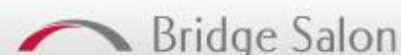


BRIDGE REPORT



Yasuhiko Okamoto, President

LIKE , Inc. (2462)



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	https://www.like-gr.co.jp/en/

Stock Information

Share Price	Shares Outstanding (excluding treasury shares)		Market Cap	ROE (Act.)	Trading Unit
¥1,670	19,026,984 shares		¥31,775 million	18.9%	100shares
DPS (Est.)	Dividend Yield (Est.)	EPS(Est.)	PER (Est.)	BPS (Act.)	PBR (Act.)
¥30.00	1.8%	¥99.86	16.7x	¥529.94	3.2x

* The share price is the closing price on July 31. The number of shares issued at the end of the latest quarter excludes its treasury shares.

* ROE and BPS are results for FY 5/20, EPS and DPS are forecasts for FY 5/21, and figures rounded.

Earnings Trends

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	51,072	2,000	4,067	1,793	94.41	28.00
May 2021 Est.	54,000	2,150	4,100	1,900	99.86	30.00

* Estimates are those of the Company. Unit is million yen, EPS and DPS are yen.

* From FY5/16, the definition for net profit has been changed to net profit attributable to parent company stockholders (Hereinafter the same applies).

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

This Bridge Report presents details of the fiscal year ended May 2020 earnings results and fiscal year ending May 2021 earnings estimates for LIKE , Inc.

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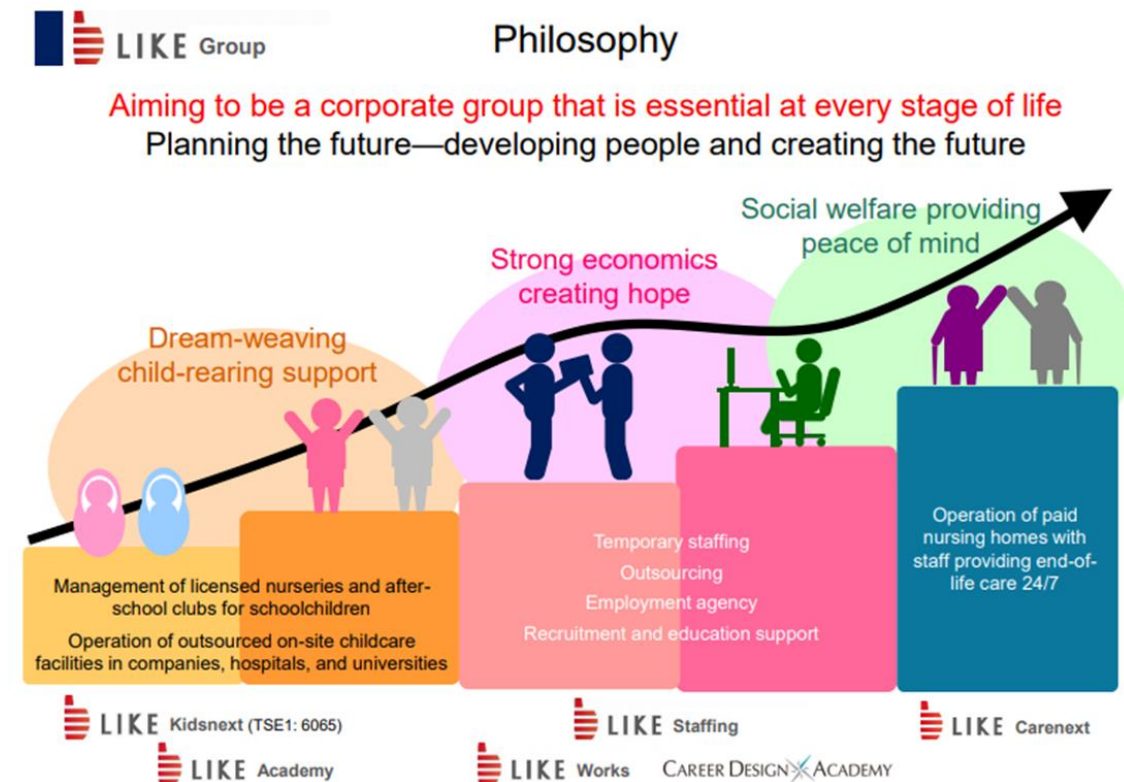
[<Reference: Regarding Corporate Governance>](#)

Key Points

- For the term ended May 2020, sales grew 6.9% year on year, while ordinary income increased 8.4% year on year. Recognizing that the business domain of the company is indispensable to people's lifestyles amidst the coronavirus crisis, the company focused on the maintenance of the comfortable working environment as well as job creation in order to increase the workforce. Due to the effects of the spread of the novel coronavirus, the fashion industry and foreign-related manufacturing industries experienced a slowdown in sales and the comprehensive human resource services were sluggish, while the childcare support services exceeded the initial plans and nursing care services turned to a surplus. The dividend for the second half was 14 yen/share and the annual dividend was 28 yen/share.
- For the term ending May 2021, it is expected that sales and ordinary income will grow 5.7% and 0.8% respectively, year on year. The company conducted a takeover bid for acquiring LIKE Kids, Inc. (6065) as a wholly-owned subsidiary, so at the time of publication of financial results (July 13), the earnings forecast was still to be determined, but disclosed on July 22. The dividend forecast, too, was disclosed at the same time. The dividend is expected to increase 2 yen/share year on year to 30 yen/share. Further, the company aims to achieve a payout ratio of around 30%.
- The operating income for the term ended May 2020 went from a decrease of 10.8% in cumulative 3Q to an increase of 14.5%. An increase in operating income during the coronavirus crisis was a surprisingly positive result. Sales and profit are expected to increase for the term ending May 2021, even while other listed companies are struggling. While the comprehensive human resource services are affected by the spread of the novel coronavirus, services targeting at the construction industry are expected to contribute. In the medium term, the current workstyle is expected to change in the future, we would like to see how the company will respond in the comprehensive human resource services.

