

Note: This document is a translation of a part of the original Japanese version and is provided for reference purposes only. In case of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

Consolidated Financial Results for the Six Months Ended September 30th, 2019 [JGAAP]

November 14, 2019

Company Name: Partner Agent, Inc.
 Stock Code: 6181
 URL: <https://www.p-a.co.jp/>
 Stock Exchange Listing: Tokyo
 Representative: Shigeru Sato President and CEO
 Contact: Daisuke Ito Manager, Investor Relations and Public Relations Division
 Phone: +81-3-5759-2700
 Scheduled date to submit the Quarterly Securities Report: November 14, 2019
 Scheduled date to commence dividend payments: –
 Availability of supplementary briefing material on quarterly results: Available (Japanese only)
 Scheduled date of Quarterly Results Briefing Session: to be arranged for institutional investors and analysts (Japanese only)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30th, 2019 (April 1, 2019 through September 30, 2019)

(1) Consolidated Results of Operations (cumulative) (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
Six months ended:	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2019	4,099	90.8	97	(30.4)	86	(31.7)	61	(19.3)
September 30, 2018	2,148	6.1	139	259.4	125	87.7	75	75.7

(Note) Comprehensive income: Six months ended September 30, 2019: ¥ 60 million [(16.4 %)]
 Six months ended September 30, 2018: ¥ 71 million [66.5 %]

	Net income per share	Diluted net income per share
Six months ended:	Yen	Yen
September 30, 2019	5.97	5.75
September 30, 2018	7.61	7.17

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of:	Million yen	Million yen	%
September 30, 2019	5,081	1,067	21.0
March 31, 2019	3,382	978	28.9

(Reference) Shareholders' equity: As of September 30, 2019: ¥ 1,067 million

As of March 31, 2019: ¥ 978 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2020	-	0.00			
Fiscal year ending March 31, 2020 (Forecast)			-	0.00	0.00

(Note) Revision to the most recently announced forecasted dividends: Not applicable

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Net income attribute to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year	9,100	119.2	230	6.3	170	(18.4)	130	44.3	12.80

(Note) Revision to the most recently announced forecasted financial results: Not applicable

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2019

(changes in specified subsidiaries resulting in changes in scope of consolidation): Not applicable

Acquired: —, Disposed: —

(Note) During the first quarter of the current fiscal year Rising, Inc., the wholly owned subsidiary of the company, acquired the entire outstanding shares of ex-Mation, Inc. In addition, during the second quarter of the current fiscal year, the ex-Mation, Inc., merged into Rising, Inc., (new Mation, Inc.) where ex-Mation, Inc., became the disappearing entity.

(2) Specific accounting policies used in preparing quarterly consolidated financial statements:

Calculation of taxes

Tax expenses are calculated by multiplying the profit before income taxes for the quarter by the effective tax rates reasonably estimated to be applicable to the profit before income taxes for the fiscal year which includes the current second quarter.

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement:

- | | |
|--|----------------|
| 1) Changes in accounting policies due to revision of accounting standards: | Not applicable |
| 2) Changes in accounting policies other than 1) above: | Not applicable |
| 3) Changes in accounting estimates: | Not applicable |
| 4) Retrospective restatement: | Not applicable |

(4) Total number of shares issued (common shares)

1) Total number of shares issued at the end of the period (including treasury shares):

September 30, 2019:	10,668,000 shares
March 31, 2019:	10,432,800 shares

2) Total number of treasury shares at the end of the period:

September 30, 2019:	252,029 shares
March 31, 2019:	279,429 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2019:	10,259,663 shares
Six months ended September 30, 2018:	9,967,747 shares

(Note) The number of treasury shares presented above includes the number of the company's shares held by the trustee account under the "Share Benefit Trust (shares to be transferred to employee share ownership plan)", and the number of such treasury shares were 251,900 and 279,300 as of September 30, 2019 and March 31, 2019, respectively. In addition, 266,612 shares and 318,071 shares as of September 30, 2019 and March 31, 2019, respectively, held in the trustee accounts were deducted in calculating the average number of outstanding shares during the period presented above.

