

JCR's Rating Results for 2024

1 Resident Long-term Rating

(Overview)

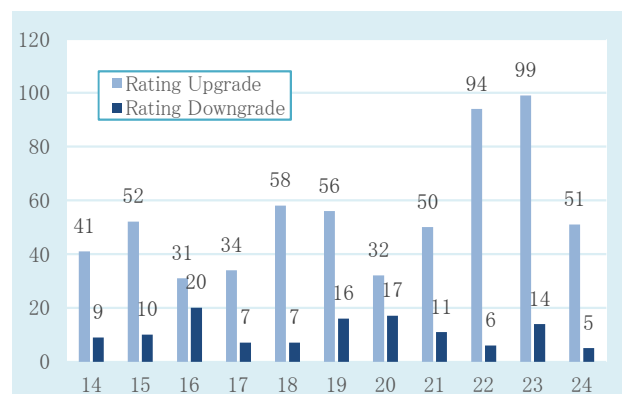
The number of JCR's long-term rating changes for residents in 2024 resulted in 51 (99 in 2023) rating upgrades and 5 (14 in 2023) rating downgrades, with the number of upgrades exceeding the number of downgrades for the 12th consecutive year (Chart 1). The number of upgraded issuers exceeded 90 for two consecutive years in 2022 and 2023, but stabilized at 51 in 2024, similar level as in 2021 (50). On the other hand, the number of downgraded issuers in 2024 was 5, a significant decrease from 2023. Regarding the rating outlook (outlook) revisions without change of ratings, the trend of more upward revisions than downward revisions continued in 2024. Of the upward revisions of outlook, the number of outlooks revised from Stable to Positive was 45, which was lower than 57 in 2021 and 61 in 2022, but higher than 37 in 2023. The number of revisions from Negative to Stable was 6, down from 11 in 2023. For the downward revisions of outlook, the number of outlooks revised from Stable to Negative was 6, remaining at the same low level as the previous two years (6 in 2022 and 6 in 2023). The number of outlooks revised from Positive to Stable was 2, also remaining the same as in 2023.

As described above, the upward trend in upgrades continued in 2024, albeit slightly weakened, and the upward trend in outlook also continued. As seen in the Bank of Japan's December 2024 Tankan Survey, business conditions DI for large manufacturers remained positive for the eighth consecutive quarter, while the DI for large non-manufacturers remained at a record high level, indicating that business confidence has been maintained or improved except in some materials industries. This is considered one of the reasons why the upward trend of rating changes has continued.

(Manufacturing Sector)

In 2024, the number of manufacturing issuers upgraded

Chart 1 Rating Changes (Resident Long-term Rating)



Notes

- 1: An issuer whose rating was changed multiple times during the year is counted as one.
- 2: The counted issuers are resident issuers including investment corporations, to which JCR assigned the long-term ratings. Japan, guaranteed bonds of issuers except holding companies and structured finance are all excluded from the counts.

Source: JCR

was 12, down by half from 21 in 2022 and 21 in 2023. The number of issuers downgraded was 3, less than half the number of downgraded 7 in 2023. As a result, the number of issuers upgraded has been continuing to outnumber those downgraded.

Looking at the industries, for which the issuers were upgraded, were Chemicals, Nonferrous Metals, and Machinery, with 2 each, and 1 each in other 6 industries. The feature in 2024 is that the upgraded issuers were not biased toward some particular industries, as was the case in 2023.

As for the downgraded industries, they were also not biased toward some particular industries, with 1 downgraded for each of 3 industries.

The number of upward revisions of outlook in 2024 was 20, increased from 11 in 2023. Of these revisions, the number of outlooks revised from Stable to Positive was 15 (9 in 2023). It is a distinctive feature that apart from outstanding 5 issuers in Machinery, the issuers were widely

Chart 2 Rating Change by Industry

Industry	2020		2021		2022		2023		2024	
	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade	Upgrade	Downgrade
Foods					1		3			1
Textiles & Apparels										
Pulp & Paper			1		1			1	1	
Chemicals	1	1	1	1	2		4	1	2	
Pharmaceutical	1				1					
Oil & Coal Products			1		1					
Rubber Products	1	1			1	1				
Glass & Ceramics Products	1						1		1	
Iron & Steel		1			1		4			
Nonferrous Metals		1	1		2			1	2	1
Metal Products					1				1	
Machinery	1	1			3		3		2	
Electric Appliances		2	3		6		4	4	1	1
Transportation Equipment		1		2					1	
Precision Instruments										
Other Products					1		2		1	
Total for Manufacturing Industry	5	8	7	3	21	1	21	7	12	3
Construction	3		1		2		2	1		
Electric Power & Gas	3		1				1			
Land Transportation			2				1		4	
Marine Transportation					3		3		2	
Air Transportation				1					1	
Warehousing & Harbor Transportation	1				1				2	
Information & Communication			2		3		4		1	
Wholesale Trade	1	1	2		10		7		2	
Retail Trade	4	1	3	5	2		3		5	
Banks	1	3	10	1	13	2	16	1	1	1
Securities & Commodity Futures			2		1		2	1	3	
Insurance	2		4		5		9	1		
Other Financing Business	7	1	4		16		2	1	4	
Real Estate	1	1	9		17	2	8	1	11	
Services	1	2	3	1		1	2	1	3	1
Total for Non-manufacturing Industry	24	10	43	8	73	5	78	7	39	2
Public	3									
Total	32	17	50	11	94	6	99	14	51	5