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.



(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, Inc. (LIKE Kidsnext Co., Ltd. was renamed on Oct. 1, 2019) and its subsidiary LIKE Academy which provides consigned childcare and public childcare operations (i.e. licensed nurseries etc.), and LIKE Care, Inc. (LIKE Care Next Co., Ltd. was renamed on Oct. 1, 2019), which operates nursing-care facilities. 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.

Among these subsidiaries, the policy to convert LIKE Kids, Inc. (6065) into a wholly-owned subsidiary through a takeover bid was announced on June 9. From LIKE, Inc.'s point of view, in order for LIKE Kids, Inc. to overcome managerial problems, such as fundraising to solve the waiting-list children problem and survive the fierce competition in the childcare industry, there is a need to increase the usage of LIKE, Inc.'s management resources and display greater synergy.

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**【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. As for the forecast for the term ending May 2021, the company conducted a takeover bid to acquire LIKE Kids, Inc. (6065) as a wholly-owned subsidiary, so it was still to be determined as of the publication of financial results (July 13), but disclosed on July 22. Further, the mid-term management plan will be announced as soon as the company clarifies uncertain factors, such as the effects of the resolution of the waiting-list children problem in childcare support services on the demand for establishment of authorized nursery schools.

【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. In the special website (<https://like.premium-yutaclub.jp>), shareholders can exchange their shareholder's benefit points for some of over 2,000 kinds of complimentary items, including food products, home appliances, gifts, travels, 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 ended May 2020 Earnings Results

(1) Consolidated Earnings

	FY 5/19	Ratio to sales	FY 5/20	Ratio to sales	Y on Y	Company forecasts	Compared to forecasts
Sales	47,797	100.0%	51,072	100.0%	+6.9%	53,500	-4.5%
Gross Profit	7,843	16.4%	8,383	16.4%	+6.9%	-	-
SG&A	6,097	12.7%	6,383	12.5%	+4.7%	-	-
Operating Profit	1,746	3.7%	2,000	3.9%	+14.5%	2,200	-9.1%
Current Profit	3,753	7.9%	4,067	8.0%	+8.4%	4,000	+1.7%
Net Profit	1,595	3.3%	1,793	3.5%	+12.4%	1,750	+2.5%

(Units:¥mn)

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

Sales increased 6.9% year on year, and ordinary income increased 8.4% year on year

Sales increased 6.9% year on year to 51,072 million yen. Recognizing that the business domains of the company are indispensable to people's lifestyles, not only in the childcare and nursing care industries through the management of in-company childcare centers, authorized nursery schools, after-school clubs for schoolchildren, etc. built by hospitals, enterprises, colleges, etc. and nursing care centers which ensure the health and safety of the elderly, but also through customer support and the sale of devices in the telecommunication industry, which supports the network infrastructure that makes work-from-home and e-commerce possible, the sales and distribution industry which supports the smooth distribution of daily necessities, as well as the construction industry, which is responsible for the construction and preservation of various facilities necessary for daily life, the focus was on the maintenance of an easy-to-work environment and job creation in order to increase the workforce. The sales of the comprehensive human resource services grew 0.6% and the childcare support service, which is making progress in the setting up of new facilities, and the nursing care services, which is steadily increasing its occupancy rate, both showed a double-digit sales growth.

Ordinary income increased 8.4% year on year to 4,067 million yen. Regarding profits, the childcare support services reported a decrease in profits due to the increase in personnel cost as a result of a favorable acquisition of personnel for the establishment of new facilities, but the comprehensive human resource services reported an increase in profit and the nursing care services turned to a surplus.

Compared to the company forecast, sales and profits in the comprehensive human resource services could not reach the initial target due to decrease in sales in the fashion industry (apparel, make-up products) and foreign-related manufacturing as well as the cancellation of a planned sales promotion event because of the effects of the spread of the novel coronavirus. On the other hand, sales and profits in the childcare support services and nursing care services both exceeded initial estimates as a result of the increased societal value of in-company childcare centers, authorized nursery schools, after-school clubs for schoolchildren that are built by hospitals, enterprises, colleges etc., which took care of the children of healthcare workers and people responsible for protecting basic infrastructure for daily life and nursing care centers that ensure the health and safety of the elderly, along with the favorable conditions regarding the establishment of new facilities.

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**(2) Segment Earnings Trends**

	FY 5/19	Ratio to sales	FY 5/20	Ratio to sales	YoY
Comprehensive Human Resources	20,681	43.3%	20,814	40.7%	+0.6%
Childcare Support	20,534	43.0%	22,966	45.0%	+11.8%
Nursing Care	6,175	12.9%	6,984	13.7%	+13.1%
Others	407	0.8%	307	0.6%	-24.6%
Sales, Total	47,797	100.0%	51,072	100.0%	+6.9%
Comprehensive Human Resources	1,773	72.8%	1,902	69.2%	+7.2%
Childcare Support	669	27.5%	514	18.7%	-23.2%
Nursing Care	-45	-	297	10.8%	-
Others	36	1.5%	33	1.2%	-8.7%
Adjustments	-688	-	-747	-	-
Operating Profits, Total	1,746	-	2,000	-	+14.5%

(Units: ¥mn)

* “Others” indicates businesses which are not included in the report segment.

