

Contracts maintenance management and other operations of automobiles owned by leasing companies

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[5870 Nalnet Communications Sector : Services]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Mar.2022	6,418	10.6	429	-	389	-37.8	199	-36.0	37.8	470.0	0.0
Mar.2023	7,027	9.5	514	19.9	492	26.3	622	212.3	117.9	551.8	0.0
Mar.2024 f	7,870	12.0	678	31.8	667	35.5	402	-35.3	76.0	-	0.0

Note: Non-consolidated basis since March 2023. Figures for the fiscal year ending March 2024 is the company's forecasts.
It conducted 1:100 stock split on August 27, 2023. Per share indices are adjusted retroactively.

About 80% of Net Sales from Contracted Maintenance Business

Nalnet Communications specializes in the automobile related BPO business. It contracts vehicle management, maintenance management and other operations for corporate and individual users on behalf of automobile-related businesses such as car leasing companies.

Its business is divided into four categories: contracted maintenance, my-car lease support (MLS), business process outsourcing (BPO) and other. In terms of net sales in fiscal year ended March 2023, contracted maintenance accounted for 82.4%, MLS for 4.4%, BPO for 5.5% and other for 7.7%.

Contracted Maintenance

Nalnet Communications manages all aspects of vehicle maintenance, including car examinations, legally required car inspections and repairs, through contracts with corporate leasing service providers and general companies. The company does not have its own factory, and as of the end of September 2023, maintenance is outsourced to 11,742 partner maintenance factories nationwide. With maintenance management operations being contracted according to the period of a customer's lease and a majority of multi-year contracts, this forms a very stable business foundation for Nalnet Communications.

MLS Business

Nalnet Communications contracts maintenance management operations of leased vehicles for individuals from leasing services providers.

BPO Business

While all of Nalnet Communications' businesses are BPO services, other than the maintenance-related work for the contracted maintenance and MLS businesses, it also contracts partial BPO business in a wide variety of operations related to vehicles, including maintenance-cost data management services, tire storage services and tax payment administration services, from leasing and other companies.

Other Business

Nalnet Communications is also engaged in automobile leasing, the sale of leased vehicles, warranty (failure repair insurance), maintenance packages and such businesses.

Financial Statements

Statement of income	Fiscal Year	Mar. 2022		Mar.2023		Six months to Sep.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		6,418	100.0	7,027	100.0	3,675	100.0
Cost of sales		4,319	67.3	4,848	69.0	2,476	67.4
Gross profit		2,098	32.7	2,179	31.0	1,199	32.6
Selling, general and administrative expenses		1,669	26.0	1,664	23.7	867	23.6
Operating profit		429	6.7	514	7.3	331	9.0
Non-operating income		1	-	0	-	1	-
Non-operating expenses		40	-	23	-	6	-
Ordinary profit		389	6.1	492	7.0	326	8.9
Profit before income taxes		389	6.1	683	9.7	326	8.9
Net profit		199	3.1	622	8.9	193	5.3

Balance sheet	Fiscal Year	Mar. 2022		Mar.2023		Sep.2023	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		3,343	35.5	3,780	39.4	3,822	40.2
Cash and deposits		683	7.2	602	6.3	1,037	10.9
Accounts receivable and contract assets		2,405	25.5	2,875	30.0	2,528	26.6
Lease receivables and investment assets		175	1.9	161	1.7	161	1.7
Non-current assets		6,080	64.5	5,818	60.6	5,694	59.8
Property, plant and equipment		786	8.3	735	7.7	714	7.5
Intangible assets		5,251	55.7	5,053	52.5	4,924	51.7
Investments and other assets		42	0.4	47	0.5	54	0.6
Total assets		9,423	100.0	9,599	100.0	9,516	100.0
Current liabilities		3,287	34.9	4,223	44.0	4,149	43.6
Accounts payable - trade		1,312	13.9	1,609	16.8	1,296	13.6
Short-term borrowings		-	-	580	6.0	580	6.1
Current portion of long-term borrowings.		286	3.0	505	5.3	507	5.3
Contract liabilities		988	10.5	1,078	11.2	1,147	12.1
Non-current liabilities		3,657	38.8	2,465	25.7	2,261	23.8
Long-term borrowings		2,449	26.0	1,333	13.9	1,180	12.4
Deferred tax liabilities		1,028	10.9	984	10.3	943	9.9
Net assets		2,479	26.3	2,911	30.3	3,105	32.6
Owners' equity		2,479	26.3	2,911	30.3	3,105	32.6

Statement of cash flows	Fiscal Year	Mar. 2022	Mar.2023	Six months to Sep.2023
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		696	374	655
Depreciation		69	118	64
Depreciation of customer-related assets		191	191	95
Amortization of goodwill		102	102	51
Cash flows from investing activities		-96	-112	-59
Cash flows from financing activities		-311	-342	-161
Dividends paid		-	-	-
Net increase in cash and cash equivalents		288	-80	435
Cash and cash equivalents		653	572	1,007

Note: Non-consolidated

Source: Prepared by Stock Research Center based on the notifiable prospectus.

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