

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

The Takeda Healthcare Foundation (security code: -)

<Outlook Change>

Long-term Issuer Rating: A-
Outlook: from Stable to Negative

Rationale

- (1) The Takeda Healthcare Foundation (the “Foundation”) is a general incorporated foundation, operating two hospitals in Aizuwakamatsu City, Fukushima Prefecture. Its mainstay Takeda General Hospital (the “Hospital”) with 827 beds mainly engages in acute medical care and is the core hospital in the medical care zones of Aizu and Minamiaizu, as indicated by its designation as a community medical support hospital, a regional cooperative core hospital of cancer treatment and a perinatal medical center. Ashinomaki Onsen Hospital with 120 beds provides chronic care. Other than these hospitals, the Foundation runs geriatric health services facilities, multifunctional long-term care in a small group homes and other facilities, thereby providing comprehensive community-based services covering fields from acute care to nursing care and welfare.
- (2) The Foundation maintains its business base in the Aizu area but is taking longer time than expected in shifting to an earnings structure adapted to changes in the business environment. Amid weakening medical demand, the deterioration of the business environment is extremely severe, as shown by a sharp rise in various expenses. While achieving certain results in its efforts to raise the bed occupancy rate and the unit price of medical care at the Hospital, the Foundation has not been able to secure sufficient cash flow since the fiscal year ended March 2024 (FY2023). On the other hand, borrowings are not large, and near-term investment expenditures are expected to be restrained, meaning that no major financial issues have arisen. Based on the above, JCR, while affirming the rating on the Foundation, changed the outlook to Negative. Whether the Foundation can secure certain cash flow partly through the government’s support measures in the medical and nursing care areas will be closely monitored to be reflected in the future rating decisions.
- (3) The Hospital is undertaking such initiatives as: expanding emergency care capacity to secure inpatients; shortening hospital stays through the strengthened regional collaboration including downstream transfers and so forth; and appropriately calculating additional fees and guidance fees. Medical revenue is improving thanks in part to a rise in the unit price of medical care through these initiatives. That said, because of rising personnel and other expenses, securing a greater number of new inpatients has become crucial to improve earnings. FY2025 supplementary budget and FY2026 medical fee revisions indicate the government’s stance to support medical care and nursing care. JCR will watch whether the above initiatives, in addition to the Hospital’s improvement measures, will have a full effect on restoring income-expenditure balance.
- (4) Net assets have decreased because of recent years’ tough earnings situation, thus weakening the financial structure. Yet, the repayment of loans financed for the construction of the Hospital is progressing, reducing the repayment burden compared to before. As regards the rebuilding of Ashinomaki Onsen Hospital at a new location, it will likely be carefully decided in light of surging construction costs and so forth. Even though the aging of facilities at this hospital requires attention, the investment burden is not likely to increase for the time being.

Yosuke Sato, Tadashi Ono

Rating

Issuer: The Takeda Healthcare Foundation

<Outlook Change>

Long-term Issuer Rating: A- Outlook: Negative

Rating Assignment Date: February 3, 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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