements can create actual or perceived conflicts of interest. For example, the Acquirer's commercial interest in selling products or services may diverge from a municipality's obligation to make decisions in the public interest, comply with procurement and ethics rules, protect public funds, and avoid favoritism. Conflicts or perceived conflicts may also arise where an Acquirer representative has a personal, professional, advisory, financial, political, or other relationship with a municipal official, government employee, grant administrator, project sponsor, vendor, consultant, or intermediary; where the Acquirer assists in structuring a project while seeking a commercial role in it; or where public funds, grants, procurement decisions, specifications, selection processes, or project approvals may affect the Acquirer's economic interests.

Any public-sector or publicly funded opportunity remains subject to applicable procurement, ethics, conflicts-of-interest, anti-bribery, lobbying, grant-administration, contracting, disclosure, and other legal and regulatory requirements. There can be no assurance that a municipality, public agency, grant administrator, or other governmental stakeholder will approve, fund, procure, or continue a project; that any proposed structure will be accepted; or that any actual or perceived conflict will not delay, limit, modify, or prevent an opportunity. The Acquirer intends to evaluate material public-sector relationships and project roles, make disclosures and obtain approvals where appropriate, maintain records supporting procurement and contracting decisions, and apply recusals, separation of roles, independent review, or other safeguards where warranted.

The identification of a relationship, service-provider role, professional connection, or shared business contact does not by itself establish misconduct or an impermissible conflict. Nevertheless, the Acquirer intends to disclose material relationships, review them under applicable law and final governance policies, and require appropriate approvals, recusals, waivers, or other safeguards where warranted. No representation is made that all potential conflicts have already been identified or that a disclosed conflict will not affect transaction outcomes.

10. Distribution Policy

No distribution is promised, guaranteed, accrued, or required merely because a person holds an equity interest. Any distributions will be governed exclusively by the final operating agreement, organizational documents, applicable law, financing documents, contractual restrictions, and the decisions of the persons with authority to declare or authorize distributions.

Subject to those documents and constraints, management expects to evaluate distributions periodically based on available cash, operating performance, working-capital needs, capital expenditures, debt service, taxes, reserves, acquisition or growth opportunities, insurance, contingent liabilities, legal and regulatory requirements, and other business considerations. Management may retain all available cash for an extended period. Subject to the applicable governance documents, any distributions are expected to be made proportionately among holders based on their respective ownership or equity interests in the company, unless otherwise provided in the final operating agreement, organizational documents, or other applicable agreements.

Any stated distribution objective would be an expectation only and not a forecast or obligation. A holder should not invest or participate in the transaction in reliance on distributions, redemptions, tax distributions, or liquidity. The final agreements must be reviewed to determine whether tax distributions, preferred returns, distribution waterfalls, reserves, limitations, consent rights, or other distribution provisions apply.

11. Regulatory Considerations and Ongoing Developments

The Acquirer and Target Co. may be affected by ongoing legal and regulatory developments at the federal, state, local, and, where applicable, foreign level. The exact requirements depend on the Target Co.'s products, data practices, customers, facilities, workforce, sales channels, locations, government relationships, and transaction structure. Material areas of potential exposure include the following:

- **Securities and transaction regulation.** The offering, sale, transfer, and ownership of interests may implicate federal and state securities laws, exemption requirements, antifraud standards, notice filings, bad-actor rules, broker-dealer and finder issues, and restrictions on resale. The legal characterization of the transaction and each instrument must be reviewed against the final facts and documents.
- **Privacy and data protection.** Privacy laws, biometric or location-data rules, data-breach notification obligations, contractual data-security commitments, and customer expectations may apply to the collection, use, disclosure, retention, security, and deletion of personal or sensitive information. New state privacy laws, enforcement practices, and sector-specific rules may expand compliance obligations.
- **Cybersecurity and critical infrastructure.** Cybersecurity requirements may arise by statute, regulation, customer contract, insurance policy, government procurement rule, or industry standard. Ransomware, third-party compromise, and the evolving enforcement environment may increase the cost of controls, investigations, incident response, and reporting.
- **Government contracting and public-sector requirements.** If the Target Co. contracts with governmental entities or participates in publicly funded projects, it may be subject to procurement laws, audit rights, disclosure obligations, domestic-preference requirements, cybersecurity standards, ethics rules, suspension or debarment provisions, and changes in appropriations or policy priorities.
- **Product, safety, communications, and site-specific regulation.** Depending on product design and deployment, federal, state, local, or foreign authorities may regulate electrical components, wireless or communications functionality,

installations, advertising content, accessibility, site permits, zoning, building codes, safety, transportation, or related matters. Requirements may vary by jurisdiction and customer.

- **Intellectual property, technology, and trade.** Patent, copyright, trademark, trade-secret, open-source, licensing, export-control, sanctions, customs, tariff, and trade rules may affect the Target Co.'s technology, supply chain, customers, and profitability. Changes in enforcement priorities, international trade relationships, or import restrictions may adversely affect sourcing and sales.

- **Employment, benefits, and workplace rules.** Wage-and-hour, worker-classification, labor, benefits, discrimination, leave, workplace-safety, immigration, and restrictive-covenant rules may affect costs, flexibility, retention, and potential claims.

- **Environmental and tax developments.** Environmental laws, waste-disposal requirements, facility obligations, and emerging reporting standards may create costs or liabilities. Changes in income, sales-and-use, employment, transfer, or other tax rules could increase the cost of operations or alter the economics of the transaction.

Adverse industry news, enforcement actions involving other market participants, legislative proposals, agency rulemakings, litigation trends, customer procurement changes, or evolving standards may negatively affect demand, financing, insurance, or the Target Co.'s operating model even if they do not directly apply to the Target Co. The Acquirer does not represent that all pending or future developments have been identified. The compliance framework described above is intended to support ongoing monitoring, but it cannot eliminate regulatory risk.

12. No Assurance

There can be no assurance that the acquisition will close, that the Target Co. will retain key personnel or customers, that anticipated value or operating improvements will be realized, that financing will remain available, that regulatory requirements will not change, that distributions will be made, or that any holder will receive a return of capital or profit. The Investor must evaluate the transaction independently and should consult its own advisers before taking action.