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**Consolidated Financial Results  
for the Three Months Ended June 30, 2020 [JGAAP]**

August 14, 2020

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 Stock Code: 6181  
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 Scheduled date to submit the Quarterly Securities Report: August 14, 2020  
 Scheduled date to commence dividend payments: –  
 Availability of supplementary briefing material on yearly results: Available  
 Scheduled date of Quarterly Results Briefing Session: No

(Figures are rounded down to the nearest million)

**1. Consolidated Financial Results for the Three Months Ended June 30, 2020**

**(April 1, 2020 to June 30, 2020)**

(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	
Three months ended:	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2020	701	(64.6)	(824)	-	(821)	-	(821)	-
June 30, 2019	1,981	86.4	88	260.2	90	778.1	65	876.9

(Note) Comprehensive income: Three months ended June 30, 2020: ¥(820) million [ - % ]

Three months ended June 30, 2019: ¥ 64 million [ - % ]

	Net income per share	Diluted net income per share
Three months ended:		
June 30, 2020	Yen (78.19)	Yen -
June 30, 2019	6.41	6.14

## (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of: June 30, 2020	Millions of yen 5,416	Millions of yen 216	% 4.0
March 31, 2020	5,478	1,025	18.7

(Reference) Shareholders' equity: As of June 30, 2020: ¥ 216 million

As of March 31, 2020: ¥ 1,025 million

## 2. Dividends

	Annual dividends				
	Q1-end	Q2-end	Q3-end	Q4-end	Total
Fiscal year ended March 31, 2020	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00
Fiscal year ending March 31, 2021	-	-	-	-	-
Fiscal year ending March 31, 2021 (Forecast)		0.00	-	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, 2021

### (April 1, 2020 to March 31, 2021)

The consolidated earnings forecast for the fiscal year ending March 31, 2021 is currently unavailable due to difficulty in forecasting the current fiscal year earnings as uncertainty remains around the timing when the coronavirus spread diminishes

The consolidated earnings forecast will be announced when it becomes available.

\* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2020

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

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

Please refer to "Note regarding specific accounting policies used in preparing quarterly consolidated financial statements" on P. 9 for detail.

(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):

June 30, 2020:	10,726,800 shares
March 31, 2020:	10,714,800 shares

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

June 30, 2020:	209,329 shares
March 31, 2020:	227,229 shares

3) Average number of shares outstanding during the period:

Three months ended June 30, 2020:	10,501,971 shares
Three months ended June 30, 2019:	10,190,078 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 209,200 and 227,100 as of June 30, 2020 and March 31, 2020, respectively. In addition, 219,593 shares and 273,962 shares as of June 30, 2020 and June 30, 2019, respectively, held in the trustee accounts were deducted in calculating the average number of outstanding shares during the period presented above.

**\*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.

Table of contents of attached document

1. Summary of qualitative information on the quarterly financial results.....	2
(1) Analysis of consolidated operating results for the three months ended June 30, 2020.....	2
(2) Analysis of financial position.....	4
(3) Outlook.....	4
2. Quarterly consolidated financial statements and important notes .....	5
(1) Quarterly consolidated balance sheets .....	5
(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income .....	7
(3) Note regarding the quarterly consolidated financial statements.....	9
(Note regarding the operation of the company as a going concern).....	9
(Note regarding occurrence of significant change in amount of shareholders' equity) .....	9
(Changes in significant subsidiaries during the three months ended June 30, 2020).....	9
(Application of the accounting method specific to quarterly consolidated financial statements)....	9
(Additional information) .....	9
(Segment information) .....	10
(Significant subsequent events) .....	11

## 1. Summary of qualitative information on the financial results

### (1) Analysis of consolidated operating results for the three months ended June 30, 2020

- The net sales decreased to ¥701 million (-64.6% year-on-year ("YoY")), and the operating loss was ¥78 million (operating income in Q1 FY 3/2020 was ¥88 million).
- The Group focuses on EBITDA levels, and it was ¥-729 million (¥163 million in Q1 FY 3/2020).
- Significant decrease in sales and profit due to the novel coronavirus disease (COVID-19).
- Selling, general and administrative expenses increased due to the acquisition of two companies (M Creative Works Inc., and pma Inc.).

