

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 it 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, and plans to move to a new building in central Aizuwakamatsu City. Other than these hospitals, the Foundation runs geriatric health services facilities, multifunctional long-term care in a small group homes and other facilities, thus providing comprehensive community-based services covering fields from acute care to nursing and welfare.
- (2) The business base in the Aizu area is maintained. Striving for regional cooperation and operational efficiency, the Hospital maintains strong competitiveness in the medical area. In the field of nursing care and welfare, the number of users is increasing with the expansion of services and others. Although it is necessary to pay attention to a decline in the level of sufficiency of staffing for some jobs, cash flow is assumed to be secured steadily for the time being. Additionally, the financial structure has been on an improving trend since the fiscal year ended March 2017. It is expected that the Foundation will be able to relocate Ashinomaki Onsen Hospital to a new building while maintaining a certain degree of financial leeway. Based on the above, JCR has affirmed the rating on the Foundation with Stable outlook.
- (3) While economic support for medical institutions related to COVID-19 is shrinking, the management of hospital beds still tends to be unstable in order to prevent the spread of in-hospital infections. The Hospital has been able to secure stable income by increasing medical fees per person while maintaining a certain level of patient attraction by responding appropriately to medical fee revisions and strengthening regional cooperation. It is making good progress in securing doctors while responding to work-style reforms. However, in recent years there has been a growing shortage of nurses, which has an impact on the medical care system. Further efforts to promote recruitment and retention will be important.
- (4) The financial structure continues to improve. There have been no large-scale investments in recent years, and both debt repayment and net asset growth are progressing. Although a relatively large amount of financing seems to be required going forward due to the relocation of Ashinomaki Onsen Hospital to a new building, a certain financial base is highly likely to be maintained. The new hospital is expected to greatly improve accessibility and enhance convalescent functions. JCR sees that collaboration with the Hospital located nearby will be strengthened, which will contribute to stabilizing the business foundation and strengthening cash flow generation capacity of the entire Foundation.

Hiroyuki Chikusa, Yosuke Sato

Rating

Issuer: The Takeda Healthcare Foundation

<Affirmation>

Long-term Issuer Rating: A- Outlook: Stable

Rating Assignment Date: December 19, 2023

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" (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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