

## 1. Qualitative Information on Financial Results

### (1) Operating Results

In the first six months of the fiscal year ending May 31, 2024, the Japanese economy was anticipated to remain on a gradual recovery trajectory supported in part by the effects of various government initiatives against a backdrop of improving employment and income conditions. However, deteriorating overseas economies due to global monetary tightening among other factors have raised the risk of downward pressure on the Japanese economy. In this challenging environment, 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 six months ended November 30, 2023, net sales amounted to ¥28,879 million (+0.8% year on year), while operating profit declined to ¥806 million (-25.3% year on year) due to higher personnel expenses, food costs, and other expenditures. Ordinary profit was ¥1,113 million (-10.5% year on year) and profit attributable to owners of parent was ¥689 million (-2.9% 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 16,276 as of May 1, 2023, up 1,096 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. The Japanese government approved the Children's Future Strategy at a Cabinet meeting held in December 2023, toward implementing "unprecedented measures" to tackle the country's declining birthrate. Specifically, the government announced its plan to increase childcare allowances, establish the Nursery for All Children (tentative) program that allows all parents and guardians to use childcare services regardless of their eligibility (e.g., employment status and the number of working hours), improve staffing standards, and increase compensation for childcare workers. Through these initiatives, the government is expected to further bolster countermeasures for the declining birthrate at the national level.

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 six months ended November 30, 2023 amounted to ¥13,568 million (+3.2% year on year) while operating profit was down to ¥225 million (-37.0% year on year) due to soaring food and other 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, while personnel demand from home electronics mass retailers—the epicenter of competition for customers among telecom carriers—increased, overall personnel demand declined due to a drop in the number of carrier stores mainly operated by primary distributors. 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 the above, sales in the six months ended November 30, 2023 were ¥11,243 million (-2.5% year on year), reflecting lower sales to the mobile phone industry among other factors, and operating profit was ¥704 million (-29.8% year on year) due to higher personnel expenses.

## Nursing Care-Related Service Business

In the Nursing Care-Related Service business, consolidated subsidiary LIKE Care, Inc. operates assisted-living nursing homes and other nursing care facilities in the metropolitan area of Kanagawa, Tokyo, and Saitama, where large numbers of people aged 65 or older reside. Taking advantage of their partnerships with medical institutions, many of these facilities provide end-of-life care with round-the-clock nursing support, providing living quarters to individuals who are in need of intensive nursing care and for whom providing care at home is prohibitively difficult.

Further, following the opening of Sunrise Villa Kotake Mukaihara in July 2022, LIKE Care plans to open Ferie-de Kami-igusa (102 rooms) in Sugunami-ku, Tokyo in February 2024, bringing the total number of facilities in operation to 25.

As a result of these factors, sales in the six months ended November 30, 2023 totaled ¥4,035 million (+4.6% year on year). Operating profit was ¥258 million (+106.7% year on year), due to the absence of costs associated with new facility openings as no new facility was opened in the period under review, versus one in the same period of the previous fiscal year.

## (2) Financial Position

As of November 30, 2023, total assets stood at ¥37,478 million, down ¥1,975 million from May 31, 2023. Total net assets amounted to ¥15,573 million, up ¥99 million. The shareholders' equity ratio increased 2.4 percentage points from May 31, 2023, to 41.6%.

### Current assets

Current assets as of November 30, 2023 came to ¥15,960 million, down ¥1,812 million from May 31, 2023. This was mainly the result of a ¥1,413 million decrease in notes and accounts receivable—trade, and contract assets.

### Non-current assets

Non-current assets as of November 30, 2023 amounted to ¥21,518 million, down ¥162 million from May 31, 2023. This mainly reflected a ¥179 million decrease in property, plant and equipment and a ¥73 million decrease due to goodwill amortization, partially offset by an ¥89 million increase in deferred tax assets.

