



Yasuhiko Okamoto, President

LIKE , Inc.



## Company Overview

Exchange	Tokyo Stock Exchange, First Section
Industry	Service
President	Yasuhiko Okamoto
HQ Address	Umeda Hankyu Building Office Tower 19F, Kakudamachi 8-1, Kita-ku, Osaka-shi
Year-end	The end of May
HP	<a href="https://www.like-gr.co.jp/">https://www.like-gr.co.jp/</a>

## Stock Information

Share Price	Shares Outstanding (excluding treasury shares)		Market Cap.	ROE (Act.)	Trading Unit
¥1,774	18,928,447 shares		¥33,579 million	19.1%	100 shares
Dividend Yield (Est.)	Dividend Yield (Est.)	EPS(Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥28.00	1.6%	¥92.45	19.2x	¥468.57	3.8x

\*Stock price as of the close on July 26, 2019. Number of shares at the end of the most recent term excluding treasury shares.

\*ROE and BPS are actual value as in FY 5/19 and EPS and DPS are estimated value as in FY 5/20.

\*Values are rounded off.

## Earnings Trends

Fiscal Year	Sales	Operating Profit	Current Profit	Net Profit	EPS (¥)	DPS (¥)
May 2016	31,844	953	1,426	1,795	97.67	40.00
May 2017	40,051	1,524	2,493	810	43.27	36.00
May 2018	45,663	1,915	3,889	1,532	81.49	29.00
May 2019	47,797	1,746	3,753	1,595	84.58	26.00
May 2020 Est.	53,500	2,200	4,000	1,750	92.45	28.00

\* Estimates are those of the Company. From FY5/16, the definition for net profit has been changed to net profit attributable to parent company stockholders (Abbreviated as parent net profit).

\* EPS reflects the change made after a 2 for 1 stock split was conducted in September 2017.

This Bridge Report presents details of fiscal year ended May 2019 earnings results and fiscal year ending May 2020 earnings estimates for LIKE , Inc.

## Table of Content

### [Key Points](#)

#### [1. Company Overview](#)

#### [2. Fiscal Year May 2019 Earnings Results](#)

#### [3. Fiscal Year May 2020 Earnings Forecast](#)

#### [4. Conclusions](#)

[<Reference: Regarding Corporate Governance>](#)

## Key Points

- For the fiscal year May 2019, sales rose 4.7% year on year, and ordinary income fell 3.5% year on year. Operating income decreased 8.8%. Due to selection and concentration particularly for the mobile industry, sales and profits declined in the comprehensive human resources service business. In the childcare support services business, LIKE focused on improving profitability and also opened new facilities, resulting in a significant increase in sales and profits. In the nursing care services business, despite achieving an increase in sales, profits declined due to the Company recording expenses for new facilities. Sales were smaller than the Company's estimate, but ordinary income was higher than expected.
- For the fiscal year May 2020, sales are expected to increase 11.9% year on year; and ordinary income is expected to rise 6.6%. LIKE will continue with existing strategies in each business, while also working on the new businesses that were launched in the fiscal year May 2019. The full-year dividend is to be 28 yen per share (14 yen per share to be paid at the end of the first half and at the end of the term, respectively).
- With an emphasis on profitability in the fiscal year May 2019, LIKE made advances where it is appropriate, while withdrawing from less profitable ventures. As a result, there are almost no low-profitability areas remaining, giving the Company room to place more emphasis on growth from the fiscal year May 2020 onwards. Due to selection and concentration, sales fell 5.1% in the comprehensive human resources services business, but the Company also launched services for the construction industry, and sales are expected to bounce back, rising 14.4% in the fiscal year May 2020. Personnel shortage is currently more serious than before, and as the Company was forecast to grow, we can now expect to see profitable growth. The comprehensive human resources services and childcare support services businesses will be the driving force for the Company's growth. The outlook for the Company is good.

## 1. Company Overview

Based upon its corporate management philosophy of "Planning the Future – Leveraging Human Resources to Create the Future," LIKE endeavors to create a corporate group structure that is capable of providing vital services at all stages of life in the operating realms of child and nursing care, human resources and other services.



## Philosophy

**Aiming to be a corporate group that is essential at every stage of life**  
 Planning the future—developing people and creating the future



(Source: the company)

### 【1-1 Business Segments and LIKE Group Companies】

LIKE's business segments are divided into the comprehensive human resources services business, which includes human resources dispatch, business process consignment, dispatched worker for employment and job placement, hiring and training support services, the childcare support services business, which includes consigned operation of public and private childcare facilities, the nursing care services business, which includes nursing facility operations.

The LIKE Group is comprised of the holding company LIKE, Inc., five consolidated subsidiaries and one non-equity accounting method affiliate. The consolidated subsidiaries include LIKE Staffing, which provides worker dispatch and business process consignment services to cellular telephone shops within its comprehensive human resources services business, LIKE Works, Inc. providing comprehensive human resources services to the logistics and manufacturing industries, LIKE Kids Next Co., Ltd and its subsidiary LIKE Academy which provides consigned childcare and public childcare operations (i.e. licensed nurseries etc.), and LIKE Care Next Co., Ltd., which provides nursing care facility operation services. In addition to these, a joint venture company called Career Design Academy Co., Ltd., has been created to provide corporate training services with LIKE Staffing, Inc. and T-Gaia Corporation (Tokyo Stock Exchange, First Section, Stock code: 3738) providing 20% and 80% of the capital, respectively.

