

## 1. Qualitative Information on Financial Results

### (1) Operating Results

In the first three months of the fiscal year ending May 31, 2024, the Japanese economy was expected to continue its gradual recovery, supported in part by the effects of various government initiatives amid improving employment and income conditions. However, a downturn in overseas economies, primarily driven by global monetary tightening, has raised the risk of downward pressure on the Japanese economy. Against this backdrop, the LIKE Group must continue to pay close attention to the impact of price increases, fluctuations in financial and capital markets, and other factors.

The LIKE Group's businesses are closely related to social issues such as nursery waiting lists, participation of women in the workforce, labor shortages, the creation of employment, and circumstances that require workers to leave their jobs to care for elderly family members. Accordingly, based on our Group philosophy of "...planning the future: developing people and creating the future," we will help create a sustainable society by focusing on expanding the working population in an aging society with a declining birthrate while providing high-quality services in each of our businesses, with the aim of becoming a corporate group that is truly indispensable to the world.

In the three months ended August 31, 2023, net sales reached ¥14,315 million (+0.9% year on year), while operating profit was ¥340 million (-41.5% year on year) due to higher personnel expenses, food ingredient costs, and other expenditures. As a result, ordinary profit amounted to ¥315 million (-45.5% year on year), and profit attributable to owners of parent came to ¥162 million (-50.9% year on year).

### Segment Results

#### Child-Rearing Support Service Business

According to the Summary Report of Annual Vital Statistics of Japan (final data) released by the Ministry of Health, Labour and Welfare in September 2023, the number of births in 2022 declined to 770,759 from 811,622 in the previous year, hitting the lowest level since the inception of the survey. Furthermore, according to a survey conducted by the Children and Families Agency, the number of children on waiting lists for nurseries and other childcare facilities was 2,680 as of April 1, 2023. This figure represents a year-on-year decrease of 264 and is the lowest recorded since the survey began.

However, the number of latent children on waiting lists (those seeking childcare services that do not appear on waiting lists) totaled 66,168, and the number of children on waiting lists for after-school clubs reached 15,180 as of May 1, 2022, up 1,764 year on year. This indicates that the waitlist issue remains serious, particularly in the Tokyo metropolitan area. In addition, the rising employment rate of women implies that the demand for childcare services is likely to remain high in major metropolitan areas, making the promotion of various measures to ensure the availability of childcare services a pressing issue. In response to the declining birthrate, the Japanese government announced its intention to implement unprecedented measures. In June 2023, it established the Children's Future Strategy Policy with the aim of expanding child-rearing support initiatives over the next three years. As part of this policy, the government plans to allocate a higher budget for children and child-rearing support, aiming to achieve one of the highest levels of family-related spending per child among the OECD member countries. These initiatives demonstrate the government's commitment to further strengthening its policies to address the declining birthrate.

Against this backdrop, in addition to opening private licensed nurseries, consolidated subsidiary LIKE Kids, Inc. has made efforts to improve the availability of childcare from various angles by operating nurseries established by local governments, opening new nurseries in large development projects led by real estate developers, operating on-site childcare facilities including company-run nurseries located at hospitals, companies, and universities, and operating after-school clubs and children's centers on behalf of local governments. At the same time, we have focused on recruiting excellent nursery teachers to ensure the quality of our childcare services by working closely with our consolidated subsidiary, LIKE Staffing, Inc.

As a result of these factors, sales in the three months ended August 31, 2023 totaled ¥6,687 million (+2.2% year on year), with operating profit amounting to ¥46 million (-75.7% year on year) due mainly to higher personnel expenses and food ingredient costs.

## Comprehensive Human Resources Service Business

Securing human resources is an important management issue in our main business domains, which can be described as social infrastructure, as the working population shrinks in Japan due to declining birthrates and an aging population.

Accordingly, consolidated subsidiary LIKE Staffing, Inc. engaged in proactive sales activities to increase working populations in the business domains of mobile phone, logistics and manufacturing, call center, childcare and nursing care, and construction industries.

In the mobile phone industry, intensified competition among carriers to acquire customers has translated into a significant demand for human resources at home electronics mass retailers, which are the epicenter of competition for customers. This, in turn, has resulted in an increase in orders for the Company. However, the demand for staffing services at primary distributors has declined as a result of a drop in the number of carrier stores. Sales in the logistics industry grew in response to strong demand for human resources as large logistics facilities began operations one after another across Japan to support the expanding e-commerce market. In the childcare and nursing care industries, where human resource shortages are increasing, we are reviewing our in-house sales system, promoting measures to optimize recruiting channels, and linking the facilities management expertise of consolidated subsidiaries LIKE Kids, Inc. and LIKE Care, Inc. with recruitment capabilities to strengthen our staffing and placement services.

