
 President Shigeru Sato	Partner Agent, Inc. (6181)
	 PARTNER AGENT

## Company Information

Company	TSE Mothers
Industry	Service industry
President	Shigeru Sato
HQ Address	IMAS Osaki Building, 1-20-3 Osaki, Shinagawa-ku, Tokyo
Year-end	End of March
Homepage	<a href="https://www.p-a.co.jp/">https://www.p-a.co.jp/</a>

## Stock Information

Share Price	Shares Outstanding	Market Cap.	ROE (actual)	Trading Unit	
¥378	10,371,600 shares	¥3,920million	15.5%	100 shares	
DPS (Est)	Dividend Yield (Est)	EPS (Est)	PER (Est)	BPS (Act)	PBR (Act)
¥0.00	-	¥18.33	20.6times	¥85.81	4.4 times

\* The share price is the closing price on March 4. The number of shares issued was taken from the brief financial report for the latest period. ROE and BPS are those for the previous term.

## Earnings Trends

Fiscal Year	Sales	Operating Profit	Current Profit	Net Profit	EPS	DPS
Mar. 2014 (Actual)	2,164	51	39	17	2.04	-
Mar. 2015 (Actual)	2,664	146	132	79	8.98	-
Mar. 2016 (Actual)	3,644	445	434	285	30.95	-
Mar. 2017 (Actual)	3,812	204	231	107	11.37	0.00
Mar. 2018 (Actual)	4,102	195	325	117	12.15	0.00
Mar. 2019 (Forecast)	4,381	269	276	181	18.33	0.00

\*The forecasted values were provided by the company. On January 1, 2017, the company conducted a 3-for-1 stock split. EPS was adjusted retroactively.

\*From the term ended March 2016, net income is profit attributable to owners of the parent. Hereinafter the same shall apply.

We would like to report an overview of earnings results for the third quarter of Fiscal Year March 2019 of Partner Agent, Inc.

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## Key Points

- **The cumulative sales for the third quarter of FY March 2019 were 3,131 million yen, up 3.6% year on year. Sales from the Partner Agent Business, which is its mainstay, were at the same level as the same period last year, while the sales of the Fast Matching Service Business were strong, and the sales of the Solution Business significantly increased as a result of the development of the marriage matching support service targeting nursery teachers. Operating income was 149 million yen, up 39.5% year on year, due to reduction in personnel expenses associated with transfer of the Nursery Business while SG&A expenses remained at the same level as the same period last year, because the company carried out the mass advertisement, which was previously postponed, as planned. Ordinary income also increased to 137 million yen, up 1.1% year on year, due to the lack of subsidy income, which existed in the previous term. The gain on sale of fixed assets of 1,900 million yen was recorded as extraordinary income, and loss on retirement of fixed assets of 4,000 million yen was recorded as extraordinary loss. As a result, net income decreased 8.9% year on year to 79 million yen.**
- **There is no change in performance forecast. The sales in the FY March 2019 are estimated to be 4,381 million yen, up 6.8% year on year, and operating income will grow 38.1% year on year to 269 million yen. The company continues to focus on measures to expand future business and earnings.**
- **The progress of the sales for the third quarter cumulative in FY March 2019 is slightly slower than usual. We would like to pay attention to how far the company can increase the sales, along with the plans to increase the number of members in the Partner Agent Business and the number of party participants in the Fast Matching Service Business. On the other hand, in the second half, the company launched several measures one after another to expand and deepen business areas, including incorporation of Mation, Inc. into the Group, partial acquisition of MARRIX that offers a counseling business from Senior Life, Inc., a capital tie-up with enkonkatsu agent Inc., which became an equity method affiliate. Along with the “launch of a new business for the couples who choose a marriage without wedding” and “release of wedding party information portal site” announced in the first half, we would like to pay attention to how the company is going to lead these activities to expand the business and enhance the corporate value in the medium/long term. Together with the contents of the medium-term management plan, which will be developed and announced in the next fiscal year, we look forward to learning about the company’s efforts and progress.**

## 1. Company Overview

The company provides various services starting from matching support. Their key business, “Partner Agent Business,” supports the matching efforts of the registered members. The “Fast Matching Service Business” manages planning and operation of matchmaking events. The “Solution Business” provides “CONNECT-ship” an open platform that enables the matchmaking between its members and those of other competitors’ matching support services, and to corporations and local governments that are promoting matchmaking, it organizes matchmaking events as well as provides a matching system called “pams.” It also operates the “QOL Business” that supports new daily lives in each life stage after the marriage such as introduction of wedding halls, sales of marriage rings and revision of insurance contracts.

The company offers various services based on the corporate philosophy of “Bringing more smiles and more happiness to the world.” The company’s major feature is its high marriage rate which is achieved by matching supports through detailed follow-ups by dedicated concierges and unique systems.

### 【1-1 Corporate history】

In June 2004, the company was established to start a matching support business as a 100% subsidiary of Take and Give Needs, Co. Ltd. (4331, Tokyo Stock Exchange 1<sup>st</sup> Section, hereinafter “T&G”), which is specialized in wedding planning and wedding hall operation. At the time of the company establishment, Mr. Shigeru Sato was appointed to be the President for his abundant experiences and achievements at a major matchmaking company.

Later, when the business of T&G slowed down and continuous investment became difficult, President Sato, the executive staff and the employees collaboratively purchased the shares of Partner Agent, Inc., and the company became independent from the T&G Group in May 2008.

The customers highly regard the company’s high marriage rate, which is the result of “pursuing customers’ goals” and the company’s business has been growing steadily. It was listed on the TSE Mothers in October 2015.

### 【1-2 Corporate ethos】

“Pursuing the customers’ goals” has been the philosophy of President Sato since the establishment of the company. Based on this philosophy, the company holds the following mission and visions.

Our passion	Bringing more smiles and happiness to the world.
Our goal	<ol style="list-style-type: none"> <li>1. We will keep on creating “values” as an innovator of the matchmaking industry and offering more opportunities for the customers to meet their marriage partners.</li> <li>2. As life-long supporters to walk with people, we aim at helping our customers to have happy lives by making their “thoughts” a “reality.”</li> </ol>
Our action guideline	<ul style="list-style-type: none"> <li>▪ Judgment criteria are the customers.</li> <li>▪ Professional mind</li> <li>▪ Passion supremacist</li> <li>▪ Walk on the right path</li> <li>▪ Grow with its own initiative</li> <li>▪ Team partner agent</li> <li>▪ Pursue one’s own happiness</li> </ul>

President Sato believes that these philosophies will penetrate into the employees only when they return to and think about the philosophy whenever they encounter specific issues or troubles.

