

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. Being difficult to increase revenue and soaring various expenses, the business environment is tough, and the Foundation's issues to address are ensuring sufficient human resources and securing medical revenue commensurate with manpower allocation. Toward this end, it has been making thorough efforts to raise the occupancy rate of hospital beds and the medical treatment fee per person, and these have begun to yield positive results. The Foundation will probably continue a stable operation. As for the relocation of Ashinomaki Onsen Hospital to a new building, JCR assumes it will advance the plan after sufficiently considering the impacts on the financial side and feasibility of collection of the investment. Based on the above, JCR has affirmed the rating on the Foundation with a Stable outlook.
- (3) While various expenses are rising, positive effects of medical fee revisions are not sufficient. In the situation where population of the Aizu area is decreasing, recovery in the number of patients is slow after reclassification of the COVID-19 under the Category V Infectious Diseases. Compared to the previous, it has become more difficult securing the difference between revenue and expenditure, and thereby it is striving for establishing an earning structure responding to the changes in the environment. Positive results of the effort are being gradually observed such as increasing the medical fee per person by appropriately responding to revisions to medical and nursing care fees, and improving hospital bed occupancy rates by strengthening the ability to respond to emergency patients, but issues still remain such as improving the degree of human resource sufficiency and the occupancy rate of high-function hospital beds. Close attention needs to be paid to whether the Foundation can improve the income and expenditure structure.
- (4) The financial position continues to be stable and the borrowings are in the trend toward decreasing. Accessibility to the new hospital has largely improved and functions for the recovery phase are scheduled to be fulfilled, and since collaboration with the Hospital, located nearby, is expected to be strengthened, this will probably contribute to increasing stability of the business base and strengthening the cash flow generation capacity of the entire Foundation. That said, attention needs to be paid to the fact that recovering the investment through the business operation in line with the plan has appeared to be difficult due to soaring construction costs.

Yosuke Sato, Tadashi Ono

### Rating

Issuer: The Takeda Healthcare Foundation

<Affirmation>

Long-term Issuer Rating: A-      Outlook: Stable

Rating Assignment Date: December 20, 2024



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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