In addition, we continued to work on expanding our services for the construction industry and our employment support services for foreign nationals with the aim of developing them into our next growth drivers.

To ensure the availability of services for the construction industry, which continues to incur sweeping impact from Japan's aging population, we are recruiting construction managers, site supervisors (assistants), on-site administrative staff, and building information modeling (BIM) and computer-aided design (CAD) operators. In addition, we are creating new value by offering our full-time employees serving as "experts" in the mobile phone industry a new career in the construction industry as a construction manager to encourage them to reskill while at the same time matching these expert employees with our clients' recruiting needs. Moreover, we have established a training model for BIM and CAD operators, for which the construction industry lacks sufficient training, by providing a two-month course and practical training program aimed at developing skills up to a certain level, and this has enabled us to dispatch and place human resources with higher added value. Further, through aggressive sales activities, we are steadily cultivating new clients, and the number of inquiries from companies seeking human resources is on the rise.

Regarding employment support services for foreign nationals, the demand for human resources in various industries has been steadily improving as the economy shows signs of recovery. In addition, we have actively pursued sales efforts in the nursing care industry, which we had initially planned, as well as in the building cleaning, restaurant, accommodation, and food and beverage manufacturing industries. At the same time, we are also working to create comfortable work environments, including support for daily life, to ensure that more companies will be able to accept these workers effortlessly.

As a result of these factors, sales in the three months ended August 31, 2023 amounted to ¥5,595 million (-1.2% year on year), mainly reflecting lower demand for staffing services at carrier stores. Operating profit came to ¥352 million (-32.9% year on year) due to a rise in cost of sales.

## Nursing Care-Related Service Business

In the Nursing Care-Related Service business, consolidated subsidiary LIKE Care, Inc. operates assisted-living nursing homes in the metropolitan area of Kanagawa, Tokyo, and Saitama, where large numbers of people aged 65 or older reside. Leveraging strong collaborations with medical institutions, many of these facilities offer end-of-life care with round-the-clock nursing support, providing living quarters to many individuals who are in need of intensive nursing care and for whom receiving nursing care at home is prohibitively difficult. As a result, the occupancy rate of these facilities has remained high.

Additionally, LIKE Care plans to open Ferie-de Kami-igusa (102 rooms) in Suginami-ku, Tokyo in February 2024, which will bring the total number of facilities in operation to 25.

As a result of these factors, sales in the three months ended August 31, 2023 totaled ¥2,019 million (+4.8% year on year), and operating profit amounted to ¥141 million (+98.6% year on year) due to the absence of costs associated with new facility openings.

## (2) Financial Position

As of August 31, 2023, total assets stood at ¥37,110 million, down ¥2,343 million from May 31, 2023. Total net assets amounted to ¥15,044 million, down ¥429 million. The shareholders' equity ratio increased 1.3 percentage points from May 31, 2023, to 40.5%.

### Current assets

Current assets as of August 31, 2023 came to ¥15,668 million, down ¥2,103 million from May 31, 2023. This was mainly the result of a ¥1,781 million decrease in notes and accounts receivable—trade, and contract assets.

### Non-current assets

Non-current assets as of August 31, 2023 amounted to ¥21,441 million, down ¥239 million from May 31, 2023. This mainly reflected a ¥268 million decrease in property, plant and equipment and a ¥73 million decrease from goodwill amortization, partially offset by a ¥114 million increase in deferred tax assets.

### Current liabilities

As of August 31, 2023, current liabilities stood at ¥10,708 million, down ¥4,480 million from May 31, 2023. This was primarily due to decreases of ¥3,383 million in current portion of long-term borrowings, ¥463 million in income taxes payable, ¥459 million in accounts payable—other, and ¥344 million in provision for bonuses.

### Non-current liabilities

Non-current liabilities as of August 31, 2023 amounted to ¥11,357 million, up ¥2,566 million from May 31, 2023. This mainly reflected a ¥2,567 million increase in long-term borrowings.

### Net assets

As of August 31, 2023, net assets totaled ¥15,044 million, down ¥429 million from May 31, 2023. This was due primarily to ¥614 million in dividends paid, which was partially offset by the booking of ¥162 million in profit attributable to owners of parent.

## (3) Consolidated Earnings Forecast and Other Forward-Looking Statements

We have made no changes to our consolidated earnings forecast for the fiscal year ending May 31, 2024 released on July 14, 2023.