Comprehensive Human Resources Services Business

Sales were 20,814 million yen, up 0.6% year on year, and operating income was 1,902 million yen, up 7.2% year on year.

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.

Recognizing anew, both inside and outside the industry, that these services are essential infrastructure for daily life even amidst the coronavirus crisis, there remains a strong demand for such personnel. 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.

In addition, the company is cultivating new businesses that would become the next growth drivers, is expanding foreign personnel employment support services for the construction industry.

Furthermore, as the amended Immigration Control Act was enforced in April 2019 and “Specific skills” were set forth as the new resident visa status, LIKE Staffing has been registered by the Commissioner of Immigration Services Agency as “a registered support institution,” which supports the employment of foreign personnel, as the corporate group employs over 120 foreign full-time employees. In December 2019, the “international business division” was established in LIKE, Inc. and the “personnel introduction business division” was established in LIKE Staffing. In order to help foreign personnel work mainly in the fields of nursing care, accommodation, restaurants, construction, and manufacturing, the company enhanced the recruitment of foreign human resources inside and outside Japan and the introduction of personnel to client enterprises, has developed a comfortable working environment in which daily life support is offered, and has successively achieved to obtain the resident visa status of the Specified Skilled Worker (i) and realized employment in the nursing care field in cooperation with LIKE Care, Inc. While the initial target could not be reached due to a decrease in sales in the fashion industry (apparel, make-up products) and foreign-related manufacturing as well as the cancellation of a planned sales promotion event because of the effects of the spread of the novel coronavirus, an increase in sales and profits was recorded as a result of changing the focused industry at an early period.

Childcare Support Services Business

Sales were 22,966 million yen, up 11.8% year on year, and operating income was 514 million yen, down 23.2% year on year.

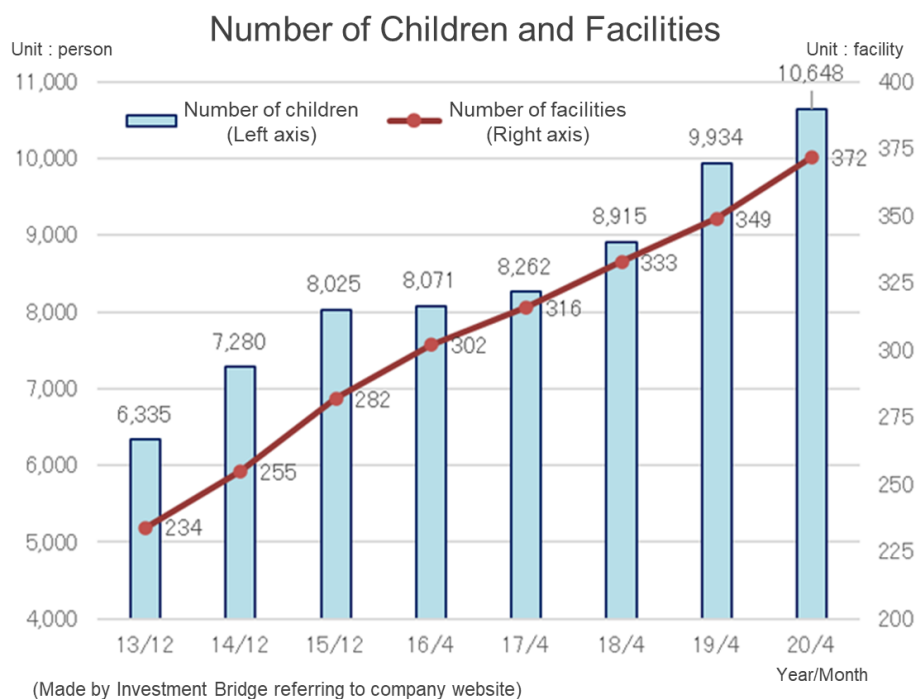
In this industry, the increasing number of children being put on waiting lists and a shortage of childcare workers have been serious issue. There are increasingly more children being put on waiting lists and a shortage of childcare workers. There are various measures being promoted to handle this situation, such as making early education and childcare free. Even under these circumstances, company subsidiaries LIKE Kids 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,

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which continues to be chosen by parents and children. They opened new facilities with convenient locations and equipment, and proposed on-site childcare to businesses that were struggling to secure human resources.

Further, as a result of strengthening of the recruitment feature through coordination with LIKE Staffing , Inc. and being able to improve the retention rate of employees by creating an easy-to-work environment for nursery teachers, the acquisition of personnel went smoothly and as of April 2020, 21 authorized nursery schools had been established and sales increase reached double digits.



Profit declined mainly because the additional amount of subsidies for operation, which was included in sales of authorized nursery schools, decreased about 90 million yen year on year, personnel expenses augmented as the company smoothly secured human resources for opening 21 new authorized nursery schools, which is the largest number in the history of LIKE Academy, in April 2020, but the company already took them into account in their plan. The performance of the childcare support service business as a whole is reportedly better than the estimate.

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**Nursing Care Services Business**

Sales were 6,984 million yen, up 13.1% year on year, and operating income was 297 million yen (a loss of 45 million yen in the previous term). The subsidiary LIKE Care 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 2018), and Sunrise Villa Fujisawa-Mutsuai (which opened in October 2018). Sunrise Villa Nishikasai is fully occupied and Ferie-de Isogo is about to be fully occupied. The operating income in the first half is reportedly much higher than the estimate.