## BRIDGE REPORT



## 【1-2 Medium Term Business Plan】

	FY5/17		FY5/18		FY5/19	
	Estimates	Results	Estimates	Results	Estimates	results
Sales	38,300	40,051	46,400	45,663	51,000	47,797
Current Profits	2,200	2,493	2,800	3,889	3,500	3,753

(Units: ¥mn)

In the fiscal year May 2019, the final year of the three-year medium-term business plan, sales fell short of estimates, but ordinary income was higher than expected. There are still many undetermined factors regarding the Company's medium-term business plan for the fiscal year May 2020 onward, including the progress of legal frameworks in three new businesses: human resources services for the construction industry, work support services for persons with disabilities, and work support services for foreigners. The Company will disclose more information as soon as the outlook becomes clear.

## 【1-3 Shareholder Benefit Program】

Established the "LIKE Premium Benefit Club."

Targets: Shareholders who are listed on the shareholder list as of the end of May every year and possess 200(2 lots) or more shares of LIKE.

Contents: Points are given to shareholders every July, based on the table below. Using a special website (<https://like.premium-yutaiclub.jp/>), shareholders may exchange these points for items, choosing from over 1,000 different categories including food, electrical appliances, gifts, travel packages, and miscellaneous goods.

Number of shares held (shares)	Points awarded		Number of shares held (shares)	Points awarded	
	First year (points)	From second year on (points)		First year (points)	From second year on (points)
200-299	2,500	2,750	900-999	15,000	16,500
300-399	4,000	4,400	1,000-1,999	20,000	22,000
400-499	6,000	6,600	2,000-2,999	45,000	49,500
500-599	7,000	7,700	3,000-3,999	50,000	55,000
600-699	8,000	8,800	4,000-4,999	60,000	66,000
700-799	10,000	11,000	5,000-9,999	70,000	77,000
800-899	12,000	13,200	10,000 or more	80,000	88,000

(Source: the company)

## 2. Fiscal Year May 2019 Earnings Results

## (1) Consolidated Earnings

	FY 5/18	Ratio to sales	FY 5/19	Ratio to sales	YoY	Estimates	Compared to estimates
Sales	45,663	100.0%	47,797	100.0%	+4.7%	51,000	-6.3%
Gross Profit	7,892	17.3%	7,843	16.4%	-0.6%	-	-
SG&A	5,977	13.1%	6,097	12.7%	+2.0%	-	-
Operating Profit	1,915	4.2%	1,746	3.7%	-8.8%	1,940	-10.0%
Current Profit	3,889	8.5%	3,753	7.9%	-3.5%	3,500	+7.2%
Net Profit	1,532	3.4%	1,595	3.3%	+4.1%	1,400	+14.0%

(Units: ¥mn)

※ Figures include reference figures calculated by Investment Bridge Co., Ltd. Actual results may differ (Abbreviated hereafter).

## BRIDGE REPORT

**Sales increased 4.7% and ordinary income decreased 3.5% year on year**

Sales increased 4.7% year on year to 47,797 million yen. Although the sales of comprehensive human resources services declined, the sales of nursing care services rose 11.8%, and the sales of childcare support services grew 15.5% due to an increase in the number of facilities and the effects of revising contracts for childcare services.

As for profits, gross profit margin was 16.4%, down 0.9 points from the same period last year. In the childcare support services business, cost rate improved 0.7 points due to the termination of unprofitable ventures in contracted childcare services. However, cost rate was down 1.9 points in the comprehensive human resources service business due to upfront investment in the development of new businesses, and fell 2.8% in the nursing care services business due to upfront investment in the establishment of new facilities. The ratio of SG&A expenses decreased 0.4 points year on year to 12.7% as a result of collaboration between groups in order to review costs and efficiency in operation at headquarters. An operating subsidy was included in sales for the childcare support services business, but LIKE was unable to offset expenses for establishing new nursing care facilities and upfront investment costs associated with the development of new businesses (such as human resources services for the construction industry) in comprehensive human resources services. As a result, operating income decreased 8.8% year on year to 1,746 million yen, and ordinary income was down 3.5% year on year to 3,753 million yen. Profit attributable to owners of parent company rose 4.1% year on year to 1,595 million yen due to a decrease in loss on retirement of fixed assets and the elimination of losses on lease contract cancellation.

With regard to the forecast, even though there was a temporary subsidy for children support services in the public childcare business, LIKE was unable to offset upfront investment costs associated with the development of new business in comprehensive human resources services and costs for establishing new nursing care facilities, and operating income fell short of estimates. When the Company established a licensed nursery school, the budget for facility subsidies (which is recorded as non-operating revenue) is calculated based on the amount set when the budget was disclosed, which contributed to the result ordinary income and profit attributable to owners of parent company exceeded estimates.

**(2) Segment Earnings Trends**

	FY 5/18	Ratio to sales	FY 5/19	Ratio to sales	YoY
Comprehensive Human Resources	21,786	47.7%	20,681	43.3%	-5.1%
Childcare Support	17,776	38.9%	20,534	43.0%	+15.5%
Nursing Care	5,525	12.1%	6,175	12.9%	+11.8%
Multimedia Service and Others	574	1.3%	407	0.8%	-29.2%
<b>Sales, Total</b>	<b>45,663</b>	<b>100.0%</b>	<b>47,797</b>	<b>100.0%</b>	<b>+4.7%</b>
Comprehensive Human Resources	2,170	81.2%	1,773	72.8%	-18.3%
Childcare Support	387	14.5%	669	27.5%	+72.6%
Nursing Care	90	3.4%	-45	-	-
Multimedia Service and Others	24	0.9%	36	1.5%	+48.3%
<b>Adjustments</b>	<b>-758</b>	<b>-</b>	<b>-688</b>	<b>-</b>	<b>-</b>
<b>Operating Profits, Total</b>	<b>1,915</b>	<b>-</b>	<b>1,746</b>	<b>-</b>	<b>-8.8%</b>

(Units: ¥mn)

### Comprehensive Human Resources Services Business

Sales were 20,681 million yen (down 5.1% year on year), and operating income was 1,773 million yen (down 18.3% year on year).

