

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

National University Corporation The University of Electro-Communications (security code: -)

<Assignment>

Long-term Issuer Rating: AA+
Outlook: Stable

Rationale

- (1) Starting out as The Technical Institute for Wireless-Communications in 1918, National University Corporation The University of Electro-Communications (“UEC”) was founded in 1949. Currently, it operates the School of Informatics and Engineering on the Chofu Campus in Chofu City, Tokyo and has approximately 4,800 students for the undergraduate and graduate schools combined. Thanks to its excellent capacity to attract students, students come from all over Japan. More than 30% of new students are from outside the Tokyo metropolitan area. With focus on the fields of information, electricity and communications, UEC offers educational programs and conducts research in broad areas of science and engineering, ranging from basics to applications. It is selected for the national program for promoting the enhancement of research universities and wins a good reputation for research capabilities, particularly in the areas of information and communications, AI, robotics, optical science, brain science, etc.
- (2) National university corporations are directly responsible for the national higher education policy and therefore highly politically significant. That said, while the national university corporation system ensures continuity and stability, the principle of competition has been enhanced in Japan’s fiscal measures, resulting in a tougher operating environment. Under such circumstances, UEC secures a certain level of ordinary revenue by boosting its own income and is striving to maintain and improve the levels of education and research. It has a unique position as a science and engineering institute based in Tokyo, and, though not as much as large-scale universities with ample management resources, it probably has large room for obtaining a greater amount of external funds going forward, too. Also, financial risk is low. In light of UEC’s own situations and credit enhancement provided by the government, etc., JCR assigned a AA+ long-term issuer rating to UEC with Stable outlook. UEC’s rating is affected by Japan’s long-term issuer rating and outlook.
- (3) UEC’s ability to speedily implement measures while appropriately forming a consensus among faculty members under the leadership of the President can be viewed as an advantage for a mid-sized, single-department college. As defined in the “UEC Vision—beyond 2020,” UEC aims to become a platform to realize a smart society based on co-creation and evolution by leveraging its own educational and research resources, such as communications, IoT, AI, robotics and measurement technologies. These characteristic endeavors are expected to contribute to securing additional external funds and increasing UEC’s presence, and progress to that end thus requires attention.
- (4) JCR recognizes UEC’s capacity to acquire a certain level of external funds, as indicated by increasing amounts of Grants-in-Aid for Scientific Research and joint research expenses received. JCR views that UEC’s efforts in recent years to develop various systems and implement measures under the “D.C.&I. Strategy,” where D stands for diversity, C for communications and I for innovation, are beginning to produce positive results. There probably is room for further increasing relevant revenues by seizing business opportunities, including the implementation of the aforementioned smart society. UEC is also making progress in its efforts aimed at diversifying financial sources by, for instance, promoting the acceptance of its own funding scheme and actively concluding naming right agreements.
- (5) UEC has a stable financial base, as indicated by its debt-free position. It anticipates no projects that will require external financing at this point. While the renovation and upgrading of facilities and equipment are systematically under way, it must be noted that there are many aging facilities. Also, UEC’s primary assets are mostly located on the Chofu Campus, leaving little room for creating new financial sources by, for instance, capitalizing on idle assets. It is thus vital for UEC to secure

funds to upgrade the facilities and equipment that are not covered by the national budget, by accumulating revenues other than subsidies, strictly controlling costs, etc.

Shigenobu Tonomura, Yosuke Sato

Rating

Issuer: National University Corporation The University of Electro-Communications

<Assignment>

Long-term Issuer Rating: AA+ Outlook: Stable

Rating Assignment Date: October 5, 2021

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 "Incorporated Educational Institutions" (April 23, 2015) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Information herein has been obtained by JCR from the issuers and other sources believed to be accurate and reliable. However, because of the possibility of human or mechanical error as well as other factors, JCR makes no representation or warranty, express or implied, as to accuracy, results, adequacy, timeliness, completeness or merchantability, or fitness for any particular purpose, with respect to any such information, and is not responsible for any errors or omissions, or for results obtained from the use of such information. Under no circumstances will JCR be liable for any special, indirect, incidental or consequential damages of any kind caused by the use of any such information, including but not limited to, lost opportunity or lost money, whether in contract, tort, strict liability or otherwise, and whether such damages are foreseeable or unforeseeable. JCR's ratings and credit assessments are statements of JCR's current and comprehensive opinion regarding redemption possibility, etc. of financial obligations assumed by the issuers or financial products, and not statements of opinion regarding any risk other than credit risk, such as market liquidity risk or price fluctuation risk. JCR's ratings and credit assessments are statements of opinion, and not statements of fact as to credit risk decisions or recommendations regarding decisions to purchase, sell or hold any securities such as individual bonds or commercial paper. The ratings and credit assessments may be changed, suspended or withdrawn as a result of changes in or unavailability of information as well as other factors. JCR receives a rating fee paid by issuers for conducting rating services in principle. JCR retains all rights pertaining to this document, including JCR's rating data. Any reproduction, adaptation, alteration, etc. of this document, including such rating data, is prohibited, whether or not wholly or partly, without prior consent of JCR.

JCR is registered as a "Nationally Recognized Statistical Rating Organization" with the U.S. Securities and Exchange Commission with respect to the following four classes. (1) Financial institutions, brokers and dealers, (2) Insurance Companies, (3) Corporate Issuers, (4) Issuers of government securities, municipal securities and foreign government securities.

JCR publishes its press releases regarding the rating actions both in Japanese and in English on the same day. In case that it takes time to translate rating rationale, JCR may publicize the summary version, which will be replaced by the full translated version within three business days. (Regarding Structured Finance products, JCR only publicize the summary version in English.)

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.