

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

Fukuoka Kogyo Daigaku Corporation (security code: -)

<Affirmation>

Long-term Issuer Rating: AA-
Outlook: Stable

Rationale

- (1) Fukuoka Kogyo Daigaku Corporation (the "Corporation") is an incorporated educational institution founded in 1954, having a campus for Fukuoka Institute of Technology ("FIT") in Higashi-ku, Fukuoka City, Fukuoka Prefecture. FIT's premises conveniently have a direct connection to Fukkodai-mae Station on the JR Kagoshima Main Line, where rapid trains make a stop. In addition to FIT comprising three faculties and nine departments, the Corporation owns a junior college and a high school. The total number of students is approximately 6,700. Under the management concept of "For all the students!", its medium-term management plan formulated through cooperation between teachers and education staff is highly evaluated by the circles of higher education.
- (2) FIT remains to be a major private university in the Kyushu region. Even when market conditions are becoming increasingly tough, the total number of both applications and applicants for enrollment in FIT stays high, and the level of difficulty in entrance exams is on a rise. The junior college and high school also remain competitive, achieving steady student recruitment. The Corporation is also focusing on improving the student support system, and JCR assumes that its revenue stability will be maintained for a while. JCR has determined that the Corporation will be able to continue sound financial management into the future by maintaining and updating existing facilities/equipment while making aggressive investments in education and research, on the back of strong budget control. Based on the above, JCR affirmed the rating on the Corporation with Stable outlook.
- (3) With the high viability of its PDCA cycle, the Corporation is renowned for making quick management decisions. At a time when the COVID crisis is lingering, it is focusing on providing fine-tuned support to students by taking advantage of mobility as a small-sized institution, as part of which it resumed in-person classes ahead of others. Levels of students' learning and job placement are good and present no particular concerns. The Corporation sets the goal of becoming "a top-class educational base in Japan" under the eighth medium-term management plan. As a further decline in birth rate is anticipated, the Corporation should work to enhance its own position, and JCR will closely watch whether it can diligently improve the quality of education and research and appropriately respond to changes in profiles of applicants for enrollment.
- (4) The Corporation maintains its policy of setting the revenue/expenditure balance on business activities at a low level in advance in order to make maximum returns to students in the form of education, support, etc. It is focusing on securing stable tuition income and also on expanding other revenues and optimizing expenditures so as to continue aggressive investments in education and research. Meanwhile, the large-scale project to upgrade the high school building and facilities has come close to completion. Even for the future facility maintenance and upgrading, the Corporation can cover the costs with existing reserve-specific assets and periodic cash flows, and the sound financial structure will probably be maintained.

Shigenobu Tonomura, Masaki Abe

Rating

Issuer: Fukuoka Kogyo Daigaku Corporation

<Affirmation>

Long-term Issuer Rating: AA- Outlook: Stable

Rating Assignment Date: January 11, 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/>).



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