Amid serious manpower shortages in all industries, businesses, and jobs, the subsidiary LIKE Staffing, Inc. endeavored to expand business with a focus on the service industry, such as mobile communications and apparel industries that are suffering from a lack of sales staff; the call center industries where online shopping, which is surging in popularity, is driving ever-increasing demand; and the childcare and nursing care industries, in which a shortage of childcare providers and certified care workers is becoming a social issue. LIKE Works, Inc. also worked to expand business, particularly in the manufacturing and logistics industries, where demand is tight due to changes in sales channels. Utilizing the knowledge and know-how that they have accumulated in these industries, they continuously focused on increasing the working population by proposing a variety of working styles for client companies and strengthening their matching, employment follow-up, and training systems in order to support employment for job-seekers who have little work or life experience, or who want to work less than the full-time five days a week. Human resources services for the construction industry were launched in December 2018, and in April 2019, the Company launched employment services for persons with disabilities and began making preparations to provide employment services for foreigners. As a result of the upfront investment costs associated with the development of new businesses, both sales and profits declined.

As for the performance of each type of contract, demand grew for all businesses and jobs due to a growing shortage of human resources. Thanks to the Company's plan, which is designed to enable workers to flourish even without specific work experience or skills, sales from temporary staffing service contracts (which account for 70.5% of this segment's sales) went up by 6.2% year on year. Meanwhile, despite strong external demand, sales from outsourcing service contracts (which account for 28.7% of this segment's sales) fell 24.9% due to selection and concentration with a focus on customers who can build a good long-term relationship together with the Company and its staff. Sales from employment agency contracts (which account for 0.8% of this segment's sales) increased by 14.2%, indicating almost unchanged because there were a greater number of job seekers who chose to work as temporary workers.

By industry, external demand in its mainstay, the mobile communications industry (which accounts for 69.2% of sales in this segment), was strong, but sales fell 15.6% due to selection and concentration with a focus on customers who can build a good long-term relationship together with the Company and its staff. In childcare and nursing care industries, sales from LIKE Kids Next increased 94 million yen year on year to 258 million yen, and sales from LIKE Care Next increased 60 million yen year on year to 232 million yen. In the call centers and logistics industries, demand has been tightening due to changes in sales channels (such as the Internet), and sales have increased significantly.

Sales by industry (Units: ¥mn)	FY 5/18		FY 5/19		YoY	
	Sales	Composition ratio	Sales	Composition ratio	Increase/Decrease	Rate of change
Mobile industry	16,957	77.8%	14,308	69.2%	-2,648	-15.6%
Apparel industry	1,571	7.2%	1,549	7.5%	-21	-1.4%
Childcare industry	301	1.4%	397	1.9%	+96	+31.8%
Nursing industry	71	0.3%	184	0.9%	+113	+157.9%
Call centers	924	4.2%	1,454	7.0%	+529	+57.3%
Logistics	1,380	6.4%	2,304	11.1%	+923	+66.9%
Other	579	2.7%	481	2.4%	-98	-16.9%
Total	21,786	100.0%	20,681	100.0%	-1,105	-5.1%

## BRIDGE REPORT



The following chart shows quarterly sales and the number of staff at work at the end of the term.

(Unit: Person)	End of May 2010	End of May 2011	End of May 2012	End of May 2013	End of May 2014	End of May 2015	End of May 2016	End of May 2017	End of May 2018	End of May 2019
Active Staff Members	4,263	4,922	5,291	3,955	4,097	4,647	4,911	5,946	6,175	6,148
(Unit: ¥mn)	FY5/17-3Q	4Q	FY5/18-1Q	2Q	3Q	4Q	FY5/19-1Q	2Q	3Q	4Q
Quarterly Sales	4,977	5,390	5,342	5,371	5,427	5,645	5,312	5,159	5,069	5,140

In December 2018, the Company established a new Technology Division at LIKE Staffing, and launched human resources services for the construction industry. They employed experts who sought the job while considering what kind of jobs they really want to do and how they would want to grow as a professional at the same time. This provides the construction industry as another option for career advancement. As of the end of May 2019, there are 701 employees in this division. The Company will support those who wish to enter the construction industry by training them. Also, in April, based on the concept “Find excitement in your work style,” the Company began employment support for people with disabilities who want to work. By utilizing the strengths of the Group, the Company will assist in selecting a job from a wide range of occupations and industries, and help people finding a work environment and lifestyle that suits them.

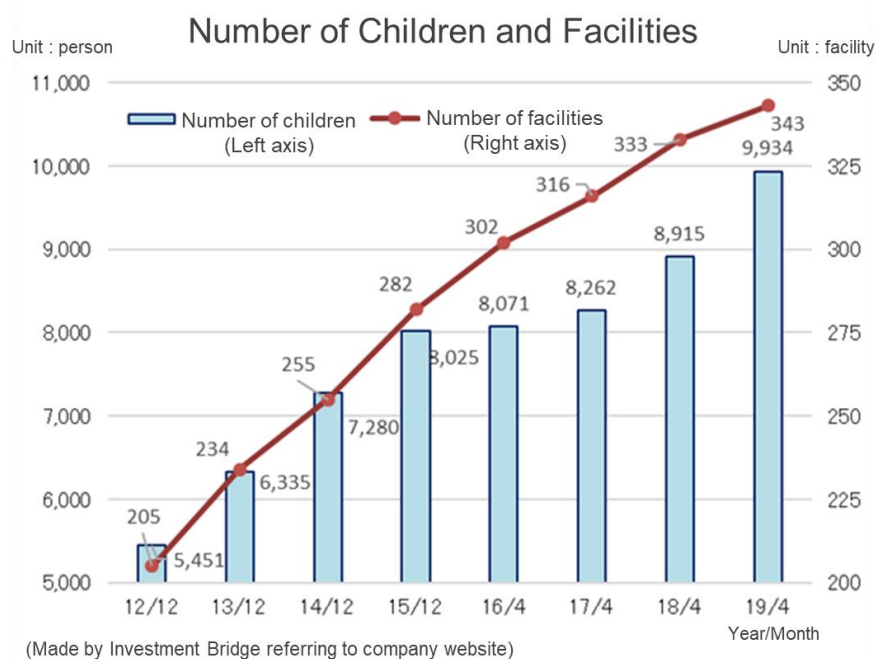
### Childcare Support Services Business

Sales were 20,534 million yen (up 15.5% year on year), and operating income was 669 million yen (up 72.6% year on year).

