

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 rental housings with hospice care and 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 and continues stable business operations. It also has sufficient medical staff, including doctors, and is deemed to be highly capable of responding to the revision of the medical treatment fee and other systems. It will probably be able to ensure stable cash flow over the medium term. Moreover, its financial position is sound, and debts are decreasing. While attention must be paid to future developments with respect to the COVID-19 pandemic, the Corporation is not likely to be drastically affected financially as it has already been granted public support, including subsidies, to address the situation. Based on the above, JCR affirmed the rating on the Corporation with Stable outlook.
- (3) The Corporation has strong ties with doctors' offices of universities and over 200 full-time doctors while actively receiving medical interns through a matching system. The number of non-doctor staff members is also sufficient, by and large, and the human resource base is thus solid. Even though the number of the Hospital's patients is low compared to the pre-COVID level, the acceptance of COVID patients and a rise in the ratio of treating seriously sick patients, combined with other factors, have resulted in a surge in the average unit price of medical care for both inpatients and outpatients. As such, earnings from medical care services have been at a higher level than before. The Corporation is currently constructing an amenity center to house a dispensing pharmacy and a nursery, which is expected to increase the convenience of the patients and staff and help enhance the Hospital's functions with the use of vacant space created as a result.
- (4) Financial management is prudent, and relations with financial institutions appear to be good. Financial base, which has weakened due in part to the relocation of the Hospital to a new site, is beginning to become stronger again. On the back of recent years' stable performance, etc., the Corporation is steadily repaying debts and is also striving to accumulate net assets. Financial burden from the construction of the amenity center is small, and there are no large-scale investment projects going forward, either. Therefore, financial structure is expected to 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: January 26, 2022

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/>).



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