[Overview by business segment]

#### i.) Matching Domain

- The net sales decreased to ¥573 million (-34.4% YoY).
- The number of new members to our matching support agency and the number of matching parties decreased due to COVID-19.
- Matching support agency has been recovering since late May.

<Major indicator of Matching Domain>

	Q1 FY 3/2020	Q1 FY 3/2021	YoY
Number of new members enrolled during the period	2,227	927	(58.4%)
Number of existing members at the end of the period	11,653	10,606	(9.0%)
Number of members unsubscribed after engagement during the period	779	435	(44.2%)
Engagement rate	26.9%	16.2%	(10.7pt)
Number of party participants	66,831	5,506	(91.8%)
Number of parties held	5,989	442	(92.6%)

#### ii.) Casual Wedding Domain

- The net sales decreased to ¥69 million (-93.2% YoY).
- Most of the parties were postponed or canceled due to COVID-19.
- Our photo wedding, the new style wedding for the "With-Corona" days, has received strong orders since June.

<Major indicator of Casual Wedding Domain>

	Q1 FY 3/2020	Q1 FY 3/2021	YoY
(Number of orders)			
Sma-Kon series	449	138	(69.3%)
Nijikai-Kun	955	198	(79.3%)
LUMINOUS (photo wedding)	102	100	(2.0%)
(Number of produce)			
Sma-Kon series	334	21	(93.7%)
Nijikai-Kun	892	1	(99.9%)
LUMINOUS (photo wedding)	75	64	(14.7%)

iii.) Tech Domain

- The net sales decreased to ¥41 million (-8.2% YoY).
- Use of online technologies to meet the matching needs in the emerging new lifestyles.
- Equipped with an online initial-meeting system, the number of initial meetings via the mutual introduction platform (CONNECT-ship) is recovering since June.
- Started offering a completely free dating app.

<Major indicator of Tech Domain>

	Q1 FY 3/2020	Q1 FY 3/2021	YoY
Users of CONNECT-ship (at the end of the period)	28,378	28,146	(0.8%)
Initial meetings via CONNECT-ship	78,496	54,928	(30.0%)
Member companies	8	10	+25.0%

iv.) Lifestyle Domain

- The net sales increased to ¥9 million (+50.9% YoY).
- Strong sales of insurance at insurance agents.
- Focus on establishing a business platform to expand service products (including insurance in general, finance and real estate) and sales to external customers other than our group companies.

v.) Corporate Enterprises Domain

- The net sales decreased to ¥1 million (-92.4% YoY).
- Orders for corporate events decreased due to COVID-19.
- Responding to the needs of new style corporate events, and strengthening proposal activities to local governments considering enhanced support for matching.
- Corporate event produce service has received strong orders since June due to the launch of online party service with video and the special application.

< Major indicator of Corporate Domain >

	Q1 FY 3/2020	Q1 FY 3/2021	YoY
Number of Evemon orders	26	5	(80.8%)
Number of Evemon produce	23	2	(91.3%)

(2) Analysis of financial position

(Assets)

Total assets decreased by ¥61 million from the end of the previous fiscal year to ¥5,416 million.

Current assets decreased by ¥173 million from the end of the previous fiscal year to ¥1,826 million.

This was mainly due to ¥172 million decrease in trade accounts receivable.

Non-current assets increased by ¥111 million from the end of the previous fiscal year to ¥3,589 million.

This was mainly due to ¥637 million increase in goodwill and ¥450 million decrease in long-term loans receivable.

(Liabilities)

Total liabilities increased by ¥746 million from the end of the previous fiscal year to ¥5,199 million.

Current liabilities decreased by ¥96 million from the end of the previous fiscal year to ¥1,776 million.

This was mainly due to ¥175 million decrease in short-term borrowings.

Non-current liabilities increased by ¥843 million from the end of the previous fiscal year to ¥3,422 million. This was mainly due to ¥852 million increase in long-term borrowings.

(Net assets)

Total net assets decreased by ¥808 million from the end of the previous fiscal year to ¥216 million.

This was mainly due to ¥821 million decrease in retained earnings.