### Current liabilities

As of November 30, 2023, current liabilities stood at ¥11,073 million, down ¥4,115 million from May 31, 2023. This was primarily due to decreases of ¥3,654 million in current portion of long-term borrowings, ¥341 million in accounts payable—other, and ¥158 million in income taxes payable.

### Non-current liabilities

Non-current liabilities as of November 30, 2023 amounted to ¥10,831 million, up ¥2,041 million from May 31, 2023. This mainly reflected a ¥2,084 million increase in long-term borrowings.

### Net assets

As of November 30, 2023, net assets totaled ¥15,573 million, up ¥99 million from May 31, 2023. This was due primarily to the booking of ¥689 million in profit attributable to owners of parent, which was partially offset by ¥614 million in dividends paid.

## (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 November 30, 2023 |
|--|--------------------|-------------------------|
| <b>Assets</b>  |                    |                         |
| Current assets   |                    |                         |
| Cash and deposits  | 10,669,717         | 10,276,163              |
| Notes and accounts receivable—trade, and contract assets | 5,793,123          | 4,379,287               |
| Merchandise  | 3,811              | —                       |
| Raw materials and supplies                               | 7,745              | 10,862                  |
| Other  | 1,311,676          | 1,311,689               |
| Allowance for doubtful accounts                          | (13,245)           | (17,741)                |
| Total current assets                                     | 17,772,829         | 15,960,262              |
| Non-current assets                                       |                    |                         |
| Property, plant and equipment                            |                    |                         |
| Buildings and structures, net                            | 12,424,532         | 12,762,926              |
| Machinery, equipment and vehicles, net                   | 7,726              | 6,370                   |
| Leased assets, net                                       | 3,032,888          | 2,947,686               |
| Construction in progress                                 | 452,477            | 57,103                  |
| Other, net   | 365,862            | 330,101                 |
| Total property, plant and equipment                      | 16,283,488         | 16,104,187              |
| Intangible assets  |                    |                         |
| Goodwill   | 73,610             | —                       |
| Other  | 131,105            | 144,975                 |
| Total intangible assets                                  | 204,716            | 144,975                 |
| Investments and other assets                             |                    |                         |
| Investment securities                                    | 428,961            | 443,813                 |
| Shares of subsidiaries and associates                    | 46,000             | 30,000                  |
| Long-term loans receivable                               | 821,874            | 792,034                 |
| Guarantee deposits                                       | 2,784,478          | 2,825,138               |
| Deferred tax assets                                      | 786,527            | 876,187                 |
| Other  | 367,229            | 343,533                 |
| Allowance for doubtful accounts                          | (41,984)           | (41,531)                |
| Total investments and other assets                       | 5,193,087          | 5,269,175               |
| Total non-current assets                                 | 21,681,291         | 21,518,337              |
| Total assets   | 39,454,121         | 37,478,600              |

(Thousands of yen)

|   | As of May 31, 2023 | As of November 30, 2023 |
|---|--------------------|-------------------------|
| <b>Liabilities</b>                                    |                    |                         |
| Current liabilities                                   |                    |                         |
| Notes and accounts payable–trade                      | 181,196            | 195,186                 |
| Short-term borrowings                                 | 1,400,000          | 1,400,000               |
| Current portion of long-term borrowings               | 6,445,909          | 2,791,004               |
| Accounts payable–other                                | 3,965,858          | 3,624,428               |
| Income taxes payable                                  | 711,278            | 552,748                 |
| Accrued consumption taxes                             | 473,158            | 346,883                 |
| Provision for bonuses                                 | 835,939            | 693,631                 |
| Provision for shareholder benefit program             | 67,679             | —                       |
| Other   | 1,108,172          | 1,469,538               |
| Total current liabilities                             | 15,189,192         | 11,073,420              |
| Non-current liabilities                               |                    |                         |
| Long-term borrowings                                  | 3,943,034          | 6,027,572               |
| Deferred tax liabilities                              | 38,578             | 21,299                  |
| Asset retirement obligations                          | 769,838            | 818,643                 |
| Move-in security deposits received                    | 746,130            | 739,847                 |
| Retirement benefit liability                          | 450,931            | 481,164                 |
| Lease obligations                                     | 2,774,662          | 2,675,842               |
| Other   | 67,289             | 67,283                  |
| Total non-current liabilities                         | 8,790,464          | 10,831,654              |
| Total liabilities                                     | 23,979,656         | 21,905,074              |
| <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         | 14,438,777              |
| Treasury shares                                       | (741,087)          | (741,087)               |
| Total shareholders' equity                            | 15,336,719         | 15,412,201              |
| Accumulated other comprehensive income                |                    |                         |
| Valuation difference on available-for-sale securities | 177,053            | 193,122                 |
| Remeasurements of defined benefit plans               | (39,308)           | (31,798)                |
| Total accumulated other comprehensive income          | 137,745            | 161,323                 |
| Total net assets                                      | 15,474,464         | 15,573,525              |
| <b>Total liabilities and net assets</b>               | <b>39,454,121</b>  | <b>37,478,600</b>       |