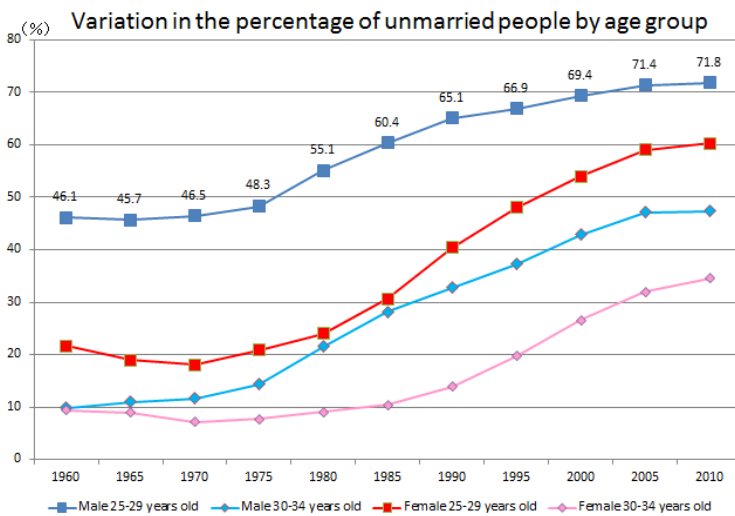
### 【1-3 Market environment】

#### <Situations of unmarried people>

\* Growing percentage of unmarried people

According to the national census conducted by the Ministry of Internal Affairs and Communications, the percentage of unmarried people between 25 and 34 years of age has been increasing for both men and women in Japan.

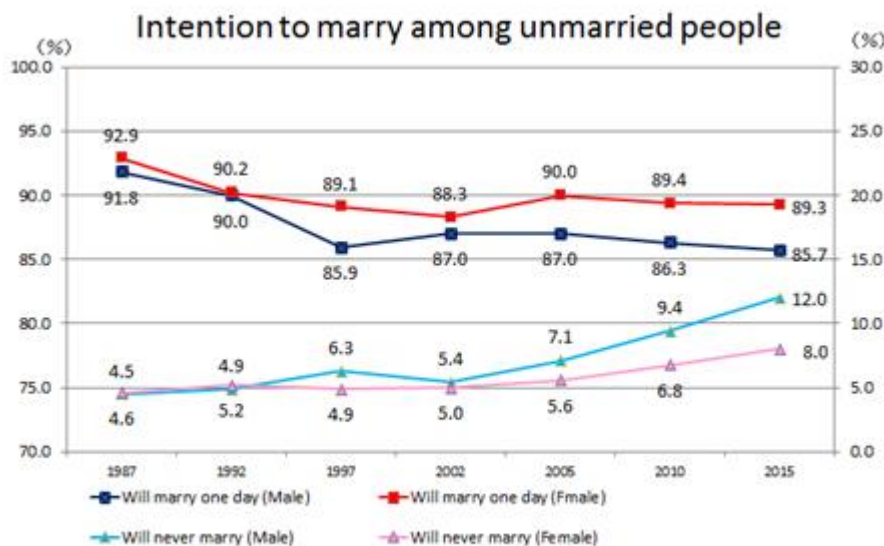
BRIDGE REPORT



Produced by Investment Bridge based on the National Census Report published by the Statistics Department of Ministry of Internal Affairs and Communications

**\* Intention to marry among unmarried people: “Intention to marry” remains at a high level.**

According to the “2015 National Institute of Population and Social Security Research <National Survey on Marriage and Childbirth>, the 15<sup>th</sup> Basic Survey on Childbirth Trend,” the percentage of unmarried people who want to marry were 85.7% and 89.3% among male and female between ages 18 and 34, respectively. These data indicate that there are still many unmarried people who “want to marry.”

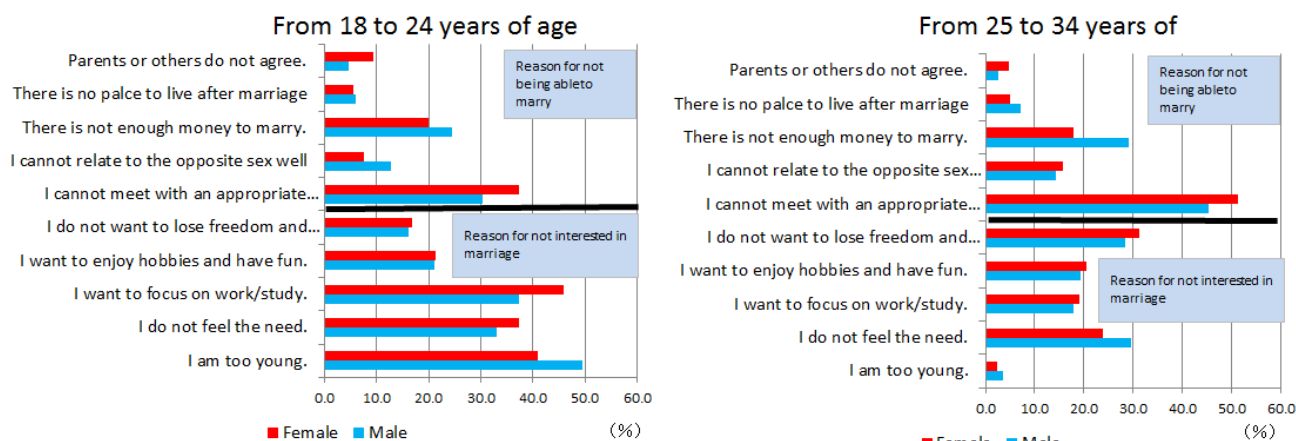


Produced by Investment Bridge Co., Ltd. based on “2015 National Institute of Population and Social Security Research

Although the percentages of unmarried men and women who responded “Never intend to marry” have been rising, among them, 44.1% of men and 49.8% of women responded that they might eventually change their intention to “Intend to marry.” This indicates that about half of the people who currently do not intend to marry may change their mind and look for their marriage partners in the future.

**\* Reasons for being single: Unable to find the appropriate person for marriage after 25 years of age**

The reasons for the unmarried people between ages 18 and 24 to stay single were “I am still too young” and “I do not feel the necessity,” indicating that their motivation for marriage is not so high. On the other hand, a higher percentage of unmarried people between ages 25 and 34 responded that “I have not met an appropriate person yet,” indicating that the needs for the opportunities to meet potential partners are high in this age group.