The Company focused on establishing new businesses and improving profitability, and sales increased due to the establishment of licensed nursery schools and after-school clubs in the previous term. Profitability improved significantly due to the closure of less profitable facilities in the consigned childcare services business, resulting significant increase in profits.

In this industry, the increasing number of children being put on waiting lists and a shortage of childcare workers have been serious issue. there are increasingly more children being put on waiting lists and a shortage of childcare workers. There are various measures being promoted to handle this situation, such as making early education and childcare free. Even under these circumstances, company subsidiaries LIKE Kids Next and LIKE Academy continued to operate licensed nurseries and school clubs, as well as on-site childcare services (such as childcare put in place by companies, hospitals, and universities). The Company also focused on providing high-quality childcare, which continues to be chosen by customers. They opened new facilities with convenient locations and equipment, and proposed on-site childcare to businesses that were struggling to secure human resources. Recruitment was also strengthened by working together with LIKE Staffing, and the retention rate was improved by creating an environment where childcare staff can work easily.

Trends in the number of children and facilities for childcare support services are as follows. While the Company has been reviewing in-hospital childcare, the number of licensed nursery schools has also increased significantly. There were 30 new establishments in the term ended April 2019, of which 18 were licensed nursery schools, 4 were after-school clubs, and 8 were consigned childcare facilities. The number of children has reached nearly 10,000. Utilizing the know-how they have accumulated so far, the Company is promoting the creation of an environment where childcare staff can work easily.



#### Facility Number Trends (with the breakdown)

	Facilities in Hospitals	Facilities in Companies	Consigned Facility Total	Certified Facilities	School Clubs	Publicly Operated Facilities Total	Total Facilities
End of 17/4	133	32	165	75	76	151	316
End of 18/4	125	29	154	94	85	179	333
End of 19/4	120	30	150	111	82	193	343

#### Nursing Care Services Business

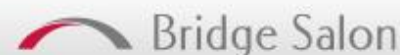
Sales were 6,175 million yen (up 11.8% year on year), and operating loss was 45 million yen (operating income of 90 million in the previous term). The subsidiary LIKE Care Next will continue to operate paid end-of-life nursing homes with round-the-clock care in the Tokyo metropolitan area, including Kanagawa, Tokyo, and Saitama prefectures. They have focused on providing high-quality services that continue to be chosen by customers and their families. The occupancy rate has also been steadily increasing at Sunrise Villa Nishikasai (which opened in May 2018), Ferie-de Isogo (newly opened in July), and Sunrise Villa Fujisawa-Mutsuai (which opened in October). While there was operating loss due to the cost of establishing new facilities, the budget was exceeded because of the steady occupancy rate at newly opened nursing homes.

#### Other

In the multimedia services business, the Company operated 2 mobile phone shops as showrooms of services targeted at the mobile communications industry, which is the mainstay for the comprehensive human resources services business; however, it closed one of the 2 shops in March 2018 because no appreciable synergy effect was produced at the business scale.



## BRIDGE REPORT

**(3) Financial Conditions, Cash Flow****◎Financial Condition**

	May 2018	May 2019		May 2018	May 2019
Cash	7,304	7,628	Accounts payable	2,810	2,967
Receivables	3,744	3,795	Taxes Payable	1,374	1,051
<b>Current Assets</b>	<b>12,354</b>	<b>13,088</b>	Security Deposits	865	896
Tangible Assets	8,246	10,098	Interest Bearing Liabilities (Inc. Leases)	9,995 (513)	10,551 (659)
Intangible Assets	2,500	1,979	<b>Liabilities</b>	<b>17,747</b>	<b>18,268</b>
Investments, Others	4,608	5,141	<b>Net Assets</b>	<b>9,963</b>	<b>12,040</b>
<b>Noncurrent Assets</b>	<b>15,355</b>	<b>17,219</b>	<b>Total Liabilities, Net Assets</b>	<b>27,710</b>	<b>30,308</b>

(Units: ¥mn)

Total assets at the end of the fiscal year May 2019 increased 2,598 million yen year on year to 30,308 million yen.

Current assets rose 734 million yen year on year to 13,088 million, mainly due to a 324 million yen increase in cash and deposits and a 50 million yen increase in notes and accounts receivable (trade receivables).

Noncurrent assets augmented 1,864 million yen from the end of the previous term to 17,219 million yen, mainly because of an 1,852 million yen increase intangible assets due to the opening of new facilities in the childcare support service business and a 524 million yen reduction in amortization of goodwill.

Current liabilities were 10,375 million yen, up 73 million yen year on year, mainly due to a 150 million yen increase in short-term debts, a 156 million yen rise in accounts payable, and a 225 million yen reduction in income taxes payable.

Noncurrent liabilities increased 447 million yen from the end of the previous term to 7,893 million yen, mainly due to a 147 million yen increase in long-term debts and a 145 million yen rise in lease obligations.

