

Table of Contents for Attachment

1. Qualitative Information on Financial Results	2
(1) Operating Results	2
(2) Financial Position	4
(3) Consolidated Earnings Forecast and Other Forward-Looking Statements	4
2. Quarterly Consolidated Financial Statements and Important Notes.....	5
(1) Quarterly Consolidated Balance Sheet	5
(2) Quarterly Consolidated Statement of Income and Quarterly Consolidated Statement of Comprehensive Income	7
Quarterly Consolidated Statement of Income	
First nine months of the fiscal year ending May 31, 2024.....	7
Quarterly Consolidated Statement of Comprehensive Income	
First nine months of the fiscal year ending May 31, 2024.....	8
(3) Notes to Quarterly Consolidated Financial Statements.....	8
(Notes Regarding Assumption of a Going Concern)	8
(Notes on Significant Changes in the Amount of Shareholders' Equity)	8
(Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)	8

1. Qualitative Information on Financial Results

(1) Operating Results

In the first nine 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 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. In response to these challenges, we strive to consistently achieve customer satisfaction in our operations, leading to spontaneous expressions of gratitude that reflect fulfillment with the Group as the chosen service provider. 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.

As a result, in the nine-month period under review, net sales amounted to ¥43,480 million (+0.8% year on year), operating profit to ¥1,457 million (+3.0%), ordinary profit to ¥1,738 million (+11.8%), and profit attributable to owners of parent to ¥977 million (+11.9%).

Segment Results

Child-Rearing Support Service Business

According to the Prompt Vital Statistics Report (preliminary data for December 2023) released by the Ministry of Health, Labour and Welfare (MHLW) in February 2024, the number of births in 2023 declined further from the 770,759 recorded in the previous year to 758,631, marking the lowest level since the survey began.

However, the number of latent children on waiting lists (the number of children 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.

Further, as of April 1, 2024, the number of licensed nurseries opened during the fiscal year under review totaled four.

As a result, in the nine months ended February 29, 2024, sales amounted to ¥20,646 million (+3.8% year on year). Operating profit came to ¥622 million (+35.7%) as a drop in amortization of goodwill offset increases in personnel, food ingredient, and other expenses.

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 nine months ended February 29, 2024 were ¥16,702 million (-3.1% year on year), reflecting lower sales to the mobile phone industry among other factors, and operating profit was ¥1,050 million (-23.4% 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 opened Ferie-de Kami-igusa (102 rooms) in Suginami-ku, Tokyo in February 2024, bringing the total number of facilities in operation to 25.

As a result, sales in the nine months ended February 29, 2024 totaled ¥6,066 million (+3.9% year on year). Operating profit amounted to ¥370 million (+92.6%) 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 February 29, 2024, total assets stood at ¥35,959 million, down ¥3,494 million from May 31, 2023. Total net assets amounted to ¥15,342 million, down ¥131 million. The shareholders' equity ratio increased 3.5 percentage points from May 31, 2023, to 42.7%.

Current assets

Current assets as of February 29, 2024 came to ¥14,360 million, down ¥3,412 million from May 31, 2023. This was mainly the result of a ¥2,440 million decrease in cash and deposits and a ¥1,472 million decrease in notes and accounts receivable—trade, and contract assets.

Non-current assets

Non-current assets as of February 29, 2024 amounted to ¥21,599 million, down ¥81 million from May 31, 2023. This mainly reflected a ¥183 million decrease in property, plant and equipment and a ¥73 million decrease due to goodwill amortization, partially offset by a ¥123 million increase in deferred tax assets.

Current liabilities

As of February 29, 2024, current liabilities stood at ¥10,431 million, down ¥4,757 million from May 31, 2023. This was primarily due to decreases of ¥3,755 million in current portion of long-term borrowings, ¥368 million in accounts payable—other, and ¥459 million in income taxes payable.

Non-current liabilities

Non-current liabilities as of February 29, 2024 amounted to ¥10,185 million, up ¥1,395 million from May 31, 2023. This mainly reflected a ¥1,430 million increase in long-term borrowings.