Notes1: An issuer whose rating was changed multiple times during the year is counted as one.

2: Investment corporations are allocated to Real Estate or Electric Power & Gas.

3: Educational Institutions and Medical Institution are counted as Services.

Source: JCR

dispersed in various industries, with 1 to 2 issuers in each industry. The number of revisions from Negative to Stable was 5 (2 in 2023). Looking at the breakdown, there is a bias towards 3 Foods issuers and 2 Chemicals issuers.

The number of downward revisions of outlook in 2024 was 4, slightly increased from 3 in 2023. The number of outlooks revised from Stable to Negative was 2 (3 in 2023), and the number of outlooks revised from Positive to Stable was 1 (0 in 2023).

The number of issuers upgraded in the Chemicals decreased to 2 in 2024 from 4 in 2023. One of the common reasons for the upgrades was that the issuers have solid

domestic businesses and have been continuing growth investments overseas, and it is expected that their profits would continue to grow in the future. There were no downgrades in 2024 (1 in 2023). There were 4 upward revisions of outlook in 2024 (2 in 2023). The number of revisions from Stable to Positive was 2 (2 in 2023). The main reasons for the outlook revisions were that earnings power has been strengthened and soundness of financial structure has increased. The number of revisions from Negative to Stable was 2 in 2024 (0 in 2023). The reasons for the revisions in both cases were that the probability of recovery in business performance has increased. In addition, there

was 1 downward revision of outlook from Stable to Negative in 2024 (1 in 2023).

The number of Nonferrous Metals issuers, which are in the same materials industry as Chemicals, that were upgraded was 2 in 2024 (0 in 2023). The reason for the upgrade was that their earnings power has increased and their financial base has well improved. On the other hand, there was 1 downgrade (1 in 2023). The main reason was that it is expected that there would be an impairment of equity capital due to factors such as deterioration in inventory valuation gains/losses, increase in raw materials prices, decrease in orders, and a loss resulting from bankruptcy of an overseas investee. There were no revisions to the outlook.

In the processing and assembly industry, Machinery is showing distinctive movement. The number of issuers upgraded was 2 in 2024 (3 in 2023). One common factor given for the upgrades was increased stability of business performance. The number of issuers whose outlook was revised was 5 (only 2 upward revisions in 2023). A characteristic point is that all 5 issuers had their outlooks revised from Stable to Positive (1 in 2023). Their earnings power has been on an increase thanks to strong orders and other factors, and their financial soundness has increased, which are common to them.

(Non-manufacturing Sector)

The number of non-manufacturing issuers upgraded in 2024 was 39 in 2024 (78 in 2023), and the number downgraded was 2 (7 in 2023). The number of upgraded issuers was halved from that in 2023, while the number of downgraded decreased significantly. The industries with many upgraded issuers were Real Estate (including investment corporations) 11 (8 in 2023), Retail Trade 5 (3 in 2023), Land Transportation 4 (1 in 2023), and Other Financing Business 4 (20 in 2023). The downgraded issuers were allocated to 2 industries, with 1 downgraded each. The number of issuers whose outlook was revised upward decreased to 31 in 2024 from 38 in 2023. The number of revisions from Stable to Positive was 30 (28 in 2023), which was almost the same level as in the previous year. The number of revisions from Negative to Stable was 1 in 2024, decreased from

9 in 2023, which was a factor for the decrease in the number of issuers whose outlook was revised upward in 2024 compared to 2023. The number of issuers whose outlook revised downward was 4 (5 in 2023).

