

# Mid-Term Management Plan 2028

2026/2/13

Allied Telesis Holdings, K.K.

TSE Standard Market- Securities code: 6835

# Background on publishing Mid-Term Management Plan

The rapid evolution of AI technology constitutes an irreversible global trend that is reshaping societal structures and transforming the information and communications equipment industry in which our Group operates. In pursuit of sustainable growth in this increasingly dynamic environment, we have achieved the objectives below, gradually but steadily over the past 3 years.

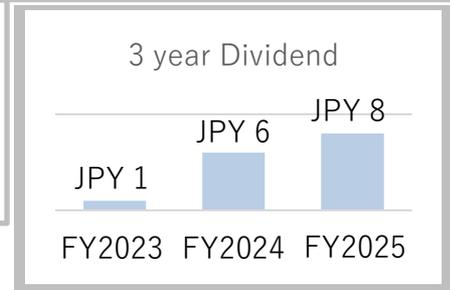
As we anticipate further acceleration of these changes, we have decided to publish the Medium-Term Management Plan to clearly communicate our management philosophy and strategic directions to internal and external parties and to reinforce a distinctive corporate identity.

## Strengthening the financials

- Restructuring to streamline operations and increase efficiencies
- Strengthening marketing function to gain deeper insights into customer needs
- Supply chain optimization through inventory consolidation and related initiatives
- Divestment of idle assets
- Closing unprofitable offices (Thailand, the Philippines)
- Strategic divestment of non-core businesses (FY2026)

## Shareholder returns

- Dividend re-started in FY2023
- 3 consecutive years of dividend increases
- Share buyback (FY2024, FY2025)  
(Total amount of ¥689 million over two years; Total shares acquired 4,718,700)
- Introduced a shareholder benefit program



# Mid-Term Management Plan and Management Philosophy

# FY2028 Mid-Term Management Plan Goal

## Sustainable Growth

- Profitable revenue growth
- Disciplined and continuous investment in R&D
- Fostering long-term relationships with partners and suppliers
- AI Deployment and cost structure Transformation

### [Revenue Growth Target]

CAGR : 4%-6%

### [Operating Profit Margin Target]

FY2028 : 7%

## Human Capital Investment

- Invest in human capital to enhance corporate value in a long run
- Develop compensation framework aligned with global standards
- Attract and retain engineering talent
- Various equity-based compensation program to drive corporate value
- Enhance diversity program

### [Action Plan]

2026 1H: Stock option plan  
2027 1H: Restricted Stock Plan  
2028 1H: Global Employee Stock Purchase Plan  
2030: Average income of ¥10M/year in Japan

## Shareholder Returns

- Progressive dividend policy
- Introduction of Interim Dividends
- Flexible share buybacks
- Continuing shareholder benefit program
- Enhancing investor relations

### [Target annual dividend per share]

50% increase by Year 3 of the Medium-Term Management Plan

FY2025 Actual = ¥8  
FY2028 Target = ¥12

**Driving sustainable growth to deliver long-term value for all stakeholders**

# Management Philosophy

## Integrity



## Advanced Technology

### Integrity in all business practices: fairness and transparency

Continued commitment to diversity since the foundation of the company

Advance women's empowerment to the next level

**Diversity**

Conducting business with integrity toward all stakeholders

**IR**

Engaging in open and transparent dialogue with investors

**Identity**

Enhancing communication to establish distinctive corporate identity

### Building critical social infrastructures through advanced technologies

Leveraging advanced technologies

**Technology**

Strategic investment in R&D  
Accelerating time-to-market

**Global**

Capturing market intelligence across global markets

**Human Capital**

Strategic investment in technical talent

**Guided by integrity, we build social infrastructure worldwide through advanced technologies**

# Growth Strategy

# Growth Strategies by Region

## Global

- Positioning AI as a core competitive advantage to enhance value creation
- Implement resilient supply chain to adapt to geopolitical challenges
- Carefully consider accelerating business expansion through strategic small-to-mid size acquisitions should appropriate opportunities arise

## Japan

- Driving growth through the expansion of consulting business and the strategic use of cutting-edge technologies
- Enhancing compensation framework to global standards to attract and develop worldclass talent
- Executing more effective sales strategies through enhanced market segmentation
- Upgrading enterprise-wide operations and strengthening competitiveness through AI infrastructure development

## Overseas

- Achieving efficient and profitable revenue growth through the optimization of sales locations tailored to market characteristics
- Strengthening partnerships to expand our business ecosystem
- Investment in growth markets including India and the Middle East

