

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Japan Mission in the partnership with Presbyterian Church U.S.A., Yodogawa Christian Hospital (security code: -)

<Affirmation>

Long-term Issuer Rating: A
Outlook: Stable

Rationale

- (1) Japan Mission in the partnership with Presbyterian Church U.S.A. (the "Corporation") operates Yodogawa Christian Hospital (the "Hospital"; 581 beds for general patients), as well as long-term care health facilities, etc., in Higashi Yodogawa Ward, Osaka City. Under the philosophy of "comprehensive medicine" based on Christianity, the Corporation offers wide-ranging medical services to cover perinatal stage, emergency and terminal-phase care. Designated as a regional medical care support hospital, a regional perinatal maternal and child health care center and the designated cancer care hospital of Osaka Prefecture, the Hospital plays an important role in its medical care zone. In the fiscal year 2023, the Hospital joined a DPC designated hospital group. The Corporation also provides such services as home-visiting nursing care for pediatric and other patients through YCH Medical & Healthcare Community Co., Ltd.
- (2) The Corporation maintains a strong business base in the northern part of Osaka City. Although the business environment for medical institutions is difficult, it is assumed to be able to secure a certain level of cash flow over the medium term. It has an extensive staff including doctors, and is thought to be highly responsive to system revisions such as medical fee revisions. In addition to responding accurately to the COVID-19, it is striving to take measures to improve hospital bed occupancy. Moreover, its financial position is sound, and its financial structure is improving due to an increase in net assets and a decrease in borrowings. Based on the above, JCR has affirmed the rating on the Corporation with Stable outlook.
- (3) Although the Hospital's medical fee per patient for both inpatient and outpatient care are well above the pre-pandemic levels, hospital bed occupancy rates have not fully recovered, partly because of shorter hospital stays. As economic support for COVID-19-related medical institutions decreases, it is becoming important to raise the level of occupancy in order to secure stable earnings. The Hospital is working to increase the number of new inpatients by strengthening regional cooperation and emergency transport acceptance systems, and is also strengthening its functions by increasing the number of operating rooms and opening dentistry and oral surgery departments. The relocation of a nearby hospital last fall has only a limited impact, and the Corporation will likely be able to continue the stable business operations.
- (4) Although the main part of the fiscal year 2024 medical fee revision worked positive, most of the revised fees will be used to fund wage increases, and therefore the positive effect on the Hospital's revenue and expenditure is assumed to be limited. However, as the Corporation strives to secure earnings from its medical practice commensurate with the allocation of human resources, its expenditures is managed accurately, and thereby steady cash flow will likely be secured. In addition, financial management is solid. Backed by stable business earnings in recent years, borrowings are less than half of the past peak at the end of March 2013, and net assets are accumulating. For the time being, there are no plans for large-scale investments, and the Corporation's financial structure is expected to continue improving.

Hiroyuki Chikusa, Yosuke Sato

Rating

Issuer: Japan Mission in the partnership with Presbyterian Church U.S.A., Yodogawa Christian Hospital

<Affirmation>

Long-term Issuer Rating: A Outlook: Stable

Rating Assignment Date: March 12, 2024

The assumptions for the credit ratings and the definitions of the rating symbols are published as “Types of Credit Ratings and Definitions of Rating Symbols” (January 6, 2014) in Information about JCR Ratings on JCR’s website (<https://www.jcr.co.jp/en/>).

Outline of the rating methodology is shown as “JCR’s Rating Methodology” (February 1, 2024) and “Medical Institutions” (August 1, 2023) in Information about JCR Ratings on JCR’s website (<https://www.jcr.co.jp/en/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.

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