Developed by Investment Bridge Co., Ltd. based on “2015 National Institute of Population and Social Security Research <National Survey on Marriage and Childbirth>, the 15th Basic Survey on Childbirth Trend”

**<Other companies in the industry>**

About 3,000 marriage agencies etc. are engaged in marriage support activities across Japan. However, 90% of them are operated by individual business owners. There are only a few agencies including the company that run such businesses across Japan.

Following are the companies listed on the stock exchange in the matchmaking industry, including Partner Agent.

Code	Company name	Sales	Sales growth rate	Operating income	Profit growth rate	Operating income margin	Aggregate market value	PER	PBR
2417	ZWEI	3,700	+1.3	30	-	0.8%	3,057	255.1	0.8
6071	IBJ	11,570	+22.3	1,388	-7.1	12.0%	36,061	37.7	10.4
6181	Partner Agent	4,381	+6.8	269	+38.1	6.1%	3,816	20.1	4.3

\* Sales and profit are the estimates by the company for this fiscal year. Units are million yen, % and times.

The aggregate market value is “the term end number of shares issued as stated in the most recent financial statement” x “closing price on January 31, 2018.”

**【1-4 Business contents】**

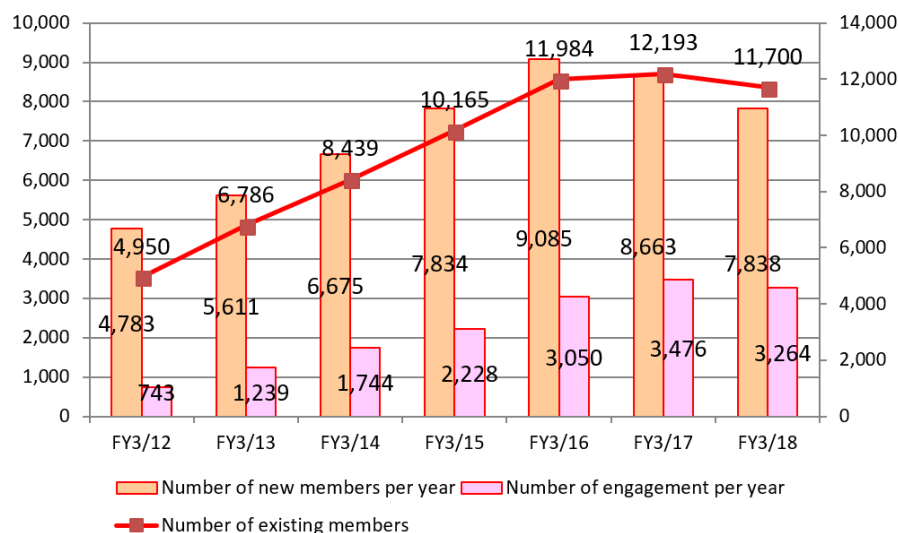
As a reporting segment, the company carries out four businesses, which are Partner Agent Business, Fast Matching Service Business, Solution Business and QOL Business.

**①Partner Agent Business**

The Partner Agent Business provides information to the members, introduces potential partners and provides opportunities to meet.

Each member has a concierge who is exclusively assigned to the member to support their matching activities, develops plans for actions, and supports the customers professionally. Also, in order to provide opportunities to meet, the company plans and hosts events for the members.

There are more female members, with the member composition ratio of male to female being between 4:6 and 3:7.



**(Characteristics of services)**

A concierge with high coaching skills works with a “customer who wants to find a marriage partner within 1 year.” The concierge responds to the needs of the customer who desires cost-effective services without wasting time and effort. The activities are designed based on the PDCA cycle.

The concierges are mostly women who are done raising children, willing to help others through matching support and share joys. As of the end of March 2018, there are 144 concierges.

As for the concierge’s activities, the company has the motto of “pursuing customers’ goals” and the concierges are evaluated based on the “customer satisfaction” including the engagement rate and early withdrawal rate.

**<Image of support based on the PDCA cycle>**

**(1)Before sign-up: Clarifying service contents and fee structures**

A customer who is considering to be a member and comes to the store is greeted by an account executive whose role is to encourage him/her to become a member. The account executive explains the service contents and fee structures in details so that the customer can accurately understand them.

If it seems difficult to continue introducing partners to the customers based on certain criteria, the customer may be declined to be a member.

This is to avoid the situations where the customers are not satisfied with the services in cases where they cannot reach a contact (meeting) or go steady with a partner, even though they pay monthly membership fees.

**(2)After sign-up: Support by a concierge who is exclusively assigned to a member**

Once a customer signs up for the membership, an interview will be conducted by a designated concierge in charge of the customer to understand the customer’s sense of value and expectations.

At this time, using the coaching skills, the concierge tries to identify the customer’s expectations and ideal model of marriage as clearly as possible. This way, instead of helping the customers find their partners abstractly, the concierges can help them find someone based on specific criteria.

In addition to the conventional matching mechanism through data, the company offers concierge services. This has differentiated the company’s service from the others. With this system, the company can offer cost-effective services without making a detour and wasting time and efforts of the customers.

During the matching process, the designated concierges help the members modify the path as needed using a PDCA cycle. This way, the members can proactively work on the matching activities, even if they fail in the process.

Furthermore, the concierges ask for comments and impression after each contact meeting from the members, providing consultation to the members during dating period in addition to follow-ups after engagement (\*) to walk with the members until they reach engagement.

The follow-up period after the engagement is 1 year. This way, they can support the members for a long time until marriage.

(\*) Engagement (Withdrawal from the membership)

This means that members withdraw from the membership after both members expressed their intention to continue dating with the intent to marry the partners they are dating.

### **(3)Setting up contact (marriage meeting): Support by the staff other than the exclusive concierges**

As the process advances, the members have contacts (marriage meetings) with the matched members. The specialized team supports them to coordinate the date, time and place of these contacts so that they can have their meetings set up effortlessly and efficiently.

The support team helps the members to carry out the activities smoothly. For example, even if the members are lost on the way to the contact venue or cannot find the person that they are supposed to meet, the company's staff provides support via phone or e-mail so that the members do not miss the chance to meet. Furthermore, when the customers seek second opinions, the company provides third-party advice through a service desk.