**Leveraging both global and regional initiatives to drive group-wide growth**

# Global Consulting Business

## Allied Telesis Expertise

Almost 40 years of experience in implementing network infrastructures globally

Harnessing advanced IT infrastructure technologies for next-generation IT environments

Comprehensive global support backed by a strong partner network

## Market Environment

The growing prevalence of international cyberattacks

Generative AI reshaping enterprise security environments



## Goal

Supporting IT governance design for global enterprises

Working with global partners to deliver locally optimized solutions in each market

Delivering enhanced customer value through a consulting-centric, full-service model

**Working closely with partners worldwide to deliver optimal solutions**

# Our Approach to Technology

## In-House development

- Enhancing our in-house R&D capabilities
- Accelerating time to market

ROI focused R&D

Focus on time to market to introduce new products

## Technology Partners

- Partnering with cutting-edge technology companies
- Establishing a technology office in Silicon Valley as a global innovation hub

Partner with advanced technology companies globally to drive innovation

Integrating market intelligence

## Engineer Centric

- Increasing technical employee ratio such as R&D and systems engineers
- Developing AI-native talent

Train engineers to provide advanced solutions to address real user needs

Train engineers to utilize AI at a maximum level

**Enhancing R&D capabilities to enable rapid response to market demands**

# Enhancing Supply Chain Resilience

## Supply Chain Risks

The emergence of geopolitical risks

Increasing volatility in costs

Supply–demand volatility leading to extended lead times



## Actions

### **Building resilience through diversification and multiple sourcing**

Supply design that enables alternative sourcing and replacement

### **Enhanced visibility and forecasting of supply and demand**

Integrated visibility into supply and demand, inventory, and costs through data-driven management

### **Optimization of production and inventory operation**

Factory-led optimization of inventory planning and production adjustment

**Resilient supply chain capabilities and profitability to withstand diverse risks**

# AI-Enabled Operations

Establishing AI-enabled operating model that allows people to focus on high-value, human-centric work  
Delivering a total reduction of 300,000 work hours over the three-year period

## Driving Workforce Productivity

**Company-Wide AI Adoption**  
AI-agent-enabled process optimization

**Freeing up time for higher-value, creative work**  
Improve productivity and speed by AI agents

**Transforming the Way We Work**  
Shifting to an AI-enabled work style

## AI-Driven Process Reengineering

**AI-Driven Back-Office Automation**  
Automation of quoting, approval, and inquiry workflows

**Redesigning Sales and Customer Success processes**  
Standardizing customer response speed and quality

**Eliminating Dependency**  
Process driven operation instead of depending on specific individuals

## Enterprise-wide platforms Governance Framework

**AI literacy training**  
Transforming all employees into digital talent

**Building a secure AI platform**  
Environment to securely use internal data

**Developing data governance and audit framework**  
Building a foundation for effective and reliable AI

**Growing into an AI-enabled company to drive sustainable growth**

# Financial Targets

# Key Financial Targets

(Unit: JPY M)	2023 Actuals	2024 Actuals	2025 Actuals	2026 Forecast *2	2028 Mid-Term Plan Final Year
Revenue	44,385	48,458	49,950	<b>52,000</b>	<b>57,000</b>
Revenue CAGR	7.0%	9.2%	3.1%	Sustaining Target CAGR 4%-6%	
Operating Profit	2,208	3,424	4,228	<b>3,300</b>	<b>4,000</b>
OP %	4.9%	7.1%	8.5%	<b>6.3%</b>	<b>7.0%</b> Target
Net Profit	1,089	3,601	2,919	<b>2,100</b>	<b>2,600</b>
NP %	2.5%	7.4%	5.8%	4.0%	4.6%
Dividend per share (JPY)	1 yen	6 yen *1	8 yen	9 yen	12 yen

Assumed FX rate : USD 1 = JPY 158

\*1 Ordinary dividend: ¥2 per share; Special dividend: ¥4 per share

\*2 The figures include a decrease in revenue of approximately ¥1.8 billion and decrease in operating profit of approximately ¥0.8 billion due to the divestment of Allied Telesis Capital Corp's. IP Tripple Play business. As the amount of extraordinary gain from the divestment cannot be determined at this time, it has not been included in the forecast.

