

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

The Takeda Healthcare Foundation (security code: -)

<Affirmation>

Long-term Issuer Rating: A-
Outlook: Stable

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 837 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, regional cooperative core hospital of cancer treatment and perinatal medical center. Ashinomaki Onsen Hospital with 120 beds offers chronic-phase medical care. Other than these hospitals, the Foundation also runs nursing, small-scale multifunctional in-home care and other facilities, thus providing comprehensive community-based services covering areas from acute care to nursing and welfare.
- (2) While being affected by the COVID crisis to some extent, the Foundation is managing the business generally stably. It maintains high competitiveness in its medical care zone by striving to promote regional collaboration and increase operational efficiency. It will likely be able to keep securing solid cash flows. Moreover, with the accumulation of net assets and repayment of debts on the back of recent years' stable performance, the financial structure has been improving since hitting bottom in the fiscal year ended March 2016 (FY2015). The Foundation is in a situation where it can press ahead with the plan to rebuild Ashinomaki Onsen Hospital at a new location while maintaining certain financial margins. Based on the above, JCR affirmed the rating on the Foundation with Stable outlook.
- (3) Human resource base, including doctors, is stable. For doctors, the Foundation is steadily recruiting clinical residents and continues to cooperate well with university medical offices. It is striving to recruit and retain other staff members through work-style reforms, etc. Moreover, the Hospital is increasing the unit price of medical care while maintaining a certain level of ability to attract patients partly through precise hospital bed management and responses to the revision of medical treatment fees. Its operations are stable as the Foundation's core facility. In the wake of the COVID crisis, the Hospital took appropriate steps to accept patients and receive subsidies, made organizational and prompt responses to in-hospital infections and so forth, which indicates that risks are properly managed.
- (4) Financial structure has been improving. Since the completion of the general medical center in the Hospital in 2012, there have been no major investments, and cash, deposits and net assets have increased with a decrease in debts. Currently, the Foundation is carrying out the plan to relocate Ashinomaki Onsen Hospital to the center of Aizuwakamatsu City to be opened as a new hospital primarily providing recovery care and is thus in a situation requiring relatively large financing over the medium term. That said, given its intention to contain operating expenses, as well as recent years' financial improvement and business operations, JCR assumes that the Foundation is mostly likely to be able to maintain the financial base at a certain level even after the above relation plan is completed.

Hiroyuki Chikusa, Yosuke Sato

Rating

Issuer: The Takeda Healthcare Foundation

<Affirmation>

Long-term Issuer Rating: A- Outlook: Stable

Rating Assignment Date: November 10, 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/>).

The rating stakeholder participated in the rating process of the aforementioned credit ratings.



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