News Release

Japan Credit Rating Agency, Ltd.

26-D-0545
August 26, 2026

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

Japan Medical Alliance (security code: -)

<Affirmation>
Long-term Issuer Rating: A-
Outlook: Stable

Rationale

(1) Japan Medical Alliance ("JMA") is a social medical corporation founded in 1973. It operates business in Kanagawa and Saitama Prefectures. It has Ebina General Hospital (with 479 beds in Ebina City, Kanagawa Prefecture) for acute medical care, Zama General Hospital (with 352 beds in Zama City, Kanagawa Prefecture) and Higashi Saitama General Hospital (with 189 beds in Satte City, Saitama Prefecture) for both acute and chronic medical care, and other medical facilities. JMA has a strong presence in the medical care zone of central part of Kanagawa Prefecture, where two of the hospitals are located, and these two hospitals play central roles in Regional Medical Coordination Promotion Corporation Sagami Medical Partners. Shizuoka Medical Alliance, JMA's affiliated corporation, is entrusted with the designated management of Shimoda Medical Center (with 126 beds in Shimoda City, Shizuoka Prefecture).

(2) The group is managed steadily. Although medical institutions' business environment is extremely severe, JMA has established headquarters functions and operation structure by area, and for the various issues, it flexibly responded through implementing PDCA cycles. In the key operating areas, medical / nursing care demand is growing and JMA has appropriately captured it. It is expected that JMA will secure a solid cash flow due to effects of a considerable revenue increase resulting from the revision to medical service fee schedule for the fiscal 2026. Furthermore, JCR does not find any problem in JMA's financial position. Financial structure will probably remain in an improvement trend until addressing aging of Ebina General Hospital in full swing. Based on the above, JCR has affirmed the rating on JMA with a Stable outlook.

(3) In the revision to medical service fee schedule for the fiscal 2026, the main focus on the evaluation was hospitals for acute medical care, which assume a vital role in the local communities. This has positively contributed to the medical revenue of JMA. In particular, inpatient revenue per patient of Ebina General Hospital, serving core part of the tertiary emergency medical and regional acute medical care, has largely grown. Securing patients and users across the group bases have been generally steady, and the business performance for the fiscal year ending March 2027 (FY2026) is expected to improve from the previous fiscal year. In some bases, concentration of employees leaving the employment can be observed, but JMA has restrained the negative impacts on the operation through implementing prompt factor analysis, implementing measures for facilitating retention and strengthening recruitment at each time.

(4) A stable financial base is maintained. In recent years, the net asset ratio has been in the 20% range, and the borrowings increased by the construction of the new west wing of Ebina General Hospital started to decrease after peaking at end-FY2023. Next large-scale capital expenditure appears to be the funds required for dealing with aging of the main building of Ebina General Hospital. Although the execution timing has not been decided, it is assumed reduction in borrowings and accumulation of net asset will progress to a certain extent until the disbursement of funds. Other than this, the project plan will probably consider financial soundness. Therefore, it is unlikely that the financial foundation will largely impaired.

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Rating

Issuer: Japan Medical Alliance

<Affirmation>
Long-term Issuer Rating: A- Outlook: Stable

Rating Assignment Date: August 21, 2026

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" (October 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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