In the Real Estate sector, the number of issuers upgraded increased to 11, compared to 8 in 2023. Of the upgraded, 7 were investment corporations, an increase of 2 from 5 in 2023. The reasons given for the upgrades of investment corporations were that they have expanded their asset sizes while controlling their LTVs, and that they have been maintaining and improving their high occupancy rates. The number of upgrades for general corporations was 4, an increase from 3 in 2023. The majority of these upgrades were due to judgment that their earnings power would be strengthened stably by the operation of newly acquired properties, etc. There were 8 outlook revisions for Real Estate (9 in 2023), all of which were revised from Stable to Positive. Of these, 5 were investment corporations (5 in 2023) and 3 were general corporations (4 in 2023). The reasons for the revisions were similar to the reasons for the upgrades, with exception of one general corporation due to factors of the parent company.

The second largest number of upgrades in the non-manufacturing sector was 5 issuers in Retail Trade (3 in 2023). Two of these issuers were in the food service industry, and the reason for the upgrades was that their earnings power has been strengthened in line with the expansion of demand after the end of COVID-19 pandemic. The same reason was given for the other 3 issuers in Retail Trade. The number of issuers whose outlook was revised decreased to 1 in 2024 from 5 in 2023. All of the revisions in 2023 and 2024 were only upward revisions.

Four companies in Land Transportation were upgraded (1 in 2023). Two private railway companies were upgraded, and the reason for the upgrade is that their financial soundness is expected to be maintained as their business performance remains strong with the disappearance of impact of the COVID-19 pandemic. The keyword for the upgrades of 2 logistics companies is stability in business performance. The number of the downgraded was zero, the same as in 2023. The outlook revisions were only upward revisions and the number was 5 (7 in 2023), all of which were private railway companies. The reason for this

is that the impact of the COVID-19 pandemic has disappeared and their earnings structure has been improving with the increasing movement of people.

In the financing sector, there were a number of upgrades in 2023, but in 2024, the number of upgrades in Other Financing Business was 4 (20 in 2023), and this was the third highest level for the non-manufacturing sector, and the movement was relatively calm. There were no downgrades in the Other Financing Business (1 in 2023). Parent company factors were cited as the reasons for the upgrades of 2 issuers, and for the remaining 2 issuers, the facts that the business has steadily expanded and the degree of capital adequacy has increased were cited as the reasons. As for the outlook revisions, while there were only upward revisions of 4 issuers in 2023, there was only upward revision of 1 issuer in 2024 due to parent company factors.

2 Non-resident Long-term Rating (excluding Japanese corporations)

(1) Sovereign

In December 2024, the OECD released its “Economic Outlook,” announcing a global economic growth (real GDP growth) of 3.2% in 2024 and 3.3% in both 2025 and 2026. It analyzed that “the global economy is projected to remain resilient despite significant challenges.” It states that headline inflation is now back to central bank targets in most economies. In addition, it states that global trade has also been recovering, and annual global trade volume growth is projected to improve to 3.5% in 2024.

Against this backdrop, the number of sovereigns upgraded and downgraded in 2024 remained at zero, as in 2023. The outlook revisions were only 2 issuers (1 in 2023) from Negative to Stable.

(2) Other

The number of issuers upgraded in 2024 was 3 (4 in 2023), and the number of issuer downgraded in 2024 was 2 (0 in 2023). The 2 upgraded issuers belong to the same corporate group, and the main reason for the upgrades was the increase in the group's creditworthiness. As for the remaining 1 issuer, the upgrade was due to the sale of an equity-method affiliate that had been performing poorly,

eliminating concerns about additional capital burdens. The downgrade of 1 issuer out of the 2 issuers was due to the fact that its financial flexibility has declined through aggressively growth investments amid a downturn in its core business. The other issuer was downgraded due to increased liquidity risk as its management was accused of fraud.

Of the outlook revisions, upward revisions was 3 issuers (5 in 2023) and downward revision was 2 (2 in 2023). All 3 issuers whose outlook revised upward belong to the same insurance group and the revisions were from Stable to Positive. The reason was that a constraining factor for the rating, which had been a sluggish growth of policy sales performance, while high financial soundness had been maintained, has now been beginning to be resolved. On the other hand, there were 2 issuers (2 in 2023) whose outlook was revised downward from Stable to Negative, and the reasons given are burden on profitability has intensified and there is a risk of a delay in financial improvement compared to the past amid the growing uncertainty in the market environment.