(3) Outlook

- The consolidated earnings forecast for FY 3/2021 is currently being scrutinized because it is difficult to estimate the timing when the spread of COVID-19 converges.
- In the Matching domain, matching support agency has been recovering since late May.
- In the Casual Wedding domain, orders for photo weddings have been strong.
- However, postponement or cancellation of wedding parties continue.
- Securing financial liquidity.
- Concentrating resources on areas of expected growth.
- The mid-term management plan will be released in November 2020.

2. Quarterly consolidated financial statements and important notes

(1) Quarterly consolidated balance sheets

(Unit: Thousands of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	1,040,866	986,789
Accounts receivable - trade	682,585	510,429
Other	315,727	367,535
Allowance for doubtful accounts	(39,223)	(38,512)
Total current assets	<u>1,999,955</u>	<u>1,826,242</u>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings	446,031	474,135
Tools, furniture and fixtures	96,776	114,721
Other	42,511	33,349
Total property, plant and equipment	<u>585,319</u>	<u>622,205</u>
Goodwill and other intangibles		
Software	278,411	240,102
Software in progress	128,017	155,811
Goodwill	1,005,949	1,643,439
Total goodwill and other intangibles	<u>1,412,378</u>	<u>2,039,352</u>
Investments and other assets		
Investment securities	133,850	134,756
Leasehold deposits	550,530	554,779
Allowance for doubtful accounts	-	(105,128)
Other	795,531	343,497
Total investments and other assets	<u>1,479,912</u>	<u>927,904</u>
Total non-current assets	<u>3,477,610</u>	<u>3,589,463</u>
Deferred assets	685	614
<b>Total assets</b>	<b>5,478,251</b>	<b>5,416,320</b>

(Unit: Thousands of yen)

	As of March 31, 2020	As of June 30, 2020
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term borrowings	705,000	530,000
Current portion of bonds payable	40,000	40,000
Current portion of long-term borrowings	623,520	668,895
Accounts payable - other	205,852	262,824
Income taxes payable	36,466	35,229
Other provisions	8,107	7,038
Other	254,442	232,527
<b>Total current liabilities</b>	<b>1,873,388</b>	<b>1,776,514</b>
<b>Non-current liabilities</b>		
Long-term bonds	60,000	60,000
Long-term borrowings	2,266,960	3,119,831
Asset retirement obligations	212,857	207,208
Other	39,293	35,902
<b>Total non-current liabilities</b>	<b>2,579,111</b>	<b>3,422,942</b>
<b>Total liabilities</b>	<b>4,452,499</b>	<b>5,199,457</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	263,770	264,252
Capital surplus	226,182	226,664
Retained earnings	669,118	(151,993)
Treasury shares	(131,398)	(121,046)
<b>Total shareholders' equity</b>	<b>1,027,672</b>	<b>217,877</b>
<b>Accumulated other comprehensive income</b>		
Unrealized holding gains (losses) on available-for-sale securities	(1,920)	(1,014)
<b>Total accumulated other comprehensive income</b>	<b>(1,920)</b>	<b>(1,014)</b>
<b>Total net assets</b>	<b>1,025,751</b>	<b>216,863</b>
<b>Total liabilities and net assets</b>	<b>5,478,251</b>	<b>5,416,320</b>

(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income  
 Quarterly consolidated statements of income

(Unit: Thousands of yen)

	Three months ended June 30, 2019 (April 1, 2019 – June 30, 2019)	Three months ended June 30, 2020 (April 1, 2020 – June 30, 2020)
Net sales	1,981,181	701,415
Cost of sales	955,941	450,631
Gross profit	1,025,239	250,783
Selling, general and administrative expenses	936,620	1,075,320
Operating income (loss)	88,619	(824,536)
Non-operating income		
Guarantee commission received	3,552	3,552
Subsidy income	14,508	12,620
Other	2,221	4,536
Total non-operating income	20,282	20,708
Non-operating expenses		
Interest expenses	6,177	8,655
Share of loss of entities accounted for using equity method	8,325	8,325
Other	4,360	877
Total non-operating expenses	18,863	17,857
Ordinary income (loss)	90,038	(821,685)
Extraordinary income		
Gain on sales of businesses	44,716	-
Total extraordinary income	44,716	-
Extraordinary loss		
Loss on sales and retirement of non-current assets	12,371	-
Total extraordinary losses	12,371	-
Net income before income taxes	122,383	(821,685)
Income taxes	57,090	(573)
Net income (loss)	65,292	(821,111)
Loss attributable to non-controlling interests	-	-
Net income (loss) attributable to owners of parent	65,292	(821,111)