Net assets grew 2,077 million yen year on year to 12,040 million yen, mainly because profit attributable to owners of parent was 1,595 million yen, and minority interest rose 1,007 million yen.

Equity ratio increased 1.2 points year on year to 29.3%.

**◎Cash Flow**

	FY5/18	FY5/19	YoY	
Operating CF	3,969	3,455	-513	-12.9%
Investing CF	-2,990	-2,903	+87	-
<b>Free CF</b>	<b>978</b>	<b>552</b>	<b>-426</b>	<b>-43.6%</b>
Financing CF	410	-227	-638	-
<b>Cash and equivalents</b>	<b>7,284</b>	<b>7,608</b>	<b>+324</b>	<b>+4.5%</b>

(Units: ¥mn)

The balance of cash and cash equivalents at the end of the fiscal year May 2019 increased 324 million yen from the end of the previous term to 7,608 million yen. This was mostly the result of recording income before income taxes and an increase in accounts payable, although there were also negative factors such as purchase of property, plant, and equipment, and payments for guarantee deposits.

Operating CF was positive 3,455 million yen. The main factors were an income before income taxes of 3,741 million yen, depreciation and amortization expenses of 841 million yen, 524 million yen for amortization of goodwill, and 1,546 million yen for the payment of income taxes.

Investing CF was negative 2,903 million yen. This was mainly due to payments of 2,519 million yen for acquiring property, plant, and equipment associated with the opening of new facilities in the childcare support services business.

As a result, free cash flow decreased 426 million yen from the previous fiscal year to 552 million yen.

Financing CF was negative 227 million yen. The main factors were a net increase of 150 million yen in short-term interest-bearing debts for securing working capital in the child-care support services business, and a dividend payment of 583 million yen.

### 3. Fiscal Year May 2020 Earnings Forecast

#### (1) Consolidated Earnings

	FY5/19 Actual	Ratio to sales	FY5/20 Est.	Ratio to sales	YoY
Sales	47,797	100.0%	53,500	100.0%	+11.9%
Operating Profit	1,746	3.7%	2,200	4.1%	+26.0%
Current Profit	3,753	7.9%	4,000	7.5%	+6.6%
Net Profit	1,595	3.3%	1,750	3.3%	+9.7%

(Units: ¥mn)

#### Sales expected to increase 11.9%, and ordinary income forecast to rise 6.6% year on year

In the fiscal year May 2020, sales are expected to increase 11.9% year on year to 535 million yen, and ordinary income is expected to rise 6.6% to 40 million yen year on year.

In the comprehensive human resources services business, LIKE Staffing and LIKE Works plan to continuously to convey the “joy of working,” using experience gained from a business based on supporting young peoples’ social advancement. They will also seek to provide the diverse work styles that job-seekers desire by utilizing the knowledge gained from efforts to secure human resources and improve retention rate. The Company will also make efforts to increase the working population (including potential job-seekers) by utilizing know-how gained through operating business in specialized industries such as mobile communications, apparel, childcare, nursing care, call centers, and logistics, and by carrying out the necessary training so that job-seekers will be able to play an active role in the workplace.

For the childcare and nursing care service industries, LIKE will utilize the know-how of facilities management businesses LIKE Kids Next, LIKE Academy, and LIKE Care Next to build a unique recruitment and training system for nursery teachers, caregivers, nutritionists, and cooks. In December 2018, the Company launched a highly-requested service for the construction industry. In April 2019, they established a “Like Challenge Support” office in Shinagawa, Tokyo to support people with disabilities in employment. Also, in April 2019, the revised Immigration Control Law was enacted, and the new resident visa status “Specific Skills” was newly established. Using the past results of recruiting over 90 foreign full-time workers, the Company strives to create a comfortable working environment, including support for daily life, in order to promote the success of foreign human resources in the nursing, lodging, and restaurant industries. They will continue to prepare for the launch so that they can begin providing services as soon as the legal system is in place and operation is in full swing.

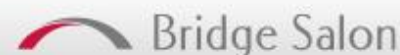
In the childcare support services business, there has been increasing number of children being put on waiting lists and a lacking number of childcare workers. The Company intends to make efforts to improve profitability by improving service quality and by opening more new facilities like licensed nursery school that continue to be chosen by customers, after-school clubs, and on-site childcare facilities in companies including company-led nursery school through LIKE Kids Next and LIKE Academy.

In the nursing care services business, LIKE will continue to improve service quality and differentiate themselves from other companies through LIKE Care Next, while maintaining a high occupancy rate (90% or higher) and striving to improve profitability.

The full-year dividend is to be 28 yen per share (14 yen per share to be paid at the end of the first half and at the end of the term, respectively, with a payout ratio of 30.3%). Although the target payout ratio was 35% until now, it was changed to be 30% or higher in order to further accelerate business expansion in the future, as the Company has expanded from its main comprehensive human resources service business to include the child-care support services and nursing care services businesses. The Company now operates 3 businesses in the fields of child care, human resources, and nursing care, while focusing on establishing licensed nursery schools and nursing care facilities as children having to wait to get into nursery schools because they are at full capacity, and nursing care workers quitting their jobs is a growing issue. Business conditions have changed from when the Company only had a comprehensive human resources service business, and the current structure requires more funds for investment.

Sales forecasts by segment are as follows.

## BRIDGE REPORT



## Segment Sales

	FY5/19 Actual	Ratio to sales	FY5/20 Est.	Ratio to sales	YoY
Comprehensive Human Resources	20,681	43.3%	23,650	44.2%	+14.4%
Childcare Support	20,534	43.0%	22,800	42.6%	+11.0%
Nursing Care	6,175	12.9%	6,670	12.5%	+8.0%
Multimedia Service and Others	407	0.8%	380	0.7%	-6.7%
<b>Sales, Total</b>	<b>47,797</b>	<b>100.0%</b>	<b>53,500</b>	<b>100.0%</b>	<b>+11.9%</b>

(Units: ¥mn)

## (2) Strategy by Business Segments

## ◎Comprehensive Human Resources Services Business

The securing of human resources has become an important management issue for companies in all industries. In this circumstance, LIKE will focus on expanding the working population using its Corporate Group's unique know-how of developing job seekers into full-fledged workers regardless of their initial work experience and skills.