## 2. Quarterly Consolidated Financial Statements and Important Notes

### (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	As of May 31, 2023	As of August 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	10,669,717	10,485,059
Notes and accounts receivable—trade, and contract assets	5,793,123	4,011,607
Merchandise	3,811	2,783
Raw materials and supplies	7,745	7,820
Other	1,311,676	1,176,602
Allowance for doubtful accounts	(13,245)	(15,041)
Total current assets	17,772,829	15,668,831
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,424,532	12,200,930
Machinery, equipment and vehicles, net	7,726	7,048
Leased assets, net	3,032,888	2,990,287
Construction in progress	452,477	480,687
Other, net	365,862	335,631
Total property, plant and equipment	16,283,488	16,014,585
Intangible assets		
Goodwill	73,610	—
Other	131,105	137,608
Total intangible assets	204,716	137,608
Investments and other assets		
Investment securities	428,961	445,957
Shares of subsidiaries and associates	46,000	30,000
Long-term loans receivable	821,874	806,456
Guarantee deposits	2,784,478	2,792,021
Deferred tax assets	786,527	900,584
Other	367,229	356,208
Allowance for doubtful accounts	(41,984)	(41,691)
Total investments and other assets	5,193,087	5,289,537
Total non-current assets	21,681,291	21,441,731
Total assets	39,454,121	37,110,562

(Thousands of yen)

	As of May 31, 2023	As of August 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable–trade	181,196	189,482
Short-term borrowings	1,400,000	1,400,000
Current portion of long-term borrowings	6,445,909	3,062,745
Accounts payable–other	3,965,858	3,506,741
Income taxes payable	711,278	247,292
Accrued consumption taxes	473,158	494,841
Provision for bonuses	835,939	491,000
Provision for shareholder benefit program	67,679	23,987
Other	1,108,172	1,292,319
Total current liabilities	15,189,192	10,708,409
Non-current liabilities		
Long-term borrowings	3,943,034	6,510,845
Deferred tax liabilities	38,578	46,080
Asset retirement obligations	769,838	771,456
Move-in security deposits received	746,130	759,315
Retirement benefit liability	450,931	476,337
Lease obligations	2,774,662	2,725,358
Other	67,289	67,856
Total non-current liabilities	8,790,464	11,357,250
Total liabilities	23,979,656	22,065,659
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,548,683	1,548,683
Capital surplus	165,827	165,827
Retained earnings	14,363,295	13,911,670
Treasury shares	(741,087)	(741,087)
Total shareholders' equity	15,336,719	14,885,094
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	177,053	194,053
Remeasurements of defined benefit plans	(39,308)	(34,244)
Total accumulated other comprehensive income	137,745	159,808
Total net assets	15,474,464	15,044,903
Total liabilities and net assets	39,454,121	37,110,562

(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income  
Quarterly Consolidated Statement of Income  
First three months of the fiscal year ending May 31, 2024

	(Thousands of yen)	
	Three months ended August 31, 2022 (June 1, 2022 to August 31, 2022)	Three months ended August 31, 2023 (June 1, 2023 to August 31, 2023)
Net sales	14,186,316	14,315,796
Cost of sales	12,202,422	12,534,070
Gross profit	1,983,893	1,781,726
Selling, general and administrative expenses	1,401,690	1,441,191
Operating profit	582,203	340,534
Non-operating income		
Interest income	1,524	1,434
Dividend income	517	518
Gain on investments in investment partnerships	9,565	—
Other	7,273	7,686
Total non-operating income	18,880	9,639
Non-operating expenses		
Interest expenses	17,323	26,042
Loss on investments in investment partnerships	—	5,066
Other	3,932	3,271
Total non-operating expenses	21,255	34,379
Ordinary profit	579,827	315,794
Extraordinary losses		
Loss on retirement of non-current assets	4,450	158
Other	758	—
Total extraordinary losses	5,208	158
Profit before income taxes	574,619	315,635
Income taxes	244,009	153,177
Profit	330,610	162,458
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	330,610	162,458

Quarterly Consolidated Statement of Comprehensive Income  
First three months of the fiscal year ending May 31, 2024

(Thousands of yen)

	Three months ended August 31, 2022 (June 1, 2022 to August 31, 2022)	Three months ended August 31, 2023 (June 1, 2023 to August 31, 2023)
Profit	330,610	162,458
Other comprehensive income		
Valuation difference on available-for-sale securities	(22,886)	17,000
Remeasurements of defined benefit plans, net of tax	245	5,063
Total other comprehensive income	(22,640)	22,063
Comprehensive income	307,969	184,521
Comprehensive income attributable to:		
Owners of parent	307,969	184,521
Non-controlling interests	—	—

(3) Notes to Quarterly Consolidated Financial Statements

(Notes Regarding Assumption of a Going Concern)

There are no applicable matters to report.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

There are no applicable matters to report.

(Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)

Tax expenses are calculated by multiplying profit before income taxes by an effective tax rate that was reasonably estimated by applying tax-effect accounting to estimated profit before income taxes for the fiscal year ending May 31, 2024, including the first three months under review.

However, in cases where calculating tax expenses using an estimated effective tax rate yields a result that is notably lacking rationality, tax expenses are calculated using the statutory effective tax rate.