***Quarterly financial results announcement is not subject to quarterly review of the independent auditor.**

***Explanation for appropriate use of financial forecasts and other special notes**

The forecasts given in this document are based on the current available information in the company and certain reasonable assumptions to the company. And we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

Summary of Qualitative Information on Quarterly Financial Results

1. Overview on Quarterly Financial Results (for the six months cumulative)

- The net sales increased to 4,099 million yen (+90.8% year-on-year ("YoY")), and the operating income decreased to 95 million yen (-31.7% YoY).
- The company focuses on EBITDA levels, and it increased to 232 million yen (+45.0% YoY).
- The actual net sales were almost as planned, and the operating income levels were favorable, as compared with the forecasted sales and income which have more weight on the second half of the year.
- Selling, general and administrative expenses increased due to the acquisition of Mation, Inc., however, the total actual levels were less than the forecasted levels.

<Overview by business segment>

(1) Matching Business

- The net sales decreased to 1,836 million yen (-5.7% YoY). The operating income decreased to 397 million yen (-9.6% YoY).
- The marriage making business recorded continued growth.
- In the matchmaking parties business, due to the strategic review on the number of parties to be produced, even though the recorded sales have been declined, the profit levels increased significantly.
- Accelerated depreciation expenses were recorded due to integration and closure of 5 store locations.
- Due to the above reasons, both sales and profit decreased.

< Major indicator of Matching Business >

	First half of FY March 2019	First half of FY March 2020	YoY
Number of new members enrolled during the period	4,031	4,528	12.3%
Number of existing members at the end of the period	11,784	11,896	1.0%
Number of members unsubscribed after engagement during the period	1,536	1,626	5.9%
Engagement Rate	26.4%	28.0%	1.6pt
Number of party participants	165,373	125,890	(23.9%)
Number of parties held	15,606	11,428	(26.8%)

(2) Casual Wedding Business

- The net sales increased to 2,187 million yen (+3,876.4% YoY), and the operating income increased to 31 million yen (+181.8% YoY).
- Sales and profit surged due to the acquisition of Mation Inc., the new style wedding producer.
- The number of orders accepted and parties produced grew on a steady basis.
- Amortization of goodwill and intangible assets resulting from the acquisition of Mation Inc., was recognized for 103 million yen

< Major indicator of Casual Wedding Business >

	(Reference) First half of FY March 2019	First half of FY March 2020	(Reference) YoY increase
(Number of orders accepted)			
Suma-Kon series	563	759	34.8%
Nijikai-Kun	1,605	1,976	23.1%
(Number of parties produced)			
Suma-Kon series	543	720	32.6%
Nijikai-Kun	1,579	1,802	14.1%

(3) Other Business

- The net sales decreased to 75 million yen (-47.9% YoY), and the operating income decreased to 15 million yen (-48.3% YoY).
- Both sales and profit decreased due to the disposal of the child daycare business and the prior year temporary profit associated with a sale of marriage making support system.
- The company accepted an order from Akita prefecture for the proprietary marriage making support system called "parms".
- The company commenced in-house production of videos for wedding parties in collaboration with the Casual Wedding Business.

2. Forecasted Consolidated Financial Results and Other Forward-Looking Information

- Even though the first half of the fiscal year turned out to have the actual net sales almost as planned and stable growth in profits, no change has been made to the forecasted financial results announced on May 14, 2019.
- The expected number of weddings produced has more weight on the second half of the fiscal year because weddings and receptions generally concentrate more towards the Autumn season, especially in October and November.
- 57 million yen and 150 million yen of the amortization of goodwill and intangible assets, respectively, 207 million yen of amortization in total, for this fiscal year are expected. The operating income will only include goodwill amortization during the next fiscal year ending March 31, 2021. The operating income for the subsequent fiscal years will significantly increase accordingly.
- The new management team of the company from July 2019 has been working to develop a mid-term business plan and expect to release it in May 2020.