April 14, 2025

Company name: Next Generation Technology Group Inc.
Name of representative: ARAI Eiichi, Representative Director and President
(Securities code: 319A; Growth Market)
Inquiries: Koyo Ejiri, General Manager of Administration Department
(Telephone: +81-50-5538-8495)

Notice Regarding IR-Related Q&A (April 2025)

We have prepared this Q&A format disclosure to address common investor inquiries. Please note that there may be slight discrepancies due to timing differences; however, the most recent responses reflect our latest company policies.

■ Will the management of the acquired company be replaced after the acquisition?
⇒ We respond in accordance with the needs of the acquired company. Generally, there are three scenarios: (i) the existing management remains in place at the time of acquisition, with a transition period of approximately five years before succession; (ii) the current management continues in their role over the long term; or (iii) a new executive is appointed from outside the organization. While respecting the preferences of the acquired company, we fundamentally consider either continued leadership by the existing management or internal promotion as the basis for post-acquisition management structure. Even in cases where an external executive is appointed, we aim to eventually hand over leadership to a candidate who has emerged from within the organization.

■ What initiatives are included in your value creation (value-up) activities?
⇒ We have established a value creation framework referred to as “NGP.” This encompasses a broad range of initiatives, including on-site cost reduction, operational improvements, visualization of cost accounting, website renewal and web marketing, support for patent acquisition, recruitment assistance, implementation of HR systems, and revisions to management control structures.

■ Is there any risk of internal friction with employees during the implementation of value creation initiatives?
⇒ Following the acquisition, we conduct individual interviews with all employees to understand their concerns and areas where support is required. Based on these interviews, we implement initiatives focused on unlocking growth potential and contributing positively to the acquired company. As our approach emphasizes collaboration and objectivity rather than unilateral enforcement, the likelihood of internal friction is minimized.

■ How do you ensure the quality of technical assessment and improvement activities in the manufacturing sector?
⇒ Our team includes members with backgrounds in manufacturing, and our finance and accounting professionals have also accumulated significant on-site experience through visits to numerous manufacturing facilities. As a result, we have developed extensive knowledge and expertise specific to the manufacturing industry.

■ What are the key considerations when selecting target companies for acquisition?
⇒ We prioritize the acquisition of niche businesses with high market share that are expected to maintain long-term relevance. Additionally, we take care to diversify business operations within the group to avoid excessive reliance on any single industry.

■ To what extent are you affected by increases in U.S. tariffs or foreign exchange fluctuations?

⇒ The primary customer base of our acquired companies is domestic. As of the fiscal year ending December 2024, overseas sales accounted for approximately 15% of total revenue. The United States represents only a portion of this, and at present, we do not recognize any significant concerns.

■ Do you plan to raise additional capital in the future? If so, what are the criteria?
⇒ We are committed to avoiding shareholder dilution and, at this time, have no plans for capital increases. However, we may consider it in the event of an acquisition that is expected to have a significantly positive impact on earnings per share (EPS), subject to prudent evaluation.

■ What are the characteristics of Miyasaka Industries, most recent acquisition, and what was the rationale behind its acquisition?
⇒ Miyasaka Industries is distinguished by its industry-leading precision grinding technology and proprietary product line, the "Cokkun Series." We proceeded with the acquisition based on the company's stable profitability and the long-term sustainability of its business model.

■ What was the acquisition price for Miyasaka Industries' shares?
⇒ The information is not disclosed in accordance with the confidentiality agreement between the parties involved.

■ What is the anticipated impact of Miyasaka Industries on consolidated performance?
⇒ Miyasaka Industries is expected to contribute to our consolidated results for nine months during the current fiscal year. In the event that future acquisitions necessitate a revision of our earnings forecast, we will promptly disclose such information.

■ Given reports of misconduct by malicious buyers in the M&A industry, is there any impact on your business?
⇒ We believe that the continued elimination of malicious buyers from the market will work to our advantage. Since our public listing, the number of acquisition opportunities we receive has been trending upward.

※The link to the Q&A disclosed on February 17, 2024, is provided below for your reference.
https://azcms.ir-service.net/DATA/319A/ir/140120250217577193.pdf