**Financial targets designed to balance sustainable growth and returns to stakeholders**

# Sustainable Management

# Global Risk Management

Risks	Factors	Measurement
Political and economic	<ul style="list-style-type: none"> <li>Economic slowdowns in various countries and regions</li> <li>Adverse impact on the Japanese economy caused by abrupt foreign exchange fluctuations</li> <li>Risks related to fluctuations in international trade conditions</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining adequate cash reserves to ensure readiness in the event of emergencies</li> <li>Enhancing operational efficiency through actions such as the consolidation or closure of unprofitable sites</li> </ul>
Supply Chain	<ul style="list-style-type: none"> <li>Volatility in raw material prices and disruptions to supply chains</li> </ul>	<ul style="list-style-type: none"> <li>Establishing a resilient and flexible supply chain</li> </ul>
Technology	<ul style="list-style-type: none"> <li>Shortages of skilled engineers</li> <li>Cybersecurity threats, including cyberattacks and data breaches</li> <li>Intellectual property infringement risks</li> </ul>	<ul style="list-style-type: none"> <li>Securing and developing engineering talent in line with our human capital strategy</li> <li>Strengthening our information security framework through comprehensive employee training and the implementation of zero-trust security models</li> <li>Deploying specialized expertise and collaborating with external professionals, including legal and intellectual property advisors</li> </ul>
Laws, regulations, and compliance	<ul style="list-style-type: none"> <li>Product non-compliance arising from changes in regulatory frameworks in different jurisdictions</li> <li>Risk of serious legal or regulatory violations by management or employees</li> </ul>	<ul style="list-style-type: none"> <li>Proactively assessing potential impacts with the support of specialized external organizations</li> <li>Conducting regular compliance seminars and awareness programs</li> </ul>
Natural disasters etc.	<ul style="list-style-type: none"> <li>Natural disasters and other emergencies across different countries and regions</li> </ul>	<ul style="list-style-type: none"> <li>Reinforcing business continuity planning (BCP)</li> </ul>

**Key risks and mitigation strategies identified for the FY2028 Medium-Term Management Plan period**

# Strengthening Corporate Governance

Plan	Purpose	Target
Disclosure of Corporate Governance Guidelines	Ensure transparent and consistent governance policies	FY2026
Disclosure of the Board Skills Matrix	Clarify and disclose required expertise and competencies	FY2026
Disclosure of the Board Effectiveness Evaluation	Strengthen oversight, improve capital efficiency, and enhance risk management capabilities	FY2027

**Strengthen corporate governance to enhance long-term corporate value**

# Diversity Drives Our Future.

多様な力が未来を創る。

As a key pillar of our future growth strategy, the Allied Telesis Group positions the promotion of diversity as a critical management priority. We are committed to cultivating a corporate culture that values diversity and empowers every individual to perform at their best as themselves.

## Cultivating an inclusive corporate culture

Aim to cultivate a corporate culture where every employee recognizes the importance of diversity and individuals from diverse backgrounds are empowered to thrive

## Empowering diverse talent to thrive

Promote the recruitment, development, and advancement of diverse talent, irrespective of race, religion, gender, age, sexual orientation, disability, nationality, or other characteristics

## Supporting career development and capability building

To enable individuals to fully realize their abilities and unique qualities, we actively support each employee's career development and professional growth

## Strengthening support for work-life integration

We strengthen work-life balance support by offering diverse and flexible work arrangements that accommodate employees' varying needs and circumstances



WOMEN INSPIRING NURTURING GROWTH SUCCESS  
女性 奮起 育成 成長 成功

As part of our efforts to advance diversity, we place a strong focus on empowering women in the workplace. Through the “WINGS PROJECT,” we are undertaking a range of initiatives aimed at creating an environment where all women can perform to their full potential while being true to themselves.

**Building on the diversity that has been embedded in our organization since its founding, we will further advance diversity as a key driver of sustainable growth**

# Summary

# Summary

**Explore New Frontiers as a Global Company  
Driven by Integrity and Advanced Technologies**

**Integrity  
+  
Advanced Technologies**

**Sustainable  
Growth**

**Human Capital  
Investment**

**Shareholder  
Returns**

## **Important Notice Regarding This Document**

The planned figures for profits, etc. stated in this document are based on information currently available and are deemed reasonable by our management, but there is no guarantee that these figures will be achieved. Actual results may differ significantly from forecasts due to various factors. These factors include changes in market economic conditions and product demand, exchange rate fluctuations, and revisions to various domestic and international systems and laws. Therefore, please use this document at your own discretion.