Charts 3 Details of Rating Changes in 2024

► Resident Rating

<Rating Upgrades>

Release Date	Issuer	Before Change	After Change
Jan. 11	Star Asia Investment Corporation	A	A+
Jan. 11	NTT UD REIT Investment Corporation	AA-	AA
Jan. 19	Sumitomo Realty & Development Co., Ltd.	AA-	AA
Jan. 22	The Tokyo Star Bank, Limited	A-	A
Jan. 22	Financial Partners Group Co., Ltd.	BBB-	BBB
Jan. 31	H.I.S. Co., Ltd.	BB-	BB
Feb. 20	Nippon Yusen Kabushiki Kaisha	A+	AA-
Mar. 1	Monex, Inc.	BBB+	AA
Mar. 4	FAST RETAILING CO., LTD.	AA	AA+
Mar. 4	Namura Shipbuilding Co., Ltd.	BB+	BBB-
Mar. 8	SENKO Group Holdings Co., Ltd.	A-	A
Mar. 12	Fuyo General Lease Co., Ltd.	A+	AA-
Mar. 12	Sharp Finance Corporation	A+	AA-
Mar. 13	Tosei Reit Investment Corporation	A-	A
Mar. 13	Aica Kogyo Company, Limited	A	A+
Mar. 19	Invincible Investment Corporation	A	A+
Mar. 19	The Shibusawa Warehouse Co., Ltd.	A-	A
Mar. 26	Orico Product Finance Co., Ltd.	#A/Positive	A+
Apr. 10	IINO KAIUN KAISHA, LTD.	BBB+	A-
Apr. 11	SoftBank Group Corp.	A-	A
Apr. 17	Gravity AH GK	AA-	AA
Apr. 26	NIPPON SANZO HOLDINGS CORPORATION	A+	AA-
May 30	ACOM CO., LTD.	A+	AA-
June 4	Marubeni Corporation	AA-	AA
June 27	MORI BUILDING Co., Ltd.	A+	AA-
July 2	Mitsui Mining and Smelting Company, Limited	A-	A
July 4	MITSUI E&S Co., Ltd.	BB+	BBB-
July 12	UACJ Corporation	BBB+	A-
July 29	MITSUI-SOKO HOLDINGS Co., Ltd.	A	A+
July 30	ROYAL HOLDINGS Co., Ltd.	BBB-	BBB
Aug. 5	KOHNAN SHOJI CO., LTD.	BBB+	A-
Aug. 7	ICHINEN HOLDINGS CO., LTD.	BBB+	A-
Aug. 22	TAIHEIYO CEMENT CORPORATION	A	A+
Aug. 23	Mori Trust Holdings Inc.	AA-	AA
Aug. 27	Nankai Electric Railway Co., Ltd.	A-	A
Aug. 27	Hankyu Hanshin Holdings, Inc	AA-	AA
Aug. 30	HEIWA REAL ESTATE CO., LTD.	BBB+	A-
Sept. 11	ZENSHO HOLDINGS CO., LTD.	BBB+	A-
Sept. 20	RESORTTRUST, INC.	BBB+	A-
Oct. 16	ANA HOLDINGS INC.	A-	A
Oct. 21	Daiwa Hotel Private Investment Corporation	A-	A
Oct. 22	TSUKISHIMA HOLDINGS CO., LTD.	A-	A
Oct. 22	AOKI Holdings Inc.	A-	A
Oct. 25	au Kabucom Securities Co., Ltd.	AA-	AA
Nov. 12	NIPPON REIT Investment Corporation	A+	AA-
Nov. 13	Sanwa Holdings Corporation	A+	AA-
Nov. 21	Konoike Transport Co., Ltd.	A-	A

Dec. 2	Mitsubishi Paper Mills Limited	BBB-	BBB
Dec. 6	Starzen Company Limited	BBB+	A-
Dec. 18	ASICS Corporation	A+	AA-
Dec. 20	Tokyo Electron Limited	AA	AA+

<Rating Downgrades>

Release Date	Issuer	Before Change	After Change
Mar. 1	Toho Zinc Co., Ltd.	BB+	BB
Mar. 6	Benesse Holdings, Inc.	#A+/Negative	A-
Apr. 8	Toho Zinc Co., Ltd. (2nd time)	BB	B+
May 15	Sharp Corporation	BB	BB-
May 30	The Yamagata Bank, Ltd.	A+	A
July 17	NAGATANIEN HOLDINGS CO., LTD.	#BBB+/Negative	BBB

► Non-Resident Rating

<Rating Upgrades>

Release Date	Issuer	Before Change	After Change
Mar. 29	Thai Union Group Public Company Limited *	A-	A
Dec. 18	Hyundai Capital Services, Inc.*	A+	AA-
Dec. 18	Hyundai Card Co., Ltd.*	A+	AA-

<Rating Downgrades>

Release Date	Issuer	Before Change	After Change
July 16	Energy Absolute Public Company Limited*	BBB	#B/Negative
Sept. 11	Lotte Chemical Corporation*	A+	A

Notes1: In principle, the ratings are Long-term Issuer Ratings, * denotes Foreign Currency Long-term Issuer Rating.
2: Company names used as of publication.

Source: JCR

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