

## JCR's Financial Indicators by Rating Range 2023

JCR has compiled financial data with the fiscal year ended March 2023 as the most recent fiscal year for corporations rated by JCR (including 'p' ratings and ratings under Credit Monitor) and calculated financial indicators (average values) by rating range. While ratings are determined based on both quantitative and qualitative assessments, JCR confirmed that the relationship between the ranks in the ratings and the performance of financial indicators is basically consistent in the calculation. However, some indicators show individual impacts with respect to the average values in areas with a small number of corporations. As JCR determines actual rating based on assessments of other financial indicators in addition to these financial indicators and qualitative assessments, as well as future prospects, the ratings are not necessarily assigned to the corporations that meet the average values of the calculated results. Even so, JCR hereby releases the calculated results as part of efforts to improve its rating transparency.

### Periods Covered for Calculation

The periods covered for calculation are the following two periods: "Most Recent Period" (from April 2022 to March 2023) and "Most Recent 5-Year Period" (from April 2018 to March 2023). The periods covered for calculation for the previous fiscal year were the following: "Most Recent Period" (from April 2021 to March 2022) and "Most Recent 5-Year Period" (from April 2017 to March 2022).

### Data Covered for Calculation

The data covered for calculation are Japanese industrial corporations to which JCR assigned ratings in the BB range and higher (excluding those in the financial, electric power, gas, air transportation, agriculture, forestry, fishery and mining sectors). JCR used the ratings assigned 5 months after the end of the fiscal year when the indicators were observed for the calculation (e.g., the rating as of the end of August 2023 in the case of the fiscal year ended March 2023). As a result, the number of corporations covered for Most Recent 5-Year Period totaled 930 (184 for Most Recent Period) in the manufacturing industry and 859 (175 for Most Recent Period) in the non-manufacturing industry.

(Information Services Department)

Table 1: Average Values of Financial Indicators by Rating Range

	Rating Range	Manufacturing				Non-Manufacturing				
		Most Recent 5-Year Period		Most Recent Period		Most Recent 5-Year Period		Most Recent Period		
		(Previous Period)		(Previous Period)		(Previous Period)		(Previous Period)		
Number of Corporations	AAA	4	2	2	1	23	23	5	4	
	AA	162	156	34	33	129	119	30	28	
	A	512	513	105	103	486	471	103	96	
	BBB	236	252	39	43	209	224	35	37	
	BB	16	15	4	4	12	12	2	3	
Profitability	Operating Income Margin (%)	AAA	15.12	8.81	21.44	9.55	9.77	11.84	12.40	0.75
		AA	11.25	11.48	11.20	12.60	9.04	9.01	9.79	7.96
		A	6.22	6.60	5.81	6.68	6.94	7.19	6.95	6.22
		BBB	4.69	4.81	4.84	6.18	5.09	5.24	6.59	4.54
		BB	1.44	1.41	3.87	-1.49	6.39	11.11	-11.65	-9.34
	Net Income Margin (%)	AAA	12.29	8.67	15.91	9.08	4.22	5.42	8.27	-1.25
		AA	7.70	7.84	7.74	9.86	5.83	5.54	7.44	5.38
		A	4.07	4.33	4.02	4.88	5.17	5.28	6.15	4.87
		BBB	2.89	2.82	3.39	4.39	4.24	4.08	5.00	6.97
		BB	-1.25	-1.07	0.07	-2.55	3.18	4.53	-0.55	-9.92
	ROA (Business Income) (%)	AAA	9.05	4.38	13.71	4.91	4.34	5.25	4.10	1.37
		AA	8.43	8.77	8.42	9.39	5.47	5.63	5.69	4.80
		A	5.46	5.81	5.25	5.69	4.94	5.00	5.14	4.89
		BBB	4.32	4.52	4.35	5.82	4.22	4.39	4.75	3.67
		BB	1.85	1.98	3.65	-0.35	1.80	2.88	-3.39	-3.28
Debt Service Capacity	Interest-bearing Debt / EBITDA (years)	AAA	4.34	5.79	2.89	5.28	18.21	17.28	7.00	14.37
		AA	1.89	1.79	2.01	1.71	7.94	8.02	4.71	6.54
		A	3.02	2.74	3.47	2.73	5.80	5.82	4.66	5.42
		BBB	3.79	3.63	3.69	3.06	5.27	5.20	4.69	5.36
		BB	9.13	8.89	6.54	12.86	13.38	13.97	8.74	14.81
	Net Interest-bearing Debt / EBITDA (years)	AAA	3.34	4.55	2.14	4.07	16.96	16.10	6.42	13.51
		AA	1.23	1.17	1.34	1.00	3.84	3.75	3.43	4.93
		A	1.82	1.61	2.28	1.57	4.28	4.35	3.37	4.07
		BBB	1.93	1.83	2.08	1.56	3.61	3.67	2.91	3.68
		BB	5.58	5.38	4.53	8.84	9.63	9.95	6.43	10.16
	Interest-bearing Debt / Operating Cash Flow (years)	AAA	6.61	8.22	5.00	7.12	13.08	12.02	8.23	27.84
		AA	3.02	2.45	4.97	3.11	7.16	6.99	8.47	6.48
		A	5.69	4.35	10.50	6.06	7.82	8.13	6.83	8.51
		BBB	5.77	5.28	7.22	7.35	7.87	7.78	6.99	6.92
		BB	13.67	10.54	20.76	6.59	20.95	21.15	20.68	19.46
Financial Structure	Equity Ratio (%)	AAA	49.08	38.18	59.98	38.77	38.25	41.40	31.00	33.22
		AA	55.20	55.53	54.53	55.31	40.02	40.17	40.60	39.66
		A	49.10	49.28	49.29	48.94	41.15	40.93	41.54	41.36
		BBB	46.14	45.95	47.09	46.28	40.04	39.58	41.82	42.83
		BB	16.82	15.59	21.48	20.61	27.90	29.12	22.30	23.68
	Debt-to-Equity Ratio (Interest-bearing Debt) (times)	AAA	0.79	1.05	0.52	1.01	1.18	1.03	1.50	1.50
		AA	0.39	0.39	0.40	0.38	0.96	0.93	0.93	1.01
		A	0.59	0.57	0.60	0.57	0.99	0.98	1.00	0.95
		BBB	0.66	0.66	0.62	0.62	1.10	1.11	0.99	1.06
		BB	2.92	2.99	2.57	1.91	2.61	2.33	3.70	3.49
	Debt-to-Equity Ratio (Net Interest-bearing Debt) (times)	AAA	0.60	0.82	0.39	0.78	1.08	0.95	1.36	1.40
		AA	0.25	0.25	0.27	0.23	0.70	0.68	0.69	0.76
		A	0.38	0.36	0.40	0.35	0.72	0.74	0.67	0.68
		BBB	0.40	0.40	0.37	0.36	0.76	0.80	0.67	0.74
		BB	2.07	2.13	1.91	1.32	1.73	1.64	1.96	2.27
Size	Equity Capital (JPY 100 mn)	AAA	204,649	248,253	161,046	262,460	39,121	41,223	33,759	37,150
		AA	13,821	12,993	17,023	15,164	12,223	11,476	13,925	12,897
		A	4,000	3,866	3,973	4,269	3,480	3,351	3,776	3,595
		BBB	847	796	982	1,032	773	789	739	907
		BB	1,560	1,716	1,154	1,734	380	350	380	285
	EBITDA (JPY 100 mn)	AAA	38,468	45,252	31,684	50,139	10,912	11,411	10,466	9,775
		AA	3,295	3,141	3,985	3,848	3,020	2,845	3,258	2,980
		A	878	888	841	955	690	712	694	599
		BBB	178	175	186	274	157	164	164	144
		BB	629	726	457	557	50	79	-147	-145