Others (Multimedia Service Business)

Sales were 305 million yen, down 24.6% year on year, and operating income was 32 million yen, down 9.0% year on year.

In the multimedia services business, the Company operated 1 mobile phone shops as showrooms of services targeted at the mobile communications industry, which is the mainstay for the comprehensive human resources services business.

(3) Financial Conditions and Cash flow**◎Financial Condition**

	May 2019	May 2020		May 2019	May 2020
Cash	7,628	13,092	Accounts payable	2,967	3,263
Receivables	3,795	4,258	Taxes Payable	1,051	1,431
Current Assets	13,088	19,617	Security Deposits	896	976
Tangible Assets	10,098	13,346	Interest Bearing Liabilities (Inc. Leases)	10,551 (659)	17,372 (1,289)
Intangible Assets	1,979	1,554	Liabilities	18,268	25,670
Investments, Others	5,141	5,305	Net Assets	12,040	14,154
Noncurrent Assets	17,219	20,207	Total Liabilities, Net Assets	30,308	39,825

(Units: ¥mn)

The total assets as of the end of the term ended May 2020 were 39,825 million yen, up 9,516 million yen from the end of the previous term.

Current assets were 19,617 million yen, up 6,529 million yen from the end of the previous term. This is mainly because cash and deposits increased 5,463 million yen and notes and accounts receivable (sales credit) increased 462 million yen.

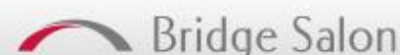
Noncurrent assets were 20,207 million yen, up 2,987 million yen from the end of the previous term. This is mainly because of a 3,247 million yen increase in tangible assets accompanying the establishment of new nursery schools in the childcare support services, a decrease of 449 million yen accompanying the amortization of goodwill, as well as an increase of 395 million yen in deposits. Current liabilities were 16,427 million yen, up 6,052 million yen from the end of the previous term. This is mainly because of a 4,750 million yen increase in short-term debt, a 994 million yen increase in current portion of long-term debt, a 296 million yen increase in other payables and a 173 million yen increase in unpaid corporate taxes.

Noncurrent liabilities were 9,242 million yen, up 1,349 million yen from the end of the previous term. This is mainly because of a 446 million yen increase in long term debt, an increase of 163 million yen in asset retirement obligations and a 630 million yen increase in lease obligations.

The balance of net assets increased 2,114 million yen from the end of the previous term to 14,154 million yen. This is mainly because the profit attributable to owners of parent was 1,793 million yen, the dividend amount paid was 531 million yen and the equity of non-controlling shareholders increased 900 million yen.

Equity ratio decreased 4.0 points from the end of the previous term to 25.3%.

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◎Cash Flow

	FY 5/19	FY 5/20	Compared to previous term	
Operating Cash Flow	3,455	3,450	-4	-0.1%
Investing Cash Flow	-2,903	-3,655	-751	-
Free Cash Flow	552	-204	-756	-
Financing Cash Flow	-227	5,667	+5,895	-
Cash and equivalents	7,608	13,072	+5,463	+71.8%

(Units: ¥mn)

As of the end of the term ended May 2020, cash and cash equivalents stood at 13,072 million yen, up 5,463 million yen from the end of the previous term. There were negative factors such as purchase of property, plant and equipment and payments for guarantee deposits, but there were also positive factors such as the posting of net income before taxes and other adjustments and an increase in loans payable. The cash flow from operating activities was positive 3,450 million yen. This mainly comprised of a net income before income taxes of 4,055 million yen, a depreciation of 1,043 million yen, amortization of goodwill by 449 million yen and a total payment of 1,014 million yen in income taxes.

The cash flow from investing activities was negative 3,655 million yen. This mainly comprised of an expenditure of 3,707 million yen in the purchase of property, plant and equipment accompanying the establishment of new nursery schools in the childcare support services.

The cash flow from financing activities was positive 5,667 million yen. This mainly comprised of net increase of 4,750 million yen in short-term loans payable as a working capital in the childcare support services as well as an acquisition of on-hand capital in preparation for the effects of the spread of the novel coronavirus, proceeds from long-term loans payable worth 2,900 million yen and 530 million yen in dividend payment.

3. Fiscal Year ending May 2021 Earnings Forecast

(1) Consolidated Earnings

	FY5/20 Actual	Ratio to sales	FY5/21 Est.	Ratio to sales	YoY
Sales	51,072	100.0%	54,000	100.0%	+5.7%
Operating Profit	2,000	3.9%	2,150	4.0%	+7.5%
Current Profit	4,067	8.0%	4,100	7.6%	+0.8%
Net Profit	1,793	3.5%	1,900	3.5%	+6.0%

(Units: ¥mn)

Forecast for the term ending May 2021: Sales increase of 5.7%, Ordinary income increase of 0.8%