Consolidated statements of comprehensive income

(Unit: Thousands of yen)

	Three months ended June 30, 2019 (April 1, 2019 – June 30, 2019)	Three months ended June 30, 2020 (April 1, 2020 – June 30, 2020)
Net income (loss)	65,292	(821,111)
Other comprehensive income		
Valuation difference on available-for-sale securities	(716)	906
Total other comprehensive income	(716)	906
Comprehensive income	64,575	
Comprehensive income attributable to		(820,205)
Comprehensive income attributable to owners of parent	64,575	(820,205)
Comprehensive income attributable to non-controlling interests	-	-

(3) Note regarding the quarterly consolidated financial statements

(Note regarding the operation of the company as a going concern)

No relevant items

(Note regarding occurrence of significant change in amount of shareholders' equity)

No relevant items

(Note regarding changes in significant subsidiaries during the three months ended June 30, 2020)

No relevant items

(Application of the accounting method specific to 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 first quarter.

(Additional information)

(Impact of COVID-19)

There are no significant changes to the assumptions of accounting estimates regarding the impact of COVID-19 from the contents stated in the securities report for the previous consolidated fiscal year.

(Segment information)

1) For the three months cumulative ended June 30, 2019 (April 1, 2019 – June 30, 2019)

i.) Information regarding net sales and operating income or loss by the reporting segments

(Thousands of yen)

	Reporting segments				Adjustment (Note 2)	Amount in the quarterly consolidated statements of income (Note 3)
	Matching Business	Casual Wedding Business (Note 1)	Other Business	Total		
Net sales						
Net sales to external customers	915,833	1,043,387	21,960	1,981,181	-	1,981,181
Intersegment net sales and transfer	-	1,607	4,460	6,067	(6,067)	-
Total	915,833	1,044,994	26,421	1,987,249	(6,067)	1,981,181
Segment income (loss)	205,697	55,251	(4,123)	256,825	(168,206)	88,619

(Notes) 1. Casual Wedding Business includes ¥16,393 thousand of amortization of goodwill.

2. ¥ (168,206) thousand for adjustments of segment income (loss) include corporate expenses not allocated to each reporting segment. Corporate expenses are mainly general and administrative expenses not attributable to each reporting segment.
3. Segment income (loss) is adjusted to operating income on the quarterly consolidated statement of income.

2) For the three months cumulative ended June 30, 2020 (April 1, 2020 – June 30, 2020)

i.) Information regarding net sales and operating income or loss by the reporting segments

(Thousands of yen)

	Reporting segments				Adjustment (Note 2)	Amount in the quarterly consolidated statements of income (Note 3)
	Matching Business	Casual Wedding Business (Note 1)	Other Business	Total		
Net sales						
Net sales to external customers	614,297	62,415	18,359	695,071	6,343	701,415
Intersegment net sales and transfer	0	40	635	675	(675)	-
Total	614,297	62,455	18,994	695,746	5,668	701,415
Segment income (loss)	(31,547)	(536,671)	(24,454)	(592,673)	(231,863)	(824,536)

(Notes) 1. Casual Wedding Business includes ¥38,219 thousand of amortization of goodwill.

2. ¥ (231,863) thousand for adjustments of segment income (loss) include corporate expenses not allocated to each reporting segment. Corporate expenses are mainly general and administrative expenses not attributable to each reporting segment.
3. Segment income (loss) is adjusted to operating income on the quarterly consolidated statement of income.

ii.) Information on impairment loss on fixed assets, goodwill, etc. by reporting segment

As a result of the acquisition of pma Inc. on April 1, 2020 and making it a new consolidated subsidiary, goodwill in the casual wedding business increased ¥675,709 thousand.

(Significant subsequent events)

No relevant events