As for the matching services, as the work conditions and environments that job seekers prefer, such as part-time jobs for 3 days a week and short working hours, have been diversifying. Therefore, the Company will put forth efforts to fulfill such needs by presenting a variety of proposals to clients. In addition, it meticulously interviews each job seeker in order to introduce him or her to jobs that are well suited to them and satisfy their desires.

The Company offers job seekers training and education sessions where a well-experienced person in charge of the session not only provides classroom lectures but also works together with job seekers in order to turn inexperienced workers into fully contributing ones. And it also follows up job seekers from an on-site perspective after they have started working in an attempt to maintain a high job retention rate.

As for bringing in foreign human resources, the Company could make them as skilled workforce by utilizing skill checks, training, and consulting during the hiring process.

In addition, as mentioned above, the Company is working on expanding into new fields, such as human resources services for the construction industry and work support services for people with disabilities.

## Market Conditions of Main Services Provided

Mobile Communications	Diversification of products and services lead to critical shortage of sales staff
Apparel	Decline in workers seeking employment in apparel industry and low retention rates
Childcare	Intensified problem of children not being able to attend nursery and preschools due to lack of staff, pay and work conditions need to be improved
Nursing Care	Shortage of 680,000 nursing care providers anticipated by 2035, inability expected to fill this gap by Japanese workers only
Call Center	Increase in staffing needs for customer call centers due to growth in electronic commerce and Internet sales
Logistics	Due to changes in Internet and other sales channels, demand for personnel for warehousing, plants, and drivers is tight
Construction (☆NEW!)	There are overwhelming personnel shortages in all occupations, including construction managers, worksite supervisors, CAD operators, and salespersons.

## Strengthening Services Provided to Logistics, Manufacturing Industries

The services provided to the logistics and manufacturing industries were spun off from LIKE Staffing, Inc. in June 2018 to become an independent company called LIKE Works, Inc. with a goal of expanding these services. This new company provides a wide range of services matching customers' needs, including human resources dispatching services to the logistics and manufacturing industries in response to the rapid rise in demand for parcel picking and packaging applications, and provides business process consignment for call center services that the Company has cultivated through business of warehouse operation entrusted for many years by major companies operating electronic-commerce websites, and storefront sales applications leveraging its experiences with major electronic commerce operating companies. Furthermore, the Company will strive not only to provide staff but also to arrange a worker-friendly environment

by setting up childcare facilities through cooperation with LIKE Kids Next Co., Ltd.

### ◎Childcare Support Services Business

LIKE operates 150 childcare facilities within companies, hospitals, and universities nationwide on a consignment basis, including ones established as part of the company-led childcare business program in the outsourced childcare business. The Company also operates 193 publicly owned childcare facilities, such as licensed nursery schools, after-school clubs for schoolchildren, and children's centers, in the public childcare business (as of the end of May 2019). In the fiscal year April 2019, 30 facilities (8 outsourced childcare facilities and 22 public childcare facility) were newly opened and 20 facilities (12 outsourced childcare facilities and 8 public childcare facilities) were closed.

Shortages in childcare facilities and childcare providers have made the problem of the huge number of children on nursery school waiting lists thornier and the roles that the child-rearing support services business serves more substantial. In these circumstances, LIKE aims to become the top childcare services provider in Japan that continues to offer high-quality childcare services and thrive in terms of both sales and profit.

### Increase in Childcare Facilities

In the outsourced childcare business, taking advantage of its Group's long list of client companies, LIKE will put forth efforts to increase the number of facilities that it operates on a consignment basis at reasonable profits for the company-led childcare business program. Meanwhile, in the public childcare business, the Company will seek to raise the number of facilities with favorable hardware conditions, which will continue to be chosen by users even after the problem of children who cannot gain entrance to publicly operated nursery schools or preschools has been resolved. Furthermore, it will endeavor to enrich the contents of its childcare services.

### Securing Childcare Providers

LIKE will endeavor to boost its hiring capabilities and improve the job retention rate by utilizing the know-how regarding hiring and post-hiring follow-up training of childcare providers that LIKE Staffing has accumulated. And It will share know-how and strengthen the matching power through proactive interactions between workers within the Corporate Group. In addition, the Company will strive for creating human resources by sharing training contents within the Group.

### Facilitation of a pleasant working environment for childcare providers

LIKE has joined the non-profit organization "Iku-Boss Kigyo Domei" (Literally "Childcare Conscious Boss Corporate Alliance") in February 2016 as part of its efforts to facilitate an environment that makes working easier for parents and childcare providers. "Iku-Boss" is a concept that calls for companies to create a work environment with a favorable work-life balance, allowing for support of both career and private lifestyles while at the same time allowing workers to realize results in the workplace and enjoying their private life (Non-profit Organization Fathering Japan). Accelerating the effort to establish an "attractive workplace that kindles workers' willingness to continue working," LIKE will aim to contribute to improvement and development of childcare services and preschool education throughout Japan.

### Adoption of "Miraikuru Nursery Teachers," childcare providers pursuing a managerial career path

LIKE has set up a new job title for childcare providers who hope to work as the management. Career development of such workers will be backed up with higher salaries and more in-depth training than general childcare providers. Childcare providers are usually employed as general or part-time workers, and establishment of a unique managerial title is a rare case in the industry. LIKE supports nursery teachers hoping to serve as the management for pursuing their respective career paths by newly developing a pay structure and training programs. These approaches will help those workers assume managerial positions as early as possible while cultivating extensive and vast experiences.

