

Statement of Potential Supply Chain Impact relating to Global Shipping Disruption

Following internal review across procurement, logistics, production planning, and supplier management functions, our assessment is that the current geopolitical situation as is presents a low risk to continuity of supply for products and services supplied by Hughes Electronics.

Our detailed response is set out below.

1. Current and Anticipated Supply Chain Impact

At the date of this letter, we have identified no direct or material adverse impact on our sourcing, manufacturing, transportation, or logistics activities arising from developments in the Middle East.

A key element of our resilience is that all rapid response manufacturing, final assembly and test, activities are undertaken within the United Kingdom, giving us direct operational control over throughput, labour allocation, quality processes, and dispatch scheduling.

Although certain component elements are sourced from international markets, our supply-chain model has been intentionally structured to minimise geopolitical and shipping-route exposure. We maintain a rolling minimum stock cover of approximately three months for critical imported components and assemblies, specifically to absorb volatility in global freight lanes, supplier lead-time extension, or regional instability.

2. Impact on Current and Future Demand Fulfilment

Based on current stock positions, supplier visibility, and internal capacity planning, we do not expect any impact on our ability to satisfy current customer demand.

Equally, our UK-based rapid-response manufacturing model allows us to adjust build schedules quickly to meet increases in forecast or unplanned customer demand without reliance on long overseas finished-goods replenishment cycles.

This capability materially reduces vulnerability to geopolitical events affecting global finished-product supply routes.

At present, we therefore assess the risk to future demand fulfilment as low and manageable within existing operational controls.

3. Established Mitigation and Continuity Measures

Hughes Electronics has mature and tested business continuity controls in place, including:

- Minimum three-month buffer stock of critical imported components
- Strategic forecasting and forward ordering of long-lead electro-mechanical parts
- Approved dual-source / alternate-source strategies where technically permissible
- UK rapid-response manufacturing and flexible production scheduling
- Dedicated escalation procedures between procurement, production, and customer services teams
- Contingency air-freight arrangements for inbound components where sea freight reliability deteriorates or disruption is forecast
- Ongoing supplier and route-risk monitoring, including geopolitical developments affecting shipping corridors
- Customer-priority allocation protocols for critical programmes

Where shipping risk is identified in advance, we can proactively transition selected inbound supply movements from sea freight to air freight to protect continuity and customer delivery commitments.

4. Short- and Medium-Term Risks

At this stage, we are not aware of any specific delays, constraints, or risks likely to affect current customer orders or forecast supply programmes.

The only residual risks considered relevant are wider market factors such as:

- sudden freight-lane congestion
- temporary customs route changes
- exceptional semiconductor allocation events
- abrupt escalation affecting international shipping insurance or vessel routing

However, based on our inventory policy and contingency logistics capability, these risks are not currently expected to impact service performance.

5. Evidence of Proven Resilience – Lessons Learned from COVID-19

Importantly, our confidence in this assessment is based not only on current controls but on demonstrated resilience under previous global supply-chain stress events.

During the COVID-19 pandemic and subsequent global component shortages, Hughes Electronics remained one of the few suppliers in our sector able to maintain continuity of manufacture and fulfil customer demand with minimal disruption.

This performance was achieved through the same core principles we continue to apply today:

- localised UK manufacturing
- strategic component stockholding
- forward procurement of constrained parts
- agile production rescheduling
- expedited inbound logistics where required
- close supplier communication and early risk escalation

The lessons learned during that period were formally embedded into our present procurement, stocking, and logistics policies, materially strengthening our resilience against current geopolitical uncertainties.

6. Ongoing Assurance Commitment

We continue to monitor developments daily through our procurement and logistics functions and will implement escalation measures immediately should risk levels change.

Should any material issue arise that may affect customer delivery commitments, we will provide prompt notification together with a defined mitigation and recovery plan.

On the basis of current information, Hughes Electronics remains confident in its ability to provide stable and uninterrupted continuity of supply.

Yours faithfully,
For and on behalf of Hughes Electronics
Supply Chain & Operations Assurance