25-D-0615
August 27, 2025

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 that 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. Shizuoka Medical Alliance, JMA's affiliated corporation, is entrusted with the designated management of Shimoda Medical Center (with 134 beds in Shimoda City, Shizuoka Prefecture). In April 2025, JMA acquired all shares of Keijinkai Medical Corporation (Odawara City, Kanagawa Prefecture), which operates facilities including nursing care health facilities for the elderly.

(2) Operations at each base have been generally steady. Amid challenges in attracting patients and rising various costs, the management environment for medical institutions is very severe. However, each base is responding swiftly to system revisions including those related to medical treatment fees, and environment changes. Supported by the robust medical/nursing care needs in the operating areas, JMA is securing medical revenue commensurate with personnel placement, maintaining solid cash flow. After completing large investments in the three main hospitals, borrowings are at a high level, but a certain degree of financial structure seems to be kept. Based on the above, JCR has affirmed the rating with Stable outlook.

(3) There is room for improvement in promoting staff retention, but the human resource base, including doctors, is stable. In addition, the structure for providing medical/nursing care tailored to local needs has been established, and collaboration both within and outside the group has been strengthened, leading to steady securing of patients and users. The majority of key locations, such as the three main hospitals, health checkup centers, nursing care health facilities for the elderly, and home care departments, are maintaining stable financial conditions. Although the overall financial condition of the corporation is expected to deteriorate in the fiscal year ending March 2026 (FY2025) due to temporary costs accompanying updating the electronic health record system, the fundamental cash flow generation capacity is considered to have no issues.

(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. Measures to address aging of the main building of Ebina General Hospital came into view, but the execution timing and scale of the project will likely be determined based on the cash flow situation and other factors. There is considered little concern that the financial base will be significantly impaired.

Tadashi Ono, Yosuke Sato

Rating

Issuer: Japan Medical Alliance

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

Rating Assignment Date: August 22, 2025

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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