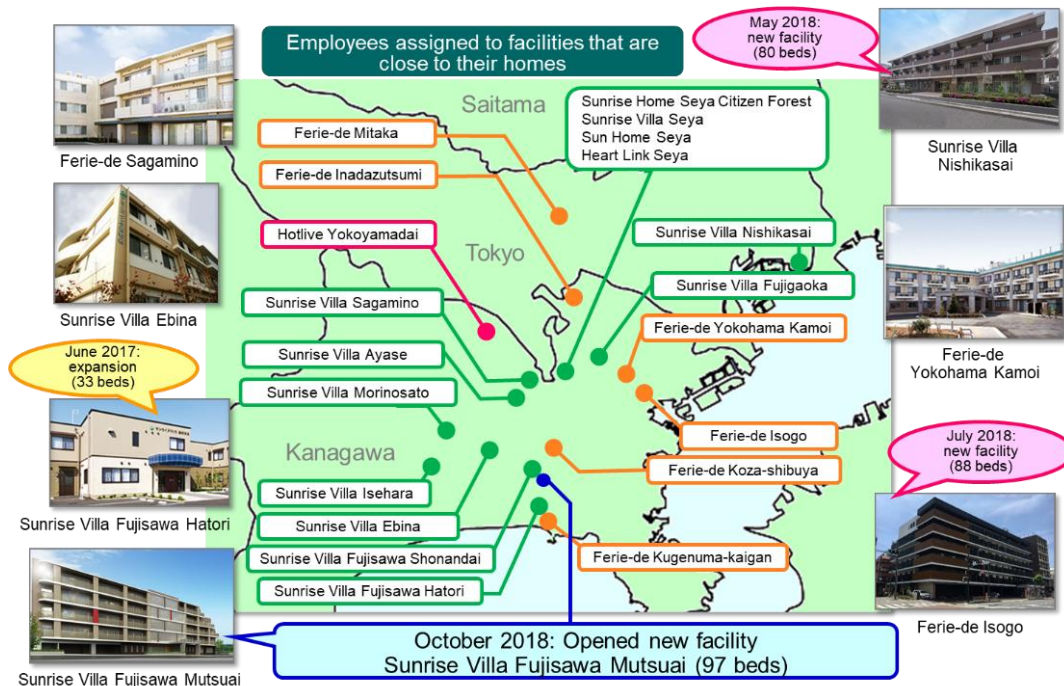
### Becoming a foundation company in the childcare industry

LIKE aims to be the best childcare provider in Japan. They provide high-quality childcare services and continue to grow in both sales and profits. The website "Hoiku no Hikidashi" (<https://www.hoikunohikidashi.jp/>), which was designed for only members to view it, is now opened to the public. On this website, they provide information on childcare such as discussions about children and explanations of the childcare support system, as well as information about how children actually play and learn at nursery schools as well as interviews with childcare workers and school instructors,

supervised by active childcare workers and university professors, and supported by nursery teachers, students, and parents.

**Nursing Care Services Business (Operating 24 Facilities with 1,442 Rooms including 3 Day Care Facilities as of end of April 2019)**

Paid-for nursing care facilities including end-of-life care nursing facilities are operated in the Tokyo, Kanagawa, and Saitama regions. Characteristics and strengths of this business include facilities staffed with helpers and nursing care staff 24 hours a day, 365 days a year, an established track record of high-quality nursing care service provision, and daily provision of high-quality food services.



(Taken from the company)

In order to pursue even higher-quality nursing care services, the Company transformed Like Care Next into a wholly owned subsidiary in April 2017, and continues to strive to maximize the Group value, differentiate services, and secure human resources for nursing care. To differentiate services, support services for the independence will be expanded in addition to the end-of-life nursing care provided jointly with medical institutions where nurses will be present round the clock. By providing high-quality nursing care services that are clearly differentiated from other companies, LIKE’s nursing care facilities will continue to be chosen by customers. For securing nursing care personnel, the Company will foster nursing care personnel in tandem with LIKE Staffing, which turns inexperienced staff into skilled workers, and increase the industry’s working population by improving the retention rate. Since the “Basic Policy on Economic and Fiscal Management and Reform” and “Revised Immigration Control Act” were confirmed by the Cabinet in 2018, the Company intends to prepare for foreign human resources by focusing on expanding the contents of training and employing an elite team to create a system for hiring foreign workers.

### Promoting success for foreign human resources

LIKE has supported social advancement regardless of generation, nationality, or career. By utilizing this know-how, LIKE promotes the success of foreign human resources. The “Immigration and Refugee Recognition Act” and the “Act for Partial Revision of the Ministry of Justice Laws” were enacted on December 8, 2018, and promulgated on December 14. As a result, new qualifications for foreign residence (Specific skills No. 1 and No. 2) were established in specific industrial fields (the 14 fields are nursing care, building cleaning, the molding material industry, the industrial machinery manufacturing industry, electrical and electronic information-related industries, construction, the shipbuilding and marine industry, automobile maintenance, aviation, lodging, agriculture, fishing, food and beverage manufacturing, and restaurants).

The Company already has 90 foreign employees from approximately 15 countries throughout Japan, and operates nursing care facilities as a group. By utilizing know-how in support, development, and industry, the Company plans to form an elite team that will lead the way in preparing to hire foreign human resources in Fiscal 2019, mainly in the fields of nursing care, lodging and dining out. In April 2019, foreign employees from Vietnam, Korea, Myanmar, and the Philippines began working at nursing care facilities.