The forecast for the term ending May 2021 is a sales increase of 5.7% year on year to 54 billion yen and an ordinary income increase of 0.8% year on year to 4.1 billion yen. The company conducted a takeover bid for acquiring LIKE Kids, Inc. (6065) as a wholly-owned subsidiary, so at the time of publication of financial results (July 13), the earnings forecast was still to be determined, but disclosed on July 22. Regarding comprehensive human resource services, under LIKE Staffing ,Inc. and LIKE Works ,Inc. by supporting the social progress of young people, the company will continue to utilize their experience in starting a business and convey to them the joy of “Working,” in order to increase the workforce in industries which support basic infrastructure for daily life that are centered around mobile services, nursing, nursing care, call centers, distribution, manufacturing, etc. The company has been able to provide various workstyles desired by job applicants by utilizing the knowledge obtained from engaging in various policies taken together with client companies till now for improving personnel acquisition and retention rate. The focus will be on providing the necessary training in order for job applicants to be able to perform productively at the workplace, by utilizing the knowledge gained from specialized performance in the industry. As for services aimed at childcare and nursing care industries, the company will construct a recruitment and training functions for nursery teachers, nurses, nutritionists, chefs and others unique to the company by utilizing the knowledge obtained by LIKE Kids, Inc., LIKE Academy, Inc. and LIKE Care, Inc. as facility managers. As for the services aimed at the construction industry which were started on December 2018, because the construction industry was facing challenges in the acquisition of personnel while being an industry which supports basic infrastructure for daily life through the construction, preservation and repair of institutions

indispensable for daily life, like the existing business domains, the company was able to achieve a smooth expansion in sales and the focus will be on the strengthening of the recruitment and training systems, along with further expansion of business. Further, with the revised Immigration Control and Refugees Recognition Act going into effect in April 2019 and a “Specified Skill” becoming a new qualification for residence, the company plans to promote the employment of foreign personnel centered on nursing, construction and manufacturing industries by utilizing the fact that more than 120 foreign nationals have been recruited as full-time employees. From the acquisition of recognition of specified skill (i) in the field of nursing and its employment, the focus has been on the employment support of foreign nationals based on their achievements inside the company, and the company’s policy is to develop rules with various foreign countries, loosen immigration regulations and make preparations for starting businesses with maximum productivity.

Regarding childcare support services, with the worsening of the waiting-list children problem and the lack of nursery school teachers, the company, through LIKE Kids ,Inc. and LIKE Academy ,Inc., will continue to strive for the strengthening of the establishment of new in-company nursing centers including authorized nursery schools, after-school clubs for schoolchildren and company-leading nursery schools which continue to be the choice for guardians and children, and further improve the profitability of service products. However, from a construction perspective instead of just a management perspective, in order to expand the business with a focus on safety during the spread of the novel coronavirus, the number of newly established authorized nursery schools is not expected to reach the 20 that was achieved in the previous term and before.

Regarding the nursing care services, through LIKE Care ,Inc., the company will make efforts to maintain an occupancy rate of above 90% and improve profitability by continuing to improve the service quality and solidify the differences between its rival companies.

Regarding the multimedia services, the company will make efforts to strengthen sales by being continuing to be conscious of the synergy effect with the comprehensive human resource services. As for dividends, the dividend value which was undetermined at first was disclosed on July 22. The dividend is expected to increase 2 yen/share year on year to 30 yen/share. Further, the company aims to achieve a payout ratio of around 30%.

(2) Medium-Term Business Plan for the Period from FY May 2020

In the final year of the Medium-Term Business Plan (FY May 2017 to FY May 2019), which was announced on July 13, 2016, sales fell short of estimates, but ordinary income was much higher than expected.

The company began to develop new businesses that would be the next driving force for growth in FY May 2019.

- December 2018: It began to offer human resources services for the construction industry.
- It began to make preparations for offering foreign personnel employment support services mainly in the fields of comprehensive human resources services including nursing, lodging, restaurant, construction, and manufacturing, etc. as the Revised Immigration Control Act was enforced in April 2019, and new "Specific skills" were set forth as the new resident visa status.

The medium-term management plan will be announced as soon as the company clarifies uncertainties.

【Uncertain factors】

- Comprehensive human resources services
 - Timing of the establishment of procedures for Specific skills for employment support for foreigners.
- Childcare support service
 - Impact of solving the issues of children on the wait list for nursery schools on the demand for establishing new authorized nursery schools
- Nursing care service
 - Permission and approval for new establishment and securing of candidate properties

(3) Strategy by Business Segments

◎Comprehensive Human Resources Services Business

Overview of the Comprehensive Human Resources Services Business

Human resources dispatch service

Dispatch human resources to works related to sales for the service fields such as mobile phone industries, childcare and nursing care industries, and other industries including call centers, logistics, manufacturing, and construction.

Outsourcing service

Entrusted operation of sales stores, sales promotion campaigns, call centers, distribution centers, etc.

Recruitment service

Fee-based recruitment and contract-to-hire recruitment in the childcare/nursing care industry, construction industry, etc.

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**Employment/education support service**

Recruitment of new graduates. Support for interviews, job offers, and hiring as career advancement follow-ups.

Offer skills and manner training and training for corporate customers.

Conditions of Major Service Industries

Mobile industry	Increase in the demand for personnel working in customer support and device sales, etc., which support the network infrastructure essential for work-from-home and the strengthening of e-commerce during the coronavirus crisis.
Call Centers	
Childcare industry	The demand for personnel was pressing even before the coronavirus crisis, now with these industries becoming essential for supporting the people working in other industries which are indispensable for the maintenance of social infrastructure, the demand has further grown. Domestic workers alone might not be sufficient.
Nursing industry	
Logistics and Manufacturing	E-commerce is still mainstream even during the coronavirus crisis, increase in demand for drivers and workers for light work in storages and factories.
Construction	Increase in demand for personnel for the construction, preservation and repair of various facilities essential for daily life even during the coronavirus crisis.

Expansion of 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.**Matching**

- The work conditions and environments desired by job seekers have been diversifying, such as short working hours and part-time jobs for 3 days a week.
⇒Focus on meeting the needs by presenting a variety of proposals to clients.
- Through meticulous interviews with each job seeker, the company introduces him or her jobs that are well suited to them and meet their desires.