#### **<Service fee structure>**

<b>Registration fee</b>	Cost related to new member registration
<b>Initial fee</b>	Cost related to activities including interviews done by a designated concierge, activity planning and writing recommendation.
<b>Monthly fee</b>	Cost for partner matching and activity support
<b>Engagement fee</b>	Incentive fee for leaving the membership at the time of the engagement.
<b>Others</b>	Cost related to participation in events and seminars, purchase of option services and other activities.

The company introduces about 2 to 6 members per customer per month, depending on the course chosen by customers. However, this figure is an obligation under the service contract and not the upper limit. Therefore, the company may introduce more members at its direction.

#### **(Additional services)**

##### **(1)Events for the members**

In addition to the introduction by a concierge, the company develops and hosts various events such as matchmaking parties. Having spaces for holding events within the company's stores makes it possible to flexibly hold parties without requiring expenses of renting a hall for events.

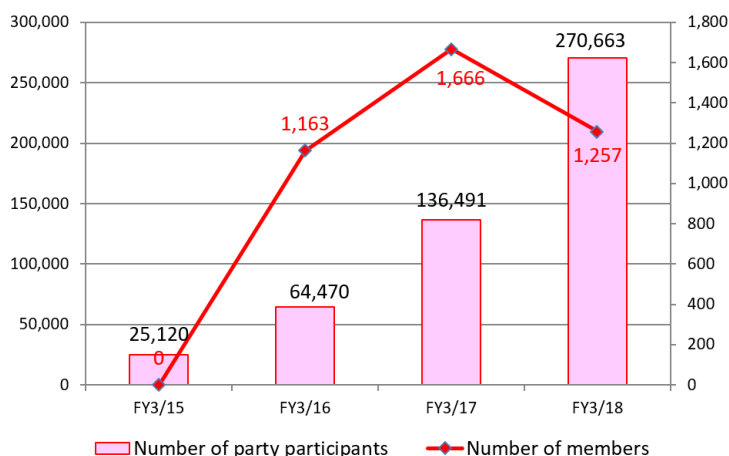
##### **(2)Option services**

- The company offers a photo shoot (fee-based) for the members with extra charges. Since the first impression is crucial for matchmaking, in collaboration with professional photographers and make-up artists, the company offers photo shoots in their studios or within the company's premises. Because the photography is specifically for matching, the company can offer advice concerning appropriate clothing and facial expressions based on their experiences.
- To provide the preliminary knowledge and information about matching to the members, the company offers seminars (fee-based) on color coordination, fashion advisor, communication and others for the members.

##### **②Fast Matching Service Business**

The Fast Matching Service Business is based on the concept of "offering affordable matching services, enabling the members to start using the service casually."

Main indicators for Fast Matching Service Business



**(1)“OTOCON” matchmaking parties**

Matchmaking parties for general members are called “OTOCON” and planned and operated under this business. Although these parties are targeting general members, some non-members show interest in the company through these events and become members. Thus, OTOCON is also functioning as a venue to increase new members. Furthermore, similar to the event services for the members of the Partner Agent Business, there are staff members who are dedicated to event planning, and the events take place in the spaces within the company’s premises. The events promote efficient utilization of the company facilities and also work as a channel to solicit new members. In other words, the OTOCON parties not only bring earnings to the Fast Matching Service Business but also work in synergy with other services.

**(2)Alliance Model Marriage Support Service**

The company offers marriage support services by establishing alliances with other companies that have many customers and membership organizations and designing various services according to their needs. It manages to realize low price unique to online matching, while offering comprehensive support for matching activities from introduction of partners by a dedicated concierge to provision of support through “contact (marriage meeting),” “dating” and “marriage,” based on the members’ marriage conditions and activity status, etc. By using CONNECT-ship, it is striving to increase the number of matching and opportunities for meeting among the members and maximize the possibility of finding a partner and leading to marriage.

**③Solution Business**

**(1)“CONNECT-ship,” a platform for mutual introduction of members among agencies**

The “CONNECT-ship” is an open platform that enables mutual introduction of members between matching support agencies. It launched in June 2017.

**(Overview)**

The platform started off with 6 companies and 7 services. As of December 2018, 8 companies and 12 services are participating.

Name of the companies	Management service name
en-konkatsu agent Inc.	en-konkatsu agent
Senior Life, Inc.	MARRIX
Japan Bridal Association	Japan Bridal Association
Nihon Nakodo Renmei	Nihon Nakodo Renmei
Recruit Zexy Navi, Co., Ltd.	Zexy Enmusubi
Kekkonjoho center, Inc.	Marriage agency Nozze
Partner Agent, Inc.	Partner Agent



	OTOCON MEMBERS Matching Counter OTOCON Matching Concierge (former Yahoo! Matching Concierge Plan) Ichie Excite. Bridal Agency powered by Partner Agent
Japan Federation of Matchmakers Co., Ltd.	National Matchmaker Federation

The “CONNECT-ship” has more than 50,000 members (total members of all participating agencies). It is the first attempt in the matching support industry to enhance marriage rate through the mutual introduction of a large number of members between businesses with a certain scale to find their partners and enhance the results and customer satisfaction.

The platform (system) to achieve mutual introduction among members was developed by the company. The other agencies will use the “CONNECT-ship” service, which is being operated and maintained by the company. The company is also in charge of operating the executive office of the “CONNECT-ship.”

It will increase its scale by including other companies that have the same vision (i.e. to maximize the marriage opportunities), which is the ultimate goal of the customers.

Each participating agency can offer its unique services and operations without being interfered by other participating agencies including the executive office (the company).

The revenue source of the company, which provides and operates the system, is the remuneration for realizing the arranged meeting (contact) between members, which is received from enterprises using this system.

### **(Purposes)**

The purposes of the “CONNECT-ship” for the company are to develop the industry by facilitating sales competition among the participating companies and by learning from each other in an effort to promote marriage among the members to raise customer satisfaction, within a new framework. At the same time, the company is aiming to bring about changes in the industry so that healthy competition on service quality will be created.

As of January 1, 2019, there are over 24,000 users registered, as anticipated by the company.

### **(2)Operation of a website to share information on matching parties**

The company launched a website called “Parties” (URL: <https://parties.jp/>) in July 2018 in collaboration with the Marriage Support Project, which is a general incorporated association and aiming to realize a society where marriage support services can be used more openly. The website “Parties” posts information on matching parties that are sound and in compliance with laws and regulations across Japan.