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

|  | (Thousands of yen)  |   |
|--|---|---|
|  | Six months ended<br>November 30, 2022<br>(June 1, 2022 to<br>November 30, 2022) | Six months ended<br>November 30, 2023<br>(June 1, 2023 to<br>November 30, 2023) |
| Net sales  | 28,659,519  | 28,879,351  |
| Cost of sales                                    | 24,769,657  | 25,247,281  |
| Gross profit                                     | 3,889,861   | 3,632,070   |
| Selling, general and administrative expenses     | 2,810,488   | 2,825,713   |
| Operating profit                                 | 1,079,372   | 806,357   |
| Non-operating income                             |   |   |
| Interest income                                  | 3,070   | 2,882   |
| Dividend income                                  | 7,797   | 8,006   |
| Gain on investments in investment partnerships   | 46,730  | 154   |
| Facilities subsidy income                        | 139,412   | 334,623   |
| Other  | 13,862  | 21,618  |
| Total non-operating income                       | 210,873   | 367,284   |
| Non-operating expenses                           |   |   |
| Interest expenses                                | 40,732  | 51,371  |
| Loss on investments in investment partnerships   | —   | 5,066   |
| Other  | 5,065   | 3,639   |
| Total non-operating expenses                     | 45,798  | 60,077  |
| Ordinary profit                                  | 1,244,448   | 1,113,564   |
| Extraordinary income                             |   |   |
| Gain on sale of non-current assets               | 27  | —   |
| Total extraordinary income                       | 27  | —   |
| Extraordinary losses                             |   |   |
| Loss on retirement of non-current assets         | 4,483   | 414   |
| Other  | 842   | —   |
| Total extraordinary losses                       | 5,325   | 414   |
| Profit before income taxes                       | 1,239,149   | 1,113,150   |
| Income taxes                                     | 528,712   | 423,584   |
| Profit   | 710,437   | 689,565   |
| Profit attributable to non-controlling interests | —   | —   |
| Profit attributable to owners of parent          | 710,437   | 689,565   |

Quarterly Consolidated Statement of Comprehensive Income

First six months of the fiscal year ending May 31, 2024

(Thousands of yen)

|   | Six months ended<br>November 30, 2022<br>(June 1, 2022 to<br>November 30, 2022) | Six months ended<br>November 30, 2023<br>(June 1, 2023 to<br>November 30, 2023) |
|---|---|---|
| Profit  | 710,437   | 689,565   |
| Other comprehensive income                            |   |   |
| Valuation difference on available-for-sale securities | (94,851)  | 16,068  |
| Remeasurements of defined benefit plans, net of tax   | 490   | 7,509   |
| Total other comprehensive income                      | (94,360)  | 23,578  |
| Comprehensive income                                  | 616,076   | 713,144   |
| Comprehensive income attributable to:                 |   |   |
| Owners of parent                                      | 616,076   | 713,144   |
| 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 six 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.