Net assets

As of February 29, 2024, net assets totaled ¥15,342 million, down ¥131 million from May 31, 2023. This was due primarily to dividends paid of ¥1,170 million, which was partially offset by the booking of ¥977 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 February 29, 2024
Assets		
Current assets		
Cash and deposits	10,669,717	8,229,569
Notes and accounts receivable—trade, and contract assets	5,793,123	4,320,429
Merchandise	3,811	—
Raw materials and supplies	7,745	12,106
Other	1,311,676	1,818,467
Allowance for doubtful accounts	(13,245)	(20,325)
Total current assets	17,772,829	14,360,246
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,424,532	12,520,761
Machinery, equipment and vehicles, net	7,726	7,563
Leased assets, net	3,032,888	2,905,085
Construction in progress	452,477	344,188
Other, net	365,862	322,336
Total property, plant and equipment	16,283,488	16,099,936
Intangible assets		
Goodwill	73,610	—
Other	131,105	185,956
Total intangible assets	204,716	185,956
Investments and other assets		
Investment securities	428,961	495,572
Shares of subsidiaries and associates	46,000	30,000
Long-term loans receivable	821,874	750,164
Guarantee deposits	2,784,478	2,837,476
Deferred tax assets	786,527	910,300
Other	367,229	330,491
Allowance for doubtful accounts	(41,984)	(40,171)
Total investments and other assets	5,193,087	5,313,834
Total non-current assets	21,681,291	21,599,727
Total assets	39,454,121	35,959,974

(Thousands of yen)

	As of May 31, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Notes and accounts payable–trade	181,196	190,813
Short-term borrowings	1,400,000	1,400,000
Current portion of long-term borrowings	6,445,909	2,690,413
Accounts payable–other	3,965,858	3,597,384
Income taxes payable	711,278	251,991
Accrued consumption taxes	473,158	329,220
Provision for bonuses	835,939	497,961
Provision for shareholder benefit program	67,679	—
Other	1,108,172	1,473,805
Total current liabilities	15,189,192	10,431,589
Non-current liabilities		
Long-term borrowings	3,943,034	5,373,170
Deferred tax liabilities	38,578	36,665
Asset retirement obligations	769,838	820,453
Move-in security deposits received	746,130	762,905
Retirement benefit liability	450,931	498,499
Lease obligations	2,774,662	2,626,111
Other	67,289	67,958
Total non-current liabilities	8,790,464	10,185,764
Total liabilities	23,979,656	20,617,354
Net assets		
Shareholders' equity		
Share capital	1,548,683	1,548,683
Capital surplus	165,827	165,827
Retained earnings	14,363,295	14,170,631
Treasury shares	(741,087)	(741,143)
Total shareholders' equity	15,336,719	15,143,999
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	177,053	227,972
Remeasurements of defined benefit plans	(39,308)	(29,351)
Total accumulated other comprehensive income	137,745	198,620
Total net assets	15,474,464	15,342,620
Total liabilities and net assets	39,454,121	35,959,974

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

(Thousands of yen)

	Nine months ended February 28, 2023 (June 1, 2022 to February 28, 2023)	Nine months ended February 29, 2024 (June 1, 2023 to February 29, 2024)
Net sales	43,136,346	43,480,813
Cost of sales	37,433,062	37,872,333
Gross profit	5,703,283	5,608,479
Selling, general and administrative expenses	4,287,763	4,151,152
Operating profit	1,415,520	1,457,327
Non-operating income		
Interest income	4,575	4,292
Dividend income	7,797	8,006
Gain on investments in investment partnerships	47,872	4,060
Facilities subsidy income	139,412	334,623
Other	19,790	27,860
Total non-operating income	219,448	378,844
Non-operating expenses		
Interest expenses	61,469	76,032
Loss on investments in investment partnerships	149	5,789
Donations	12,000	12,000
Other	5,727	3,719
Total non-operating expenses	79,347	97,541
Ordinary profit	1,555,621	1,738,629
Extraordinary income		
Gain on sale of non-current assets	27	18
Total extraordinary income	27	18
Extraordinary losses		
Loss on retirement of non-current assets	4,936	2,096
Loss on cancellation of rental contracts	—	146,228
Other	842	—
Total extraordinary losses	5,779	148,325
Profit before income taxes	1,549,869	1,590,322
Income taxes	676,153	612,390
Profit	873,716	977,932
Profit attributable to non-controlling interests	—	—
Profit attributable to owners of parent	873,716	977,932

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

(Thousands of yen)

	Nine months ended February 28, 2023 (June 1, 2022 to February 28, 2023)	Nine months ended February 29, 2024 (June 1, 2023 to February 29, 2024)
Profit	873,716	977,932
Other comprehensive income		
Valuation difference on available-for-sale securities	(93,200)	50,918
Remeasurements of defined benefit plans, net of tax	735	9,956
Total other comprehensive income	(92,464)	60,874
Comprehensive income	781,251	1,038,807
Comprehensive income attributable to:		
Owners of parent	781,251	1,038,807
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 nine 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.