The service is managed by ichie Co., Ltd., a newly established consolidated subsidiary of Partner Agent, through a joint investment with Partner Agent and Vector, Inc., which is in charge of the operation of the Marriage Support Project.

### (3) Consultation services for business enterprises and local governments

The company, as ASP, offers the original marriage supporting system called “parms” to both enterprises considering entering into the matchmaking industry and local governments planning to offer matching support activities to residents. “parms” is a system that combines several functions, such as supporting its user activities and streamlining tasks of operating staff in addition to basic functions such as member registration, membership management and partner matching, which are all necessary in the matching support business. Customization of the system depending on the needs of the system operators is available.

The major achievements with the local governments are as follows.

Local government	Contents
Mie Prefecture	Operation of the “Support to Strengthen Bond between Married/Unmarried Couples” project in the “Marriage Positive Campaign” (a project to create a positive trend for marriage)”
Kyoto Prefecture	Provision of a marriage support system to the companies that received business from “Kyoto Matching Support Center”
Fukushima Prefecture	Comprehensive operation of a marriage support business on behalf of “Fukushima Marriage/Child-Raising Support Center”

### ④ Quality of Life (QOL) Business

To the customers who became members through the Partner Agent Business, the company offers various services at their major life events by maintaining relationship with the members even after they withdraw from the membership for their engagement. This is to enhance customer satisfaction and increase revenue opportunities.

The members of the “Anniversary Club” are the ones who withdrew from the membership after their engagement. To those members, the following services are provided.

Introduction of wedding halls
Sales of items related to wedding
Sales of engagement rings/ marriage rings
Review of insurance contracts associated with changes in life stages
Provision of various discount services that can be used for matching activities and others (through business collaboration with other companies).

As for introducing wedding halls, the company had tied up directly with wedding halls and introduced them to engaged members in the Kanto area so far, but they began introducing them to the “Zexy Consultation Counter” operated by Recruit Zexy Navi. With this, it became possible to offer a wedding hall introduction service to engaged members nationwide. Also for housing, the company had been sending customers to rental housing brokerage services only, but it started introducing “SUUMO Counter,” which is operated by Recruit Sumai Company Ltd., to engaged members who are planning to buy custom-built houses.

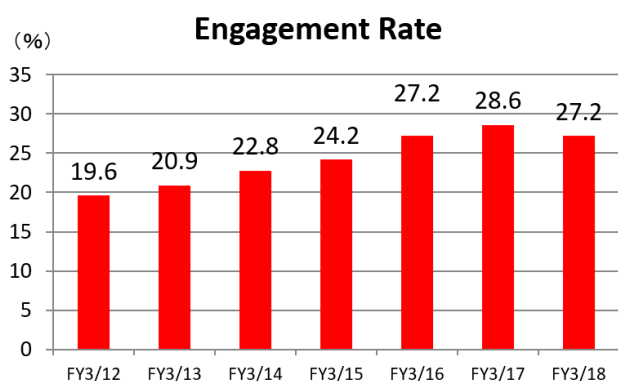
In addition, as of the end of June 2018, it has transferred the entire Nursery Business to Global Kids Co., Ltd., a wholly owned subsidiary of Global Group Corp., with which the company has entered a capital and business alliance. Currently, in collaboration with Global Kids, from the viewpoint of supporting improvement of their quality of life the company is preparing to offer a matching support service for nursery teachers, and plans to launch the service in the fourth quarter (January to March) of FY March 2019.

### 【1-5 Characteristics and strengths】

#### High engagement rate as a result of “pursuing customers’ goal”

One of the key features of the company is its “high engagement rate.”

The engagement rate for FY March 2018 was 27.2%, which recorded the second highest rate since its startup.



Although other companies in the industry are not announcing exact figures, the average engagement rate is suspected to be about 10%. In comparison, the company's engagement rate is exceptionally high.

The "engagement rate" shows a rate of members who withdrew from the membership after their engagement during a specific period. Because the rate may also raise a question about the need for matchmaking companies, many companies in the matchmaking industry prefer not to use the engagement rate as an indicator.

However, President Sato has been focusing on the idea of "pursuing customers' goals" as a corporate strategy and philosophy from the foundation of the company.

He believes that the goal that the customers want to reach through the company's services is the "marriage." Thus, making efforts to reach the highest rate of "getting married" is the social value of the company.

In order to achieve this purpose, the company carries out all activities including employment, education, development, training, knowledge sharing, management, and evaluation system based on the philosophy of "pursuing customers' goals." This stance leads to the outstanding "engagement rate" in this field.

## 2. Third Quarter of Fiscal Year March 2019 Earnings Results

### (1) Consolidated earnings (cumulative)

	3Q FY 3/18	Ratio to sales	3Q FY 3/19	Ratio to sales	YOY
Sales	3,021	100.0%	3,131	100.0%	+3.6%
Gross margin	1,735	57.4%	1,776	56.7%	+2.3%
SG&A expenses	1,627	53.9%	1,626	51.9%	-0.1%
Operating income	107	3.6%	149	4.8%	+39.5%
Ordinary income	136	4.5%	137	4.4%	+1.1%
Net income	87	2.9%	79	2.5%	-8.9%

\*unit: million yen

### Both sales and profit grew.

Sales were 3,131 million yen, up 3.6% year on year. Sales from the Partner Agent Business, which is its mainstay, were at the same level as the same period last year, while the sales of the Fast Matching Service Business were strong, and the sales of the Solution Business significantly increased as a result of the development of the matching support service targeting nursery teachers.

Operating income was 149 million yen, up 39.5% year on year, due to reduction in personnel expenses associated with transfer of the Nursery Business while SG&A expenses remained at the same level as the same period last year because the company carried out the mass advertisement, which was previously postponed, as planned.

Ordinary income also increased 137 million yen, up 1.1% year on year, due to the lack of subsidy income, which existed in the previous term.

The gain on sale of fixed assets of 1,900 million yen was recorded as extraordinary income, and loss on retirement of fixed assets of 4,000 million yen was recorded as extraordinary loss. As a result, net income decreased 8.9% year on year to 79

million yen.

