

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 other facilities for geriatric healthcare, etc., in Higashi Yodogawa-ku, Osaka City. Under Christianity's "Whole Person Healing" philosophy, the Corporation offers wide-ranging medical services to cover perinatal, emergency and terminal-phase care. Designated as a community medical support hospital, regional perinatal medical center and core hospital of Osaka Prefecture for cancer treatment, the Hospital plays an important role in its medical care zone. The Corporation also provides such services as home-visiting nursing care for pediatric and other patients through YCH Medical & Healthcare Community Co., Ltd. that it fully owns.
- (2) The Corporation remains competitive in the northern part of Osaka City. It also has sufficient medical staff, including doctors, and is also consistently responding to the revision of the medical treatment fee. The Corporation is continuously facing a situation where it is unable to increase the occupancy rate of hospital beds due to the COVID crisis; however, it ensures a certain level of earnings from the medical care services, in which unit price of medical care has risen. There is a sense of stability in running the business since the Corporation has obtained COVID-related public support including subsidies. Moreover, the Corporation's financial position is sound, and borrowings are in the downward trend. Based on the above, JCR has affirmed the rating on the Corporation with Stable outlook.
- (3) Having more than 200 full-time doctors, the Hospital has a robust human resource base. Even though the usage rate of hospital beds is low compared to the past, unit price of medical care has far exceeded the pre-pandemic level both for inpatients and outpatients. The Corporation has been providing advanced medical care, and this resulted that it made a return to the hospital group implementing DPC system in the fiscal year ending March 2023 (FY2022). In addition to building an additional operating room, the Corporation is working on preparation of opening the dentistry and dental surgery department. It is also working for preparation for establishment of a structure in association with relocation of the nearby hospital. Solid business operations can be expected into the future as it has been consistently responding to changes in the environment.
- (4) Attention needs to be paid to the impacts of changes in the special treatment for the COVID-related medical care and ways of being of other public supports, surge in utilities charges, etc. Having said that, the Corporation is striving to ensure earnings from medical care services commensurate with manpower allocation and carry out appropriate expenditure control; therefore, JCR views that the Corporation can steadily secure cash flow. Financial management is prudent. On the back of recent years' stable performance, etc., the Corporation's borrowings has decreased to the amount less than half of the peak recorded in FY2012, and it is also striving to accumulate net assets. Without having no large-scale investment plans for the time being, JCR assumes that the financial structure will keep 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 14, 2023

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" (November 7, 2014) and "Medical Institutions" (September 6, 2010) 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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JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

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