

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

Toyo University Incorporated Educational Institution (security code: -)

<Affirmation>

Long-term Issuer Rating: AA

Outlook: Stable

Rationale

- (1) Toyo University Incorporated Educational Institution (the "Institution") operates one university, three senior high schools, three junior high schools and one kindergarten. The core Toyo University (the "University") has 13 faculties with 45 departments on its four campuses located in Bunkyo and Kita Wards of Tokyo Prefecture, Kawagoe City in Saitama Prefecture and Itakura Town in Gunma Prefecture with a total student number of more than 30,000. The University continues to work on reorganization of faculties and departments, and it relocated the Faculty of Human Life Design from Asaka Campus to Akabanedai Campus in April 2021. It plans to reorganize the Faculty of Human Life Design into two faculties in 2023, and transfer two faculties, etc. operating at Itakura Campus to Asaka Campus in 2024.
- (2) Its speedy efforts for the reorganization of campuses and educational bodies, initiatives for globalization, etc. have won support of prospective students, etc. JCR believes that the University can secure stable tuition revenue continuously with its strong ability to attract students. It controls budget appropriately, and is expected to maintain a relatively good financial condition continuously as an educational institution. Expenditures relating to development of Akabanedai and Asaka Campuses are expected to be incurred continuously over the medium term; however, JCR assumes that it can maintain the strong financial base given the timing of making payments and forecast for income/expenditure for educational activities. Based on the above, JCR has affirmed the rating on the Institution with Stable outlook.
- (3) The University maintains one of the largest number of substantial applicants in Japan. It has been expanding five/four subject admission exams, English-focused and mathematics-focused admission exams with an eye to acquiring students with high academic skills. The number of applicants for the faculties in the Itakura Campus have been decreasing; however, risk of securing students is limited as these faculties have already been decided to be relocated to the Asaka Campus and others. In the Akabanedai Campus, restructuring of organization has been in progress to newly open two faculties. With a series of measures, the campuses have been concentrated in the Tokyo metropolitan area; therefore, effects, such as constantly securing new students with a certain level of academic skills and facilitation of research collaboration within the University and outside entities can be expected.
- (4) Although there is room for diversifying and enhancing income sources including external funds and donations, tuition revenue is highly stable. Personnel expenses, which account for approximately 50% of the expenditures relating to educational activities are properly managed, and a ratio of personnel expenses to tuition revenue has been at a low level compared to that of other large-scales schools. The sound earnings structure will likely be maintained hereafter. The financial structure is favorable; however, a decrease in assets under the management and decline in reserve fund rate are expected in relation to the development construction of campuses. Its issue over the medium- to long-term are to accumulate funds for the maintenance and renewal of the underlying assets. JCR sees an impact of using and taking advantage of Itakura Campus, which will be an idle asset, to the financial base is limited at present.

Shigenobu Tonomura, Yosuke Sato



Rating

Issuer: Toyo University Incorporated Educational Institution

<Affirmation>

Long-term Issuer Rating: AA Outlook: Stable

Rating Assignment Date: January 7, 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 "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.)