## (2) Trend in each segment

	3Q FY 3/18	Composition rate	3Q FY 3/19	Composition rate	YOY
Sales					
Partner Agent Business	2,283	75.6%	2,281	72.9%	-0.1%
Fast Matching Service Business	536	17.8%	550	17.6%	+2.6%
Solution Business	161	5.3%	254	8.1%	+57.7%
QOL Business	101	3.4%	139	4.4%	+37.3%
Others	1	0.1%	0	0.0%	-97.9%
Adjustment	-63	-	-94	-	-
Total	3,021	100.0%	3,131	100.0%	+3.6%
Profit in each segment					
Partner Agent Business	550	24.1%	508	22.3%	-7.6%
Fast Matching Service Business	50	9.5%	57	10.5%	+13.6%
Solution Business	27	16.8%	87	34.3%	+222.5%
QOL Business	-43	-	-9	-	-
Others	-2	-	-1	-	-
Adjustment	-475	-	-492	-	-
Total	107	3.6%	149	4.8%	+39.5%

\*The composition rate of the profit in each segment means return on sales.

\*unit: million yen

### Partner Agent Business

Sales were almost the same as the previous year. Profit decreased.

In April 2018, the company started a new matching service called “Team Konkatsu x Smart Konkatsu Program” and worked on the development and launch of new products in order to develop new customers. “Konkatsu” means matchmaking activities.

In addition, although the number of new members in October and November 2018 decreased temporarily, as a result of proactive marketing measures including the latest advertisement and new membership promotion, the number of new members in December recovered to the same level as the same period last year.

The total number of members joining since April 2018 decreased 0.8% year on year to 5,741 and the number of members as of the beginning of January 2019 decreased 1.2% to 11,508.

#### (Major Indicators)

	3Q FY 3/18	3Q FY 3/19	YOY
Number of new members	5,787	5,741	-0.8%
Number of existing members as of the beginning of October	11,651	11,508	-1.2%
Number of members who cancelled membership after engagement	2,536	2,393	-5.6%
Engagement Rate	28.0%	27.3%	-0.7pt

### Fast Matching Service Business

Both sales and profit increased. Profit rate also improved.

The company refurbished and expanded the space at its own 3 stores located in the popular areas (Shinjuku store, Shinsaibashi store, Yokohama store) to increase the party space, while optimizing the number of parties held at other stores.

The total number of participants since April 2018 significantly increased 21.4% year-on-year to 240,956. Referral to the partner agent service, which the company has been focusing on, also remained strong, and the number of customers referred in the cumulative third quarter was 445.

In addition, OTOCON is promoting the application repair for the convenience improvement and the customer attraction expansion by the company media.

(Major Indicators)

	3Q FY 3/18	3Q FY 3/19	YOY
Number of party attendees	198,555	240,956	+21.4%

### Solution Business

CONNECT-ship was used by 8 companies to offer 12 services in the third quarter of the FY March 2019. Furthermore, the number of members as of the beginning of January 2019 was 24,439, up 43.2% year on year, and the number of marriage meetings for a single month in December 2018 was 28,298. The number of meetings also includes the number of meetings established in the Partner Agent member system which is planned to be integrated within 2018.

The company is planning to launch a matching support service for nursery teachers in the fourth quarter (January to March) of FY March 2019.

### QOL Business

As the “Anniversary Club” brand, the company enlarged the services for the members who withdrew from the membership after engagement and made efforts to expand its service areas. Especially, bridal jewelry sales were strong as sales promotion measures using partner agent stores were successful.

Furthermore, along with the transfer of the Nursery Business, the company carried out the consultation on the management of the transfer. In addition, as a new business,

In addition, the company opened a designated venue in Ginza for private parties including wedding parties and after parties (i.e. party after returning from overseas wedding, second party) .

### (3)Financial condition and cash flow

#### ◎ Main BS

	End of Mar. 2018	End of Dec 2018		End of Mar. 2018	End of Dec. 2018
<b>Current assets</b>	1,552	1,610	<b>Current liabilities</b>	1,076	1,051
<b>Cash and deposits</b>	549	775	<b>Short-term interest-bearing debts</b>	740	721
<b>Trade receivables</b>	783	690	<b>Noncurrent liabilities</b>	866	878
<b>Noncurrent assets</b>	1,241	1,276	<b>Long-term interest-bearing debts</b>	733	741
<b>Tangible assets</b>	403	362	<b>Total liabilities</b>	1,942	1,930
<b>Intangible assets</b>	336	342	<b>Net assets</b>	852	958
<b>Investments and other assets</b>	501	572	<b>Retained earnings</b>	576	656
<b>Total assets</b>	2,794	2,888	<b>Total liabilities and net assets</b>	2,794	2,888

\*unit: million yen

Current assets increased 58 million yen from the end of the previous term to 1,610 million yen, due to the growth of cash and deposit and decrease in trade receivables. Noncurrent assets rose 35 million yen from the end of the previous term to 1,276 million yen, due to the increase in investment securities. Total assets grew 93 million yen from the end of the previous term to 2,888 million yen. Total liabilities decreased 12 million yen from the end of the previous term to 1,930 million yen, due to the decrease in short-term debts, etc. Net assets increased 106 million yen from the end of the previous term to 958 million yen, due to the increase in retained earnings. As a result, equity ratio was 33.1%, up 2.7 points from the end of the previous term.

#### (4) Topics

##### a. Incorporation of Mation, Inc. into the Group

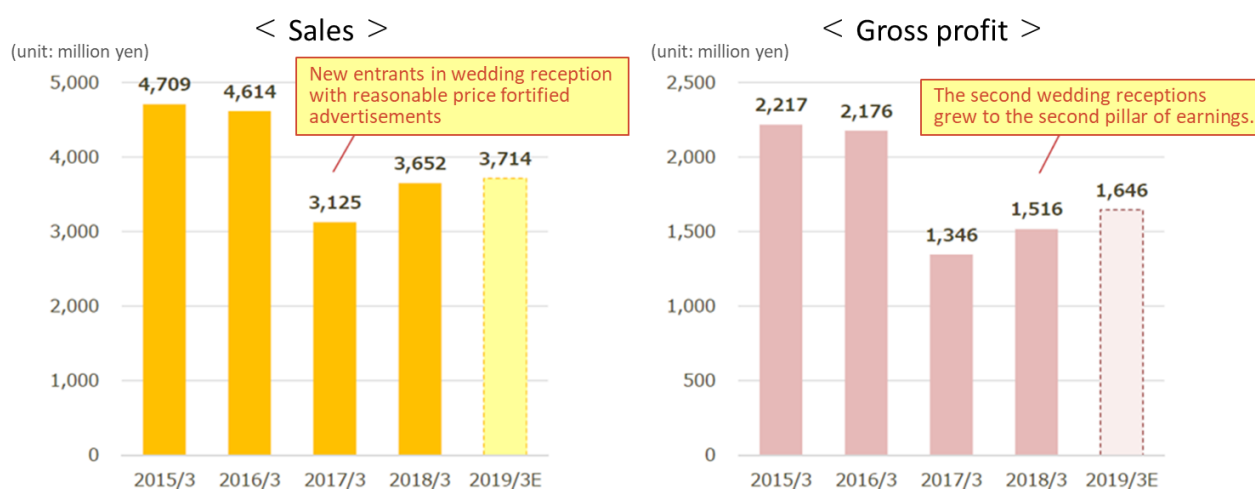
It is decided that Rising Inc., a consolidated subsidiary of Partner Agent, will acquire shares of Mation, Inc. (Head office: Tokyo) and incorporate it in the Group. The share acquisition date is April 1, 2019.