Table 2: Calculating Formulas for Financial Indicators

Financial Indicator	Formula
Operating Income Margin	Operating Income / Net Sales x 100
Net Income Margin	Net Income After tax / Net Sales x 100
ROA (Business Income)	Y (Operating Income + Total of Interest and Dividend Income) / A (Total Capital Employed) x 100
Interest-bearing Debt / EBITDA	Interest-bearing Debt / EBITDA
Net Interest-bearing Debt / EBITDA	Net Interest-bearing Debt / EBITDA
Interest-bearing Debt / Operating Cash Flow	Interest-bearing Debt / Operating Cash Flow
Equity Ratio	Equity Capital / (Total Assets - Paid-in Advances on New Stocks) x 100
Debt-to-Equity Ratio (Interest-bearing Debt)	Interest-bearing Debt / Equity Capital
Debt-to-Equity Ratio (Net Interest-bearing Debt)	Net Interest-bearing Debt / Equity Capital
Equity Capital	Capital - Paid-in Advances on New Stocks
EBITDA	Operating Income + Total of Interest and Dividend Income + Depreciation Expenses + Goodwill Amortization
Total Capital Employed	Total Assets - Paid-in Advances on New Stocks + Notes Receivable Discount + Notes Receivable Transfer
Interest-bearing Debt	Short-term Loans Payable + CP + Current Portion of Long-term Loans + Current Portion of Bonds + Bonds Payable + Long-term Loans Payable + Current Portion of Lease Obligations, etc. + Lease Obligations, etc.
Net Interest-bearing Debt	Interest-bearing Debt - Cash and Deposits

Notes:

1. Y: In cases where the number of months in a fiscal period is less than 12, indicators are annualized.
2. A: Average of the values at the beginning and end of the fiscal period
3. In the calculation of Net Interest-bearing Debt, the amount is zero when the interest-bearing debt is less than cash and deposits.
4. In the calculation of average values, outliers for Interest-bearing Debt / Operating Cash Flow, Interest-bearing Debt / EBITDA and Net Interest-bearing Debt / EBITDA are excluded.
5. The formula for calculating Operating Income is Gross Profit – SGA Expenses for some of the companies adopting IFRS.

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