Training

- A well-experienced person in charge of the session not only provides classroom lectures, but also works together with job seekers to turn inexperienced workers into fully contributing ones. It also follows up job seekers from an on-site perspective after they have started working to maintain a high job retention rate.
- As for bringing in foreign human resources, the company can change them into skilled workforce by utilizing skill checks, training, and consulting during the hiring process.

Expansion of 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.



(Source: the company)

- 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.
- It also 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.
- 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 , Inc.

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Expansion of service targeting the construction industry

In the construction industry, shortage of human resources is a serious issue in all types of works such as construction managers, site supervisors, CAD operators, and sales personnel, and the number of companies struggling to hire new graduates is also rapidly increasing. Under this circumstance, the company established the **Technology Division** in LIKE Staffing , Inc. in December 2018 and launched human resources services for the construction industry.

➤ The division will support people in finding employment in the construction industry through expert employment, an employment course for people who want to determine which kind of job they want and how they want to grow while working, as well as by helping people working in a different type of industry who want to move up the career ladder.

The creation of the training system has been proceeding smoothly, the number of workers as of July 2020 was **over 100**, and sales also recorded a growth. For further growth, the focus will be on the strengthening of the personnel system.

Foreign personnel employment support services

The company promotes employment of foreign human resources, by utilizing its know-how of supporting social advancement regardless of generation, nationality, or career.



The company already has over 120 foreign employees from approximately 17 countries throughout Japan and operates nursing care facilities as the Group. By utilizing know-how in support, development and industry, the company formed an elite team that would lead the way in preparing to hire foreign human resources in FY 2019, mainly in the fields of comprehensive human resources services including nursing, construction, and manufacturing. In April 2019, foreign employees from Vietnam, Myanmar, Indonesia, Nepal, the Philippines, Korea, etc. began working at nursing care facilities. Currently, about 25 foreign employees are actively working.



August 2019: After being registered by the director of the Immigration Services Agency of Japan, LIKE Staffing , Inc. was registered in the registry of the “**Registered Support Institutions**,” which support people in their professional, normal and social lives to be able to safely and smoothly perform “Specified Skill (i)” (Registration No. 19-001950)

September 2019: LIKE Care ,Inc. which operates 24 nursing centers in the Tokyo metropolitan area, **accepted a certificate of recognition for “Specified Skill (i)”** in the nursing field.

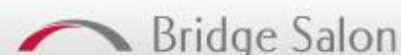
October 2019: Personnel certified with “Specified Skill (i)” **begin their jobs at LIKE Care ,Inc.**

March 2020: Personnel certified with “Specified Skill (i)” from among the foreign students who passed a test held in Japan, **begin their jobs at LIKE Care ,Inc.**



December 2019: The **Global Business Division** was established at LIKE, Inc.

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The Division is intending to strengthen the recruitment and training of foreign people who wish to work in Japan, both in Japan and overseas. They also offer employment support services, including visa application and living support, that are offered by LIKE Staffing , Inc. as a Registered Support Organization.



Personnel Introduction Business Division was newly established at LIKE Staffing , Inc.



It strengthens proposals to client companies to increase the number of job seekers who can work regardless of generation, nationality or work history.

The company will pursue the employment of foreign personnel by offering its expertise regarding the recruitment and nurturing of foreign personnel to the industry as a whole, such as the recruitment of personnel certified with “Specified Skill No. 1” and a 100% success rate for applicants in novice training for the approximately 25 foreign personnel employed in a nursing center belonging to LIKE Care , Inc.

The company will aim for a maximum productivity start to businesses through the accumulation of its achievements in not just the nursing industry, but also the construction and manufacturing industry.

◎Childcare Support Services Business

Outline of Childcare support business

Outsourced Childcare Business



(Source: The company)

The company has been entrusted with and is managing 145 in-company nurseries including company-leading nursery schools built by companies, hospitals, colleges, etc.

Public Childcare Business



(Source: The company)

The company is managing 227 public nursery facilities including authorized nursery schools, after-school clubs for schoolchildren and children's centers.

Term ended April 2020: 37 facilities newly established, 14 facilities closed

Entrusted nursery facilities: 5 facilities newly established, 11 facilities closed

Public nursery facilities: 32 facilities newly established (22 authorized nursery schools, 10 after-school clubs for schoolchildren and children's centers), 3 facilities closed (after-school clubs for schoolchildren, etc.)

***The number of facilities listed above is as of the last day of April 2020**

Variation in the number of facilities in the nursery and childcare support service businesses

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		April 30, 2017	April 30, 2018	April 30, 2019	April 30, 2020		
					Openings	Closures	Total
Outsourced childcare	Nurseries in hospitals	133	125	129	3	4	128
	Nurseries in offices	32	29	32	2	7	17
	Total	165	154	161	5	11	145
Public childcare	Licensed nurseries	75	94	115	22	0	147
	After-school clubs	76	85	73	10	3	80
	Total	151	179	188	32	3	227
Total facilities		316	333	349	37	14	372

(Taken from the reference material of the company)

*Following a change in business classification starting from April 2020, there were changes in the counting method, such as 10 small-scale nursery schools previously counted under “in-company nursery schools” now being counted in “authorized nursery schools.”

*The number of newly established authorized nursery schools as of the term ended April 2017 was 12, as of the term ended April 2018 was 19 and as of the term ended April 2019 was 18.