## 4. Conclusions

With an emphasis on profitability in the fiscal year May 2019, LIKE made advances where it is appropriate, while withdrawing from less profitable ventures. As a result, there are almost no low-profitability areas remaining, giving the Company room to place more emphasis on growth from the fiscal year May 2020 onwards. In the comprehensive human resources services business in particular, sales fell sharply due to selection and concentration in the mobile industry. However, this selection and concentration will be stopped, and the Company also launched services for the construction industry, so sales are expected to bounce back, rising 14.4% in the fiscal year May 2020 (5.1% decrease in sales in the fiscal year May 2019). Personnel shortages are currently more serious than before, and as the Company was forecast to grow, we can now expect to see profitable growth. The comprehensive human resources services and childcare support services businesses will be the driving force for the Company's growth. In the nursing care services business, which supplements the two businesses, opening of new facilities will be temporarily ceased and it will turn profitable this term. The outlook for the Company is good.

### <Reference: Regarding Corporate Governance>

#### ◎ Organization type, and the composition of directors and auditors

Organization type	Company with an audit and supervisory committee
Directors	7 directors, including 2 outside ones

#### ◎ Corporate Governance Report: Updated on December 26, 2018

##### Basic Policy

Our company aims to be a corporate group that is indispensable to society at any stage of life with a group mission of “...planning the future – Developing people and creating the future –” and recognizes the initiatives for corporate governance as an essential management task. For its realization, we make use of our holding company structure and consolidate the compliance system in the holding company so that executives, employees and service users of our group can take fair and efficient actions at all times, and attempt to strengthen corporate governance of the whole group by centralizing the functions of the holding company by the management of the entire group.

##### 1. Ensuring the rights and equality of shareholders

We take appropriate measures so that the rights of shareholders, including the voting rights at the general shareholders meeting, are substantially ensured.

##### 2. Appropriate cooperation with stakeholders excluding shareholders

On the basis of our group mission, we will continue to enhance our corporate value by acting in good faith with all stakeholders including service users, clients, shareholders and employees, keeping in mind the Code of Conduct and principles of action.

### 3. Appropriate disclosure of information and ensuring transparency

We will make appropriate disclosure of information based on laws and ordinances and actively provide non-financial information and information other than the information disclosed based on laws and ordinances.

### 4. Responsibilities of the Board of Directors and others

The board of directors formulates the basic policy and strategies for the management of the group and manages and supervises the business firm. It operates as a body that supervises the management decision-making in the entire group and the business execution by the board of directors. In addition, the independent outside director works to strengthen the management discipline and increase the transparency further.

### 5. Dialogue with shareholders

We put importance on dialogue with shareholders to maximize the corporate value of the group, and respond to requests for dialogue from shareholders at any time. The dialogue with shareholders is carried out by the department in charge of IR, executives in charge of IR and the management executives as necessary.

## Implementation Status of Principles of Corporate Governance Code

**<The number of principles of Corporate Governance Code the Company does not comply with: 3, including the following>**

### 【Supplementary principle 1-2-4】

Our company currently does not have any infrastructure that allows the exercise of electronic voting; however, we will consider using electronic voting by taking into account the proportion of institutional and overseas investors to the total number of shareholders.

### 【Supplementary principle 4-10-1】

Although we have not set up any independent advisory committee, our company explains nomination of candidates for directors and remuneration of directors to independent outside directors and obtain appropriate advice from them prior to a resolution by the board of directors. Since we obtain appropriate involvement and advice of independent outside directors regarding nomination of candidates for directors and directors' remuneration as mentioned above, we consider that the independence, objectivity, and accountability of the functions of our board of directors pertaining to the aforementioned matters have been sufficiently secured.

## <Disclosure Based on the Principles of the Corporate Governance Code (Excerpts)>

### 【Principle 1-4】

We will consider strategically holding shares of any listed company only when synergy of corporate value improvement has been recognized. Our company has confirmed the significance of the strategically held shares that we are currently possessing. Furthermore, with regard to the exercise of our voting rights as to those strategically held shares, we will declare our intention to approve or disapprove a case by taking into account whether the relevant company's corporate value is improved and whether the exercise impacts our company.

### 【Principle 2-6】

Our company has not adopted a corporate pension plan.

### 【Principle 5-1】

- Our company has designated a director and established a department, both of which are in charge of overall IR activities for our corporate group, in order to encourage constructive dialogue with shareholders.
- Our company exerts ourselves to disclose information in a fair, timely, and proper manner in accordance with “Disclosure Policy” that we have set forth to organize our basic ideas.
- Our company discloses Disclosure Policy on our website ( <https://www.like-gr.co.jp/ir/policy.html> ).
- The details of our IR activities are as described in the second section of “Implementation Status of Policies regarding Shareholders and Other Stakeholders” in this report.

Tokyo Stock Exchange Corporate Governance Information Service :

<http://www2.tse.or.jp/tseHpFront/CGK010010Action.do?Show=Show>

## BRIDGE REPORT



This report is intended solely for information purposes, and is not intended as a solicitation to invest in the shares of this company. The information and opinions contained within this report are based on data made publicly available by the Company, and comes from sources that we judge to be reliable. However, we cannot guarantee the accuracy or completeness of the data. This report is not a guarantee of the accuracy, completeness or validity of said information and or opinions, nor do we bear any responsibility for the same. All rights pertaining to this report belong to Investment Bridge Co., Ltd., which may change the contents thereof at any time without prior notice. All investment decisions are the responsibility of the individual and should be made only after proper consideration.

Copyright(C) 2019 Investment Bridge Co., Ltd. All Rights Reserved.

To view back numbers of Bridge Report on LIKE , Inc. (2462) and other companies and to see IR related seminars of Bridge Salon, please go to our website at the following url: [www.bridge-salon.jp/](http://www.bridge-salon.jp/)