##### (Outline of Mation, Inc.)

Mation, Inc. was established in 2003. Based on the business philosophy: “We believe that to provide color to a life stage is an unforgettable memory,” it creates a new wedding style in the bridal industry.

In 2008, Mation, Inc. launched a wedding reception called “Smart Wedding,” which is offered at a reasonable price, with a hope that couples will not give up on wedding receptions because of costs, and this service is receiving support from engaged couples nationwide. In addition, the company is striving to create new value such as the 1.5th wedding party and photo wedding starting from “Smart Wedding.”

Sales and gross profit decreased in FY March 2017, as new entries to the “wedding ceremony and reception” services provided at a reasonable price continued. However, in recent years, “Smart Wedding” has been strong, and the profits from the “second wedding reception” have been increasing. As a result, the company’s business performance is recovering, and sales, gross profit and operating income for FY March 2019 are estimated to be 3,714 million yen, 1,646 million yen and 31 million yen, respectively.



(source:Partner Agent)

##### (Background and Purposes of Incorporation in the Group)

In view of the recent industry environment where various needs for bridal are created, Partner Agent has been carefully examining the possibility of incorporating Mation, Inc. into the Group from the hope to maximize customer results in a wide range of fields starting from matching support and contribute to the realization of a prosperous society. As a result of deliberation, Partner Agent decided to acquire the stock of Mation, Inc. based on the following three points.

- 1) Matching support and the bridal fields have a high synergy effect, and the acquisition will make it possible to maximize customers’ interests through provision of consistent services from matching services to post-engagement.
- 2) It is expected that the market where couples do want to marry without a wedding reception will grow. In this market, new value can be provided by combining the knowledge and know-how of both companies.
- 3) Both brands of “Partner Agent” and “Smart Wedding” can be utilized for marketing.



(source:Partner Agent)

### (Future outlook, etc.)

The impact on the business results for FY March 2019 is expected to be minor, but from FY March 2020, the company believes that it will greatly help improve business performance.

### b. Partial transfer of marriage consultation business

On April 1, 2019, the company received part of the marriage consultation service (service name “MARRIX”) from Senior Life Inc. (Head office: Tokyo).

#### (Outline of Senior Life Inc. and MARRIX)

Senior Life Inc. was established in October 1970. As a pioneer in the matchmaking support industry, it is engaged in a marriage consultation business with the strength of human resources that connect people.

It now uses the “CONNECT-ship” which is an open platform that enables mutual introduction of members between matchmaking support agencies operated by Partner Agent to increase the number of engagement among the members.

#### (Contents of a partial transfer)

In order to maximize the benefits for customers, Senior Life Inc. offered to entrust part of the marriage consultation business (marriage consultation business in Osaka, Nagoya and Fukuoka) to Partner Agent, which readily accepted the offer. From now on, it will strengthen the cooperative relationship with Senior Life Inc. and integrate the knowledge and know-how accumulated by Senior Life Inc. for many years into its marriage consultation business to realize higher-quality services and contribute to customers’ engagement and sound development of the matchmaking support industry.

### c. Capital tie-up with en-konkatsu agent Inc. and making it an equity method affiliate

Partner Agent concluded a capital tie-up agreement with en-konkatsu agent Inc., which is a subsidiary of en-Japan Inc. (TSE1: 4849) and decided to make it an equity-method affiliate by enlisting a third-party allotment of capital carried out by en-konkatsu agent Inc.

#### (Outline of en-konkatsu agent Inc. and background of the capital tie-up)

Based on the mission of “Making marriage consultation service more accessible and convenient,” en-Japan, Inc. launched “en-konkatsu agent, Inc.” in May 2016, using the system and part of services of Partner Agent. It is a new, completely online-based matchmaking support service that does not require the members to actually come to stores. Since then, in addition to supporting encounters and marriages, en-konkatsu agent, Inc. is offering services that not only support encounters and marriages, but also care happiness after marriage.

en-konkatsu agent, Inc. is also a user of Partner Agent’s “CONNECT-ship,” an open platform for mutual introduction of members between matchmaking support agencies.

Partner Agent is focusing on the online matchmaking field as the second growth axis, since it is expected to grow further and considered as the fast Matching Service area. For these reasons, Partner Agent decided to conclude a capital tie-up agreement with en-konkatsu agent, Inc., because strengthening cooperation with en-konkatsu agent, Inc. and striving to improve the quality of the “en-konkatsu agent” service and expand users would lead to an improvement in the corporate value of Partner Agent.

**(Contents of the capital tie-up)**

On April 1, 2019, Partner Agent will receive 5,000 shares of common stock (33.3% of voting rights after the third party allotment) issued by en-konkatsu agent, Inc. by third party allotment. en-konkatsu agent, Inc. will be an equity-method affiliate of Partner Agent in FY March 2020.

**3. Fiscal Year March 2019 Earnings Estimates**

**(1) Consolidated earnings forecast**

	FY 3/18	Ratio to sales	FY 3/19 (forecast)	Ratio to sales	YOY	Progress rate
Sales	4,102	100.0%	4,381	100.0%	+6.8%	49.0%
Operating income	195	4.8%	269	6.1%	+38.1%	51.7%
Ordinary income	325	7.9%	276	6.3%	-15.1%	45.3%
Net income	117	2.9%	181	4.1%	+54.9%	41.4%

\*The forecasted values were provided by the company.

\*unit: million yen

**There is no change in the earnings forecast. Sales and profit estimated to grow.**

There is no change in the earnings forecast.