“Nursery schools opened in April 2020” Total: 34

Authorized nursery schools: 21 (15 in Tokyo Metropolitan Area, 5 in Kanagawa Prefecture, 1 in Aichi Prefecture)

After-school clubs for schoolchildren: 10, In-hospital nursery schools: 3

☆ Authorized nursery schools to be opened in April 2020

【Tokyo】 **15 facilities**

Itabashi-ku: Nijjiro Nursery School Komone

Inagi-shi: Nijjiro Nursery School Yanokuchi

Kōtō-ku: Nijjiro Nursery School Kameido, Nijjiro Nursery School Kitasuna, Nijjiro Nursery School Higashisuna

Shinjuku-ku: Nijjiro Nursery School Nishi-waseda

Sumida-ku: Nijjiro Nursery School Kikukawa

Setagaya-ku: Nijjiro Nursery School Kyuden-nishi

Nakano-ku: Nijjiro Nursery School Kamitakada (temporary), Nijjiro Nursery School Nakanoeki-minamiguchi

*Nijjiro Nursery School, Kamitakada (temporary): planned to be publicly established but privately managed as “Asahi Nursery School” until November 2020

Nerima-ku: Nijjiro Nursery School Shakujii-machi, Nijjiro Nursery School Sekimachi-kita, Nijjiro Nursery School Hikawadai-ekimae

Minato-ku: Nijjiro Nursery School Kaigan 3-chome

Kita-ku: Nijjiro Nursery School Shimo

【Kanagawa Prefectures】 **5 facilities**

Kawasaki-shi: Nijjiro Nursery School Shinmaruko

Sagamihara-shi: Nijjiro Nursery School Kobuchi

Yokohama-shi: Nijjiro Nursery School Tenno-cho, Nijjiro Nursery School Nakayama, Nijjiro Nursery School Hiyoshi

【Aichi Prefecture】 **1 facility**

Nagoya-shi: Nijjiro Nursery School Umegaoka

*The above names are all provisional.

☆ Authorized nursery schools opened in June 2020

Tokyo Metropolitan Area: **2**

Shinjuku-ku...Nijjiro Nursery School, Yotsuya

Oota-ku...Nijjiro Nursery School, Nishiokugo

Aiming to provide high-quality childcare service and be the best childcare business company with both sales and profits growing

Increase in Nursery Facilities	Acquisition of Nursing Personnel
<ul style="list-style-type: none"> ➤ Entrusted Nursery Services Using the company's abundance of clients, the focus will be on increasing the number of entrusted nursery services with reasonable profits from the industry-leading facilities. ➤ Public Nursery Services Focus on increasing the number of facilities with favorable terms even on the tangible aspects continually chosen by the users even after the resolution of the waiting-list children problem. ➤ Focus on the expansion of contents in the nursing services. 	<ul style="list-style-type: none"> ➤ Using LIKE Staffing , Inc.'s expertise on recruitment and backing-up after employment, recruitment ability will be strengthened and retention rate will be improved. ➤ By sharing expertise through aggressive human resource exchange within the company, matching power will be strengthened. ➤ Focus on the creation of personnel through the sharing of training contents within the company.

Adoption of “Miraikuru Nursery Teachers,” childcare providers pursuing a managerial career path

A new position was created for childcare workers with management aspirations.

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

- To employ nursery staff, who rarely change their jobs, as general staff and develop management staff who will take central roles in business administration
- To establish new pay and training systems, to support career development

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.



(A part of the website “Hoiku no Hikidashi”)

As the number of pupils enrolled in nursery schools was over 10,000, the company plans to develop apps for establishing a comfortable working environment for nursery staff and meeting needs by closely communicating with guardians, by utilizing the accumulated know-how.

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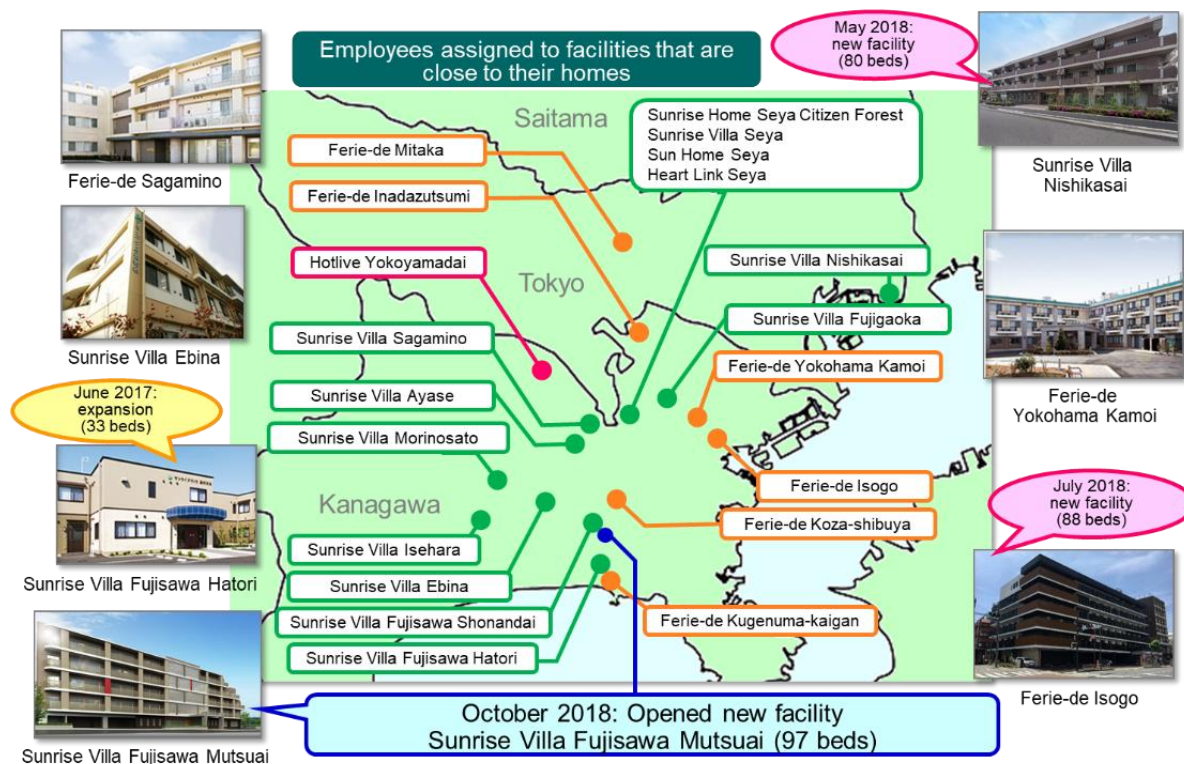
【Functions to be installed】

- Streamlining of nursery staff's tasks, including communication notebooks
- Sale of photos
- Sale of nursery staff's must-have items, etc. that are difficult to take home or purchase
- Trade of reliable reuse goods limiting traders
- Correspondence education of English, etc.

Nursing Care Services Business (Operating 24 Facilities with 1,439 Rooms including 3 Day Care Facilities as of end of April 2020)

Outline of Nursing Care Services

Paid-for nursing care facilities including end-of-life care nursing facilities are operated in the Tokyo, Kanagawa, and Saitama regions.



(Taken from the company)

Features and Strengths

<p>24 hour/365 day support from nursing and nursing care staff (nursing care staff permanently stationed on 12 platforms 24hour/365 days)</p>	<p>Acquisition of high-quality staff and famous for its peace of mind in the nursing industry</p>	<p>A source of health through its daily well-thought-out meals.</p>

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**Pursuit of high-quality nursing care service****-Making it its subsidiary completely in April 2017 and maximizing its group value-**

Differentiation in Service	Acquisition of Nursing Personnel
<ul style="list-style-type: none"> ➤ Permanent station of nurses available 24 hours a day and nursing and nursing care with coordination with medical institutions, along with expansion of independence support services. By offering high quality nursing services differentiated from rival companies' services, the nursing facility continues to be the top choice. 	<ul style="list-style-type: none"> ➤ Plans to increase the workforce in the industry by the creation of nursing personnel and improving the retention rate through coordination with LIKE Staffing , Inc., which will convert inexperienced staff into personnel with strategic potential ➤ Looking back at the “Basic policy of economic and financial management and reform” and “Amended Immigration Control and Refugee Recognition Act” decided by the cabinet in 2018, the focus will be on the expansion of training contents and the construction of an acceptance system for the recruitment of an elite team, in preparation for the acceptance of foreign personnel.

Top 150 nursing homes selected by professionals “in which they want to have their parents reside”

According to the Jan. 20 issue of Shūkan Post released on Jan. 5, 2017, six facilities of the company were ranked, including Ferie-de Yokohama-Kamoi ranked first and Sunrise Villa Fujisawa Shounandai ranked fourth.

In cooperation with LIKE Staffing, which exchanges personnel and recruits' workers on behalf of clients, nursery staff were filled in 2015. The company was able to concentrate on the improvement in quality of services, so occupancy rate increased from 68.0% in Oct. 2013 to **over 90%** in Sep. 2015 and has been hovering at over 90% since then, and annual profit became positive.

4. Conclusions

In the term ended May 2020, the comprehensive human resource services were affected by the spread of the novel coronavirus and had to be covered by the childcare support services and nursing care services. The operating income went from a decrease of 10.8% in cumulative 3Q to an increase of 14.5% and the ordinary income exceeded initial estimate, giving an impression of a steady finish. As society fell into turmoil amidst the coronavirus crisis, an increase in profits including in-company operations was a surprisingly positive result. On the topic of the recognition of the company's business domain as “essential to people's lifestyles” through this coronavirus crisis, we agree that the societal value of the company will increase from now on.

An increase in sales and profits is expected for the term ending May 2021, even as other listed companies continue to struggle. Regarding the comprehensive human resource services, continuing to be affected by the coronavirus crisis is a possibility, but the newly strengthened services aimed at the construction industry is expected to contribute in a positive direction. Regarding the childcare support services, an improvement in profitability through the strengthening of new establishments and an increase in service quality is expected, even as the effects of the spread of the novel coronavirus are kept in mind. Regarding the nursing care services, the Sunrise Villa Nishikasai, established in May 2018 and the Ferie-de Isogo, established in the same year in July were fully occupied, and the Sunrise Villa Fujiwara Mutsuai, established in the same year in October, is also steadily increasing its occupancy rate, with the high occupancy rate expected to be maintained and the improvement in profitability expected to continue. With workstyles set to change compared to “before the effects of the spread of the novel coronavirus” through work-from-home etc., a response by the company regarding the comprehensive human resource services is being expected. The childcare support services and nursing care services will also continue to grow steadily like previously, through the progress in the establishment of new facilities.

<Reference: Regarding Corporate Governance>

◎ Organization type, and the composition of directors and auditors

Organization type	Company with an audit and supervisory committee
Directors	6 directors, including 3 outside ones

◎ Corporate Governance Report: Updated on August 26, 2019

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】

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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 :

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

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