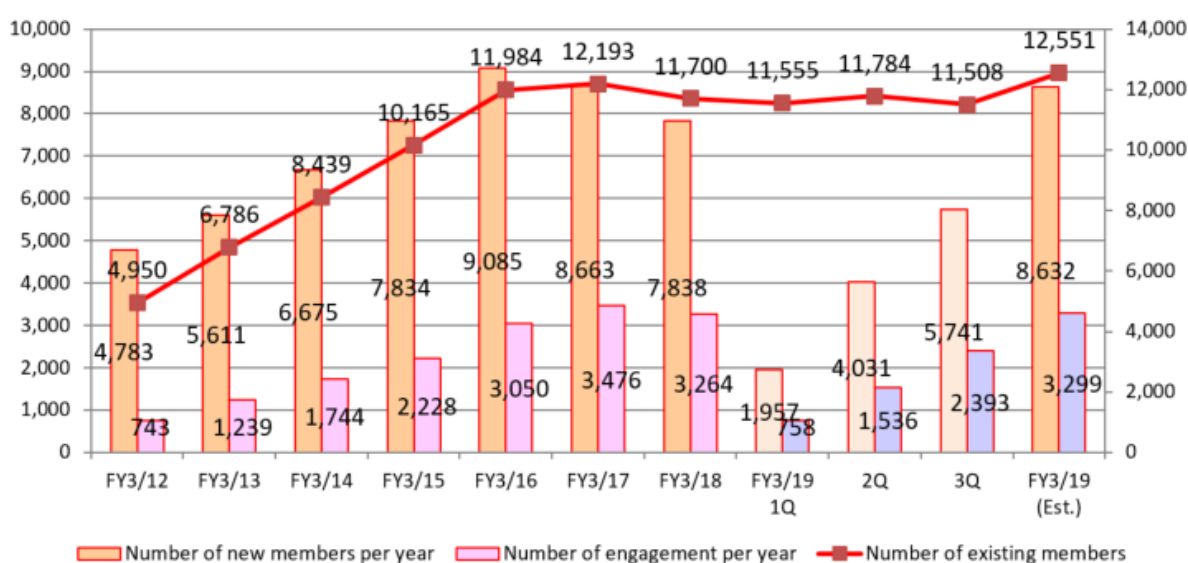
Sales are estimated to be 4,381 million yen, up 6.8% year on year. Operating income is estimated to be 269 million yen, up 38.1% year on year.

**(2) Future Projects**

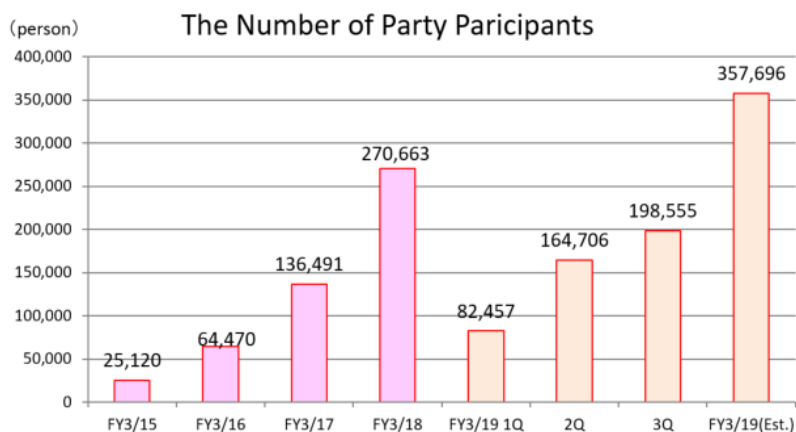
The company is planning to have 12,000 members in the FY March 2019 in the Partner Agent Business and estimates that the number of party participants in the FY March 2019 will be 357,000 in the Fast Matching Service Business.

Based on the expansion of the number of new members and existing members, it will organize the foundation for future business expansion.

It is planning to announce its medium-term management plan in FY March 2020, after the incorporation of Mation, Inc. into the Group.



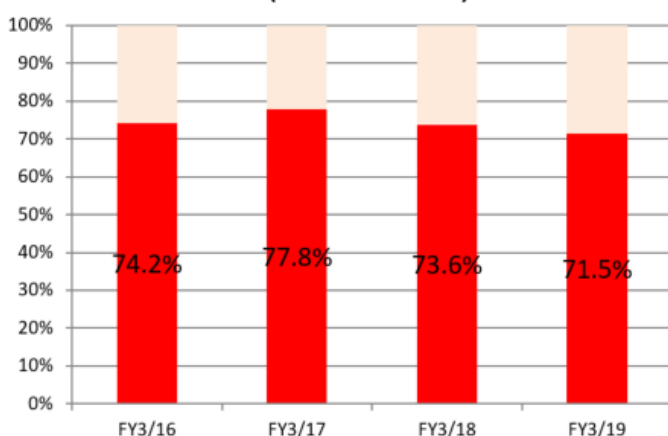




#### 4. Conclusions

The progress of the sales for the third quarter cumulative in FY March 2019 is slightly slower than usual. We would like to pay attention to how far the company can increase the sales, along with the plans to increase the number of members in the Partner Agent Business and the number of party participants in the Fast Matching Service Business. On the other hand, in the second half, the company launched several measures one after another to expand and deepen business areas, including incorporation of Mation, Inc. into the Group, partial acquisition of MARRIX that offers a counseling business from Senior Life, Inc., a capital tie-up with en-konkatsu agent Inc., which became an equity method affiliate. Along with the “launch of a new business for the couples who choose a marriage without wedding” and “release of wedding party information portal site” announced in the first half, we would like to pay attention to how the company is going to lead these activities to expand the business and enhance the corporate value in the medium/long term. Together with the contents of the medium-term management plan, which will be developed and announced in the next fiscal year, we look forward to learning about the company’s efforts and progress.

#### Progress rate of Sales in the third quarter (cumulative)



\* In FY3/19, the figure is the rate to full year estimates.  
In other years, the figures are the rate to full year results.

## <Reference: Regarding corporate governance>

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

Organization type	Company with audit and supervisory board
Directors	5 directors, including 2 external ones
Auditors	3 auditors, including 2 external ones

### ◎ Corporate Governance Report

The latest update: June 26, 2018

#### <Reasons for Non-Compliance with the Principles of the Corporate Governance Code (Excerpts)>

The company states that it will carry out all basic principles of corporate governance code as a company